

INFLUENCE OF CLOUD BANKING ON THE PERFORMANCE OF INDIAN BANKING SECTORS- AN EMPIRICAL STUDY

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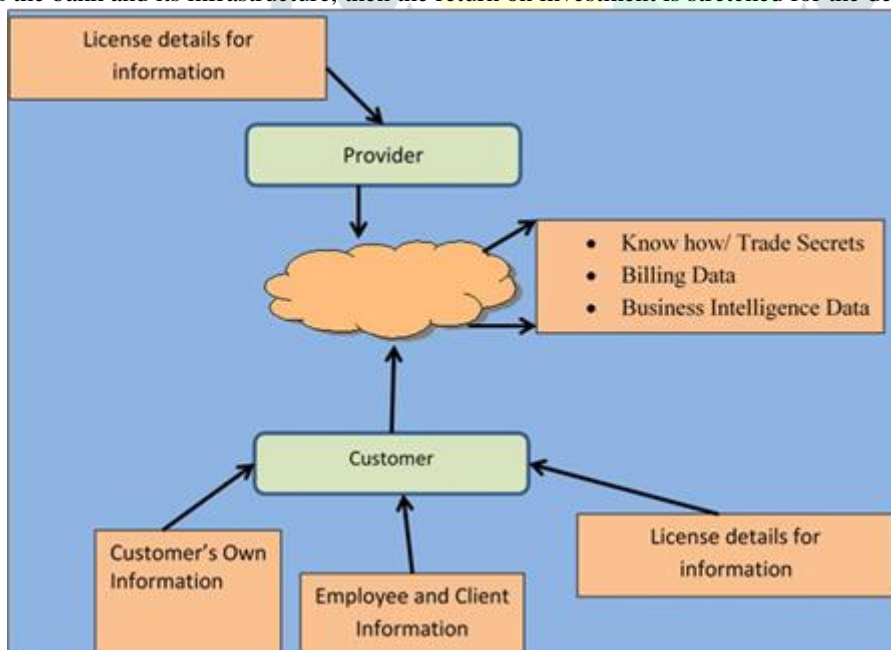
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Abstract : Banking system plays a very vital role in the Indian economy. It is like a central nerve to a country's economy as it caters to the financial needs of acclaim in all the domains of the society. The growth and advancements in technology has controlled to a paradigm shift in the entire banking acts and systems. Further the development of cloud banking and e-banking created a massive change in terms of fulfilling customers' divergent needs. The two fold objectives of current budget, namely, demonetization and GST, purely depend on digital banking. The present study explores the influence of cloud banking in banking sector among customers by reviewing the relevant literature from the earlier studies. An in-depth study on the impact of technology in banking, reveals the factors such as, effectiveness of data management, value added services, level of knowledge and awareness, security, safety, service quality, productivity, and profitability in that the researcher used some statistical tools.

IndexTerms- Cloud Banking; Banking sectors, ANOVA, security.

I. INTRODUCTION

Banks and financial services organizations traditionally spend the highest percentage of their operating expenses on IT, as compared to other industries. Cloud adoption is identified as high priority for 60% of CIOs across various industries. When a new product launch is planned in the banking and financial market space, apart from the business analytics and product design, there is a significant readiness required from IT. The product should be supported by core banking, and serviced by all channels. The associated knowledge management needs to be updated. Few product launches would even call for a business process change. This would mean faster development lifecycles and a faster deployment lifecycle are required. Another significant pain-point in new product launches is the predictability of growth. Although a great deal of research goes into the creation of products, most times the growth is unpredictable and can grow both toward the bank and its infrastructure, as well as toward customers. If growth is toward the bank and its infrastructure, then the return on investment is stretched for the deployed licenses and hardware.



cloud computing brings in data from a variety of sources, including from customer organizations, and their employees and customers. Metadata can also be brought into the cloud, and generally additional metadata is produced by the cloud service.

There are several early success stories of banks in India adopting cloud computing for optimizing their processes, reducing their costs, and building the capability to scale rapidly. Some of the known/published references are discussed below. It is worth noting that while Urban Co-operative Banks (UCBs) and Regional Rural Banks (RRBs) have been early adopters of cloud computing, as described below, we can expect that larger banks will move towards cloud services as regulatory issues and security challenges are addressed.

REVIEW OF LITERATURE

Fan. Pei. Sai(2010) defines review of literature as the process of reading, analyzing, evaluating, and summarizing scholarly information about any given subject. Review of literature is vital to gain insight which is related to adoption of technology among customers and employees of PSUs and PSIBs banks. Kothari (2012) suggested that the literature review is simple and fruitful method of formulating precise research problem with hypothesis.

