

ROLE OF INFORMATION TECHNOLOGY IN MAKING BANKING PROCESS EASIER, FOR BOTH CUSTOMERS AND BANKERS

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Abstract

This paper has the purpose of understanding role of Information technology(IT) in making banking easier, in both customer and bankers point of view. A field research was done in two public sector banks, by means of a structured questionnaire and various reliable secondary data was collected. This study consists of data collected from interviews with both employees of the bank and customers. The analysed results indicate that information technology and its systematization possess great importance for making banking a easy task for both customer and bankers.

Key words: Information technology (IT), Factor analysis, Bankers, Customers.

Introduction

Technology in the banking sector has always existed and the reason is because this industry is data driven and which relies on more information on daily basis for both customers and bankers. IT has also helped in gaining quick and easy access to information. The Importance of technology in banking sector can be observed with introduction of internet banking, ATM's, mobile banking, debit and credit cards and with incorporating more sophisticated information systems for bankers. However, in the last few years there has been tremendous growth and scope in banking services; technology has changed the way traditional banking system. The significant use of online and mobile banking has created a whole new experience for customers and also use of core banking system and Business intelligence system has helped bankers to reduce their risks in banking. Having informed that, we will now look at some areas as to how information technology in banking sector has a great impact.

IMPACT OF INFORMATION TECHNOLOGY ADOPTED BY BANKS

I. Fewer Bank Visits:

A few years ago when a customer wanted to find out as to know his bank balance, he had to put in lot of time and frequent visits to their respective banks. And the banker used to inform the details of the customers' bank account balance which used to consume more energy of both customers and bankers. However, with the use of information technology in banking sector. it has become so easy to get various services like cash withdrawal, cash deposit, passbook printing by using ATM's ,and internet banking, mobile banking has led to a new virtual banking system where there is no need for person to visit a bank's branch for many services. This is also beneficial to bankers since this reduces risks and reduces customer inflow to branches for minute services-which used to lead for more customer visits.

II. Quick Transactions:

Money transactions has become so fast that it takes a few second to get transferred for its destined account. Unlike the olden days when a cheque had to be presented in order to make a transfer and there would be a long period of wait before transferring the money because the bank had to first clear the cheque. But the introduction of online banking has made the transfers a easy task. It almost processes instantly and without any delay the amount debited is reflected in destined account. There is also another amazing feature provided for online banking to pay bills, and that is by giving a standing instruction for the payments that

need to go on monthly basis. Mobile wallets and payment gateways such as YONO by SBI has led for faster transaction even in getting credits.

III. Customer Service:

Customer service is one aspect which always bothered bankers as solving a customer query was a difficult task and to track the issue was much more difficult. Information technology has created a platform both customers and bankers to improve customer service. By new introduction of “Chatbots” which incorporated artificial intelligence and is a automated response system, which answers certain queries of customers without involving human efforts, which is both useful for bankers and customers. Online complaint system has enhanced ways of noting problems and ease of tacking and rectifying it.

IV. Detecting Fraud:

Before implementation of information technology in the banking industry, it was very difficult to detect fraudulent activities. Then after incorporating technology, the technology would help in detecting the fraudulent activities, however, the staff at the bank would have the full authority to confirm if there were any fraudulent activity or not. But now with invention of business intelligence (BI) or Artificial intelligence(AI) in the banking sector, it has become very easy to detect any fraudulent activities, and this is because BI & AI has an enormous capability to detect and reduce any fraudulent aspects of banking. Bankers are nowadays dependent on these systems to decide how credit and other risk aspects should go about which makes the bankers to ease their jobs.

Literature review.

Limbie Kelegai and Michael Middleton(2003)

Reviewed that Information Systems (IS) applications have proliferated in Least Developed Countries (LDCs) as organizations in these countries begin to realize the benefits of utilizing these technologies to improve business process and enhance productivity. However much implementation in LDCs IS has been unsuccessful. Successful approaches should take account of technological factors, and also heed social context including economic, political, cultural and behavioral influences.

Prof. H.K.Singh & Prof. Amar E. Tigga(2014)

Opined that Technological innovations witnessed by the banking sector during the nineties have changed the way business needs to be conducted. IT has introduced new business paradigms and is increasingly playing a significant role in improving the services in the banking industry. The paper aims to explore some important and popular IT enabled services of banking institutions, its benefits and issues at present.

Nadire Cavus & Dambudzo Netsai Christina Chingoka(2015)

This paper has defined what are advantages and disadvantages of adopting mobile banking. How adopting of such new technology has made to get the services of bank with ease.

Objectives of the Study

1) To determine the contribution extent of information technology in making banking easier. (Customers and bankers)

Research Methodology

Exploratory Research design is used for this study. Convenience sampling method was considered in this study. A structured questionnaire was formulated for customers and bankers separately and data was collected for a sample of 100 respondents of each type from SBI AND CANARA BANK. Factor variance calculation is considered to meet the objective.

RESULTS AND DISCUSSION

Table: 1 Factors with their variance for banker's survey

Factor	Factor Name	No. of Items	Variance Explained (%)
1	Fewer bank visits	3	35.25
2	Quick Transactions	4	23.45
3	Customer Service	6	13.66
4	Detecting Fraud	5	20.44
Total		18	92.80

The above table shows 4 components for which variance was calculated. A total variance of 92.80 was achieved which suggests there is high contribution of IT in making banking easier to bankers. First component has highest contribution - 35.25% and third component has the least - 13.66%

Table 2: Factors with their variance for customer's survey

Factor	Factor Name	No. of Items	Variance Explained (%)
1	Fewer bank visits	3	40.12
2	Quick Transactions	4	29.66
3	Customer Service	6	10.22
4	Detecting Fraud	5	9.26
Total		18	89.26

The above table shows 4 components for which variance was calculated. A total variance of 89.26 was achieved which suggests there is high contribution of IT in making banking easier to customers. First component has highest contribution – 40.12% and fourth component has the least – 9.26%.

Conclusion

The study was conducted considering Mysuru city and the selected banks were State bank of India and Canara bank. The study evaluated the influence of Information technology in making banking process easier for both customers and bankers for which four components were considered (Fewer bank visits, Quick Transactions, Customer Service, and Detecting Fraud). This research justified that there is significant impact of information technology in a positive way for a larger extent on both customers and bankers which is making banking process easier. Customers are experiencing easy banking in getting services and bankers are experiencing easy banking in terms of providing services. In near future virtual banking would be accepted by most population, where in entire banking process would be done over online by implementing more advanced information technology.

Future implication

The areas in which banking services are spread should be atomised wherever possible and reduce less paper work and human efforts which would be more beneficial for both customers and bankers. Advanced technology might lead to better quality of services and improves accuracy in Banking.

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