INNOVATIVE TECHNOLOGY AND NATIONALISED COMMERCIAL BANKS: OPPORTUNITIES AND CHALLENGES

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ABSTRATCT

Digital Technology is transforming the modern life. Technology in the field of banking brought banking near to the Customers. The advancement in Computer technology has brought in innovative changes in the field Banking. Characterised by mass use and high potential to grow, the banking Industry has been one of the dynamic sectors which is playing prominent role in modernisation of methods of banking transactions. As per the annual reports of banking sector 60% of savings bank account banking transactions are done through mobile and internet banking. Hence an effort is made in this article to analyse Opportunities in the field of Innovative banking.

Key words: Technology, Commercial banks, Digital banking

1. INTRODUCTION

Banking sector has undergone drastic change as a consequence of the application of information technology. The new technology has radically changed the traditional ways of banking transactions. Modern banking system has been trying to improve life through adoption of newer, better, and green innovations in banks. Technology has become the engine for triggering rapid change. Technological innovations and its use in Banking activities have been revolutionised the banking industry all over the world. The paper based traditional banking has gradually given way to modern and innovation driven paperless Green Banking services. These new banking products have been proved cost effective, profitable convenient to customers and also environment friendly.

Technological innovations started in the global banking sector since 1960s. The first National city bank of New York (City Corp) introduced an instrument called as negotiable certificate of deposit (CD) in February 1961 was considered as a breakthrough in banking Innovation. Gradually other instruments like liability management and a number of financial and technological advancements occurred during 1970s. From 1980 to 1990 many banking innovations like electronic fund transfer system, automated teller machines (ATM), and automated clearing houses were introduced. Over the last decade computer technology has substantially transformed the banking Industry. The wide use of ATMs has facilitated 24hour access to cash and account information. On line banking through online banking, mobile banking has allowed electronic payment of bills, money transfers and loan applications without entering the Banks. The introduction of credit cards, debit cards, online banking, mobile banking, green banking have emerged as an important and new strategy for banks to attract customers.

The IT revolution had a great impact in the Indian banking system. The use of computers had led to introduction of internet banking in India. The use of the modern innovation and computerisation of the banking sector of India has increased to a great extent after the economic liberalisation of 1991 as the country's banking sector has been exposed to the world's market. The Indian nationalised banks are finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology. Total numbers of ATMS installed in India by various banks as on June 2016 is 203021.

2. NEED FOR THE STUDY

The study of innovative technology in commercial banks: a case study of corporation bank is felt because of following needs:

- Technology is used as competitive edge among modern commercial banks. Therefore, need is felt to make a study on innovative technology in commercial banks.
- Technology has brought tremendous convenience in banking to customers, therefore there arises need to make systematic study to know to what extent technology has satisfied customers satisfaction.
- Banks need to embrace new technology in order to be environmentally friendly. There is a need to study how technology helps in preserving resources.

3. OBJECTIVE OF THE STUDY

The main objective of the study is to know how the new innovative technologies are being introduced in commercial banks, and other objectives of proposed study are as follows.

- To understand the level of innovative technology being used in the banks.
- To study relationship between technologies adopted in banks and customer satisfaction.
- To identify level of technology being used in protecting the environment in commercial banks.

4. HYPOTHESIS

Following hypotheses have been formulated for the purpose of further investigation in the present study:

H1: There is association between occupation and people availing Internet banking

H2: There is positive relationship between income and people availing Internet banking

5. RESEARCH METHODOLOGY

The research methodology followed is descriptive in nature. This study primarily focused on primary data and also some of the necessary information was collected through secondary data. Primary data and secondary data were collected from following sources.

Primary Data: Primary data has been collected through a structured questionnaire to customers of Nationalised commercial banks and interview technique was also used to extract necessary information.

Secondary data: secondary sources of data such as books, periodicals, journals and internet sources were referred for the purpose of studying present trends in innovative technologies in banks.

Statistical Tools: MS Excel was used to draw tables, charts and diagrams. Statistical tools such as mean, chi-square tests have been conducted with the help of SPSS to test the hypothesis.

6. REVIEW OF LITERATURE

A number of studies were carried by researchers and experts on Innovative technology applied in Commercial Banks. Some of the important findings are collected, analysed and presented in a summery form as follows

Emporia Argyriou, T.C.Melewar, Maureen Meadows (2005) studied relationship Marketing Perspective in Electronic Banking Evidence from Greece examines the application of a relationship marketing model in electronic retail banking. The focus of the study is banking as one of the most information intensive industries, pertinent both to relationship marketing and e-commerce. Three case studies in major Greek retail banks are presented. The findings indicate that a generic relationship marketing focus is insufficient for defining e-banking as relationship marketing focused. The underlying reason is the excessive commitment to physical network relationships and lack of trust in virtual relationships currently exhibited by managers. Mary Loonam, Deirdre O'Loughlin (2008) studied e-service quality in online banking focuses on observing customer perceptions of internet banking and e-service quality from a user-based perspective within an Irish context. The study involves an observational study of purposive sample of 20 consumers based upon their perceptions of the Bank of Ireland website using unstructured and structured observation techniques. Respondents moved from basic to higher order gratifications according to IT experience and internet usage.