STATEMENT OF THE PROBLEM

Computers are getting more sophisticated. They have given banks a potential they could only dream about and have given bank customers high expectations. Convergence of computing, communications, information and knowledge is radically changing the way Indian banks operate. Coming down heavily on banks for not optimally leveraging technology, the Reserve Bank of India (RBI) said there was clear lack of vision among banks in rolling out customer-friendly technology. It is said, technology implementation in public sector banks appeared to be more for regulatory and policy compliance. There is clearly an absence of vision of how technology is going to drive business and customer relationship. Thus, technology adoption in banks is a result of external pressures rather than a vision shared by the bank staff. This has oriented the banking technology to be more employee-friendly rather than customer-friendly.

OBJECTIVES OF THE STUDY

To examine the role and utility of Information Technology in Indian public sector banking

To compare the cloud banking adaptability of the Employees and the Customers of the public sector banks

RESEARCH METHODOLOGY

Research methodology helps the researcher to decide the path for their research work in various study fields. The research methodology chapter focuses on the methodology with the research approaches adopted for the specific study. This includes objectives of study, research design that helps to decide the sampling methods, data collection methods and tools of data analysis. The research study has been undertaken to study the **“INFLUENCE OF CLOUD BANKING ON THE PERFORMANCE OF INDIAN BANKING SECTORS”** on the basis of employees and other significant gain of this research is to grab an opportunity to meet and discuss with Academic Professional, Govt. Officials, regulatory Bodies of banks, Practical Bankers, Business and Industry experts,

Cloud Computing Architecture

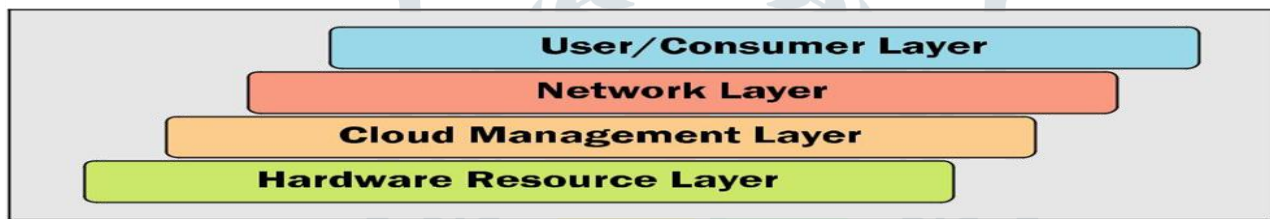


Fig 2.1. Cloud Computing Architecture

1.Reliability Test

the major actors, their activities and functions in cloud computing. The diagram depicts a generic high-level architecture and is intended to facilitate the understanding of the requirements, uses, characteristics and standards of cloud computing.

Table 1

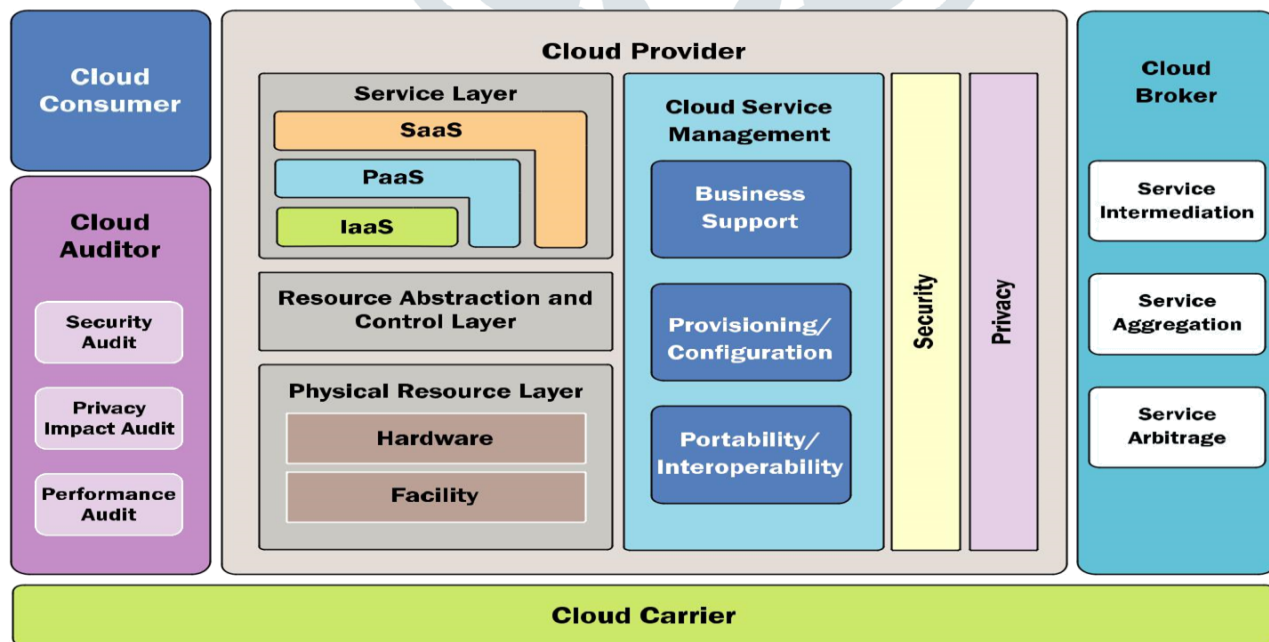


Fig 2.2. Cloud Computing Reference Architecture

Reliability Statistics

Sr. No.	Study Dimensions	Reliability Statistics	
		No. of Items	Cronbach's Alpha value
1	Online Banking Benefits	6	.797
2	Customer Satisfaction with Innovative	23	.782
3	Reliability	5	.753
4	Customer Support Services	4	.777
5	Data Security and Privacy	5	.730

Source: Primary Data

In order to prove the internal reliability measure of scales used for the study, the researcher has performed Cronach's Alpha test of reliability through SPSS 22. It can be seen that Cranach's alpha is more than 0.70 in all dimensions which indicates a high level of internal consistency for the scale with this present study.

2. Multiple Regression Analysis

Table 2 Model Summary of Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578 ^a	.334	.320	.20920
2	.687 ^a	.472	.461	.22232

a. Predictors: (Constant), DataSecurity, Customer Support Service, Online Benefits, Reliability

Inference: The "R" column represents the value of R, the multiple correlation coefficients. R can be considered to be one measure of the quality of the prediction of the dependent variable. The "R Square" column represents the R² value, which is the proportion of variance in the dependent variable that can be explained by the independent variables. In the Model Summary in above table, in public sector banks R Square is 0.334, that dimensions of all independent parameters (independent variables) explain 33.4% of the variability of Indian banking Satisfaction (dependent variable). In private sector banks R Square is 0.472, that dimensions of all independent parameters (independent variables) explain 47.2% of the variability of banking Satisfaction (dependent variable).

Table 3 ANOVA

	Model	Sum of Squares	Mean Square	F	Sig.
1	Regression	388.62	50.822	3.202	0.007a
	Residual	1014.054	16.578		
	Total	1398.674			
2	Regression	3115.714	392.937	1.419	0.022a
	Residual	17880.561	281.423		
	Total	20984.734			

aPredictors: (Constant), DataSecurity, Customer Support Service, Online Benefits, Reliability

bDependent Variable: public sector

cDependent Variable: private sector

Inference: The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The table shows that in public sector banks the dimensions of data security, customer support services, online benefits and reliability (independent variables) statistically significantly predict the satisfaction level of customer. F value of 24.423 is significant at the 0.000 level (i.e., the regression model is a good fit of the data). In case of private sector banks the dimensions of data security, customer support services, online benefits and reliability (independent variables) statistically significantly predict the satisfaction level of customer. F value of 43.575 is significant at the 0.000 level (i.e., the regression model is a good fit of the data).

CONCLUSION

Cloud Computing is a promising paradigm for delivering computing utilities as services. Just as personal computers and servers shook up the world of mainframes and minicomputers or as smartphones and tablets revolutionized the mobile commerce industry, cloud computing is bringing similar far-reaching changes to the licensing and provisioning of infrastructure and to methodologies for application development, deployment and delivery. Continued growth of cloud computing within the financial services industry will require vendors and firms to overcome its challenges together. Financial Cloud Computing has technical advantages like Capacity on Demand (CoD), scale up & scale down, fault tolerance and simple architecture as well as economic advantages like no up-Front capital investment and pay as you go business models. Areas where data secrecy is more important than collaboration, hybrid clouds with the appropriate allocation of data and applications are recommended. Cloud Computing will attract Financial Institutions, primarily due the fact that it provides the next generation value in IT with innovative and flexible business models. Some firms have already realized the benefits of cloud computing, which include scalability, cost savings and time to market. The

conclusion of study has significant practical implications for expansion of e banking services and improvement of customer satisfaction with regard to emerging banking services. Furthermore, the conclusion of current research leads to the recommendations on the possible way forward to improve cloud banking services and customer satisfaction in public and private sector banks.

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