While information and transaction gratifications were deemed key to online banking. R.K.Uppal and Rosy Chawla (2008) Analysed E-Delivery Channel-Based Banking Services. He highlights customer perceptions regarding e-banking services. A survey of 1,200 respondents was conducted in October 2008 in Ludhiana district, Punjab. The respondents were equally divided among three bank groups namely, public sector, private sector and foreign banks. The present study investigates the perceptions of the bank customers regarding necessity of e-banking services, quality of e-banking services, bank frauds, future of e-banking, preference of bank customers regarding banks, comparative study of banking services in various bank groups, preferences regarding use of e-channels and problems faced by e-bank customers. The major finding of this study is that customers of all bank groups are interested in e-banking services, but at the same time are facing problems like, inadequate knowledge, poor network, lack Infrastructure, unsuitable location, misuse of ATM cards and difficulty to open an account . Miranda-Petronella, Vlad (2009) argued that E-banking is the first of those banking services that really economize time, because it allows to the user to accomplish from behind the computer many operations in the bank account, represents the computational solution that allows to the holder to have access at distance at the capitals from his account, purposing to obtain information about his account situation and the situation of the effected operations, of the payment and of the capitals transfers over a beneficiary, by a computational application, of a authentication method and of a communicational average, the e-banking is absolutely necessary in the integration conditions. Dheeraj Sharma (2009) carried on research on Virtual Banking and its Prospects and Perils discuss and highlight the prospects and perils associated with the banking technology in India. It attempts to investigate, using document analysis the problems and prospects of banking-technology interface in India. The paper also seeks to answer the question: Is technology a threat or an opportunity in itself for Indian banks? An effort has been made to judge how the banking business and practices have changed with the introduction of electronic channels.

7. DATA ANALYSIS AND INTERPRETATION

TABLE 1
Demographic profile of the respondents

Demographic and Other variables	Number
AGE	
Less than 20	38
20-40	39
40-60	18
60 and above	05
MARITAL STATUS	
Married	54
Unmarried	46
OCCUPATION	
Employer	11
Employee	51
Business	07
others	31
MONTHLY INCOME	
Below 20000	42
20000-60000	28
60000-80000	19
80000 -100000and above	08
100000 and above	03
EDUCATIONAL QUALIFICATION	
Post graduation	23
Graduation	56
PUC	07
SSLC and below	04

Demographic profile of respondents is presented in Table-1.The respondents were customers of nationalised banks. The respondents age profile shows that majority 39 percent of respondents belong to age bracket of

20 to 40 years, 51 percent of the respondents were employees, 42 percent of respondents earned less than 20000 and 29 percent of the respondents earned 20000 to 400000 per month. Majority 56 percent of respondents were graduates, and 54 percent were married.

7.1 REASONS FOR PREFERRING TO DEPOSIT IN NATIONALISED COMMERCIAL BANKS

Table-2

Reasons	Frequency
A safe place for saving	51
Payment Convenience	16
Good interest rate	21
Employment condition	12
total	100

Out of 100 respondent's 51 percent believed that nationalised bank is a safe place for savings, 16 percent opened bank account for payment convenience, 21 percent were satisfied with the interest rates given by the nationalised banks, and 12 percent opened bank accounts as employment requirements.

7.2 REASONS FOR NOT HAVING ATM CARDS

Table-3

Reasons	Frequency
Risk of theft	08
Aversion to technology	02
Lack of human presence	04
Tends increase expenses	03
total	17

Out of 100 respondents 17 respondents did not possess ATM cards. 8 percent were afraid of theft, 2 percent had aversion to technology, 4 percent said transactions through ATMs result in absence of human presence, 3 percent argued that use of ATM cards increase tendency to spend.

7.3 REASONS FOR NOT USING INTERNET BANKING

Table-4

Reasons	Frequency
Risk of theft	29
Aversion to technology	15
Lack of human presence	14
Tends increase expenses	03
total	61

Out of 100 respondents 61 respondents were not using internet banking facility of nationalised banks for following reasons. 29 percent were afraid of theft, 15 percent had aversion to technology, 14 percent said internet transactions result in absence of human presence, 3 percent argued that use of internet banking increase tendency to spend.

7.4 SATISFACTION LEVEL OF INTERNET BANKING USERS

Table-5

Satisfaction level	Frequency	Percentage
Highly satisfied	09	23
Satisfied	26	68
Neutral	01	02
dissatisfied	02	04
Highly dissatisfied	01	02
total	39	100

Out of 39 respondents using internet banking services of nationalised commercial banks, 23 percent of respondents were highly satisfied with internet banking initiatives of nationalised banks. 68 percent were satisfied with banking facility of nationalised banks, 2 percent said they were neutral, 4 percent were dissatisfied with internet banking, and 2 percent were highly dissatisfied.

8. RESULTS OF HYPOTHESIS TESTING

H1: There is association between occupation and people availing Internet banking

Table-6

occupation	Non-User	User	total
Employer	08	03	11
Employee	39	12	51
Business	05	02	07
others	22	09	31
Total	61	39	100

Chi square test is applied to test association between occupation and use of internet banking with P=0.412>0.05. Therefore, the above hypothesis is rejected. Therefore, there is no association between occupation and people availing internet banking facility.

H2: There is positive relationship between income and people availing Internet banking

Table-7

Income	Non-User	User	total
Below 20000	29	13	42
20000-60000	16	12	28
60000-80000	09	10	19
80000 -100000and above	06	02	08
100000 and above	01	02	03
Total	61	39	100

Chi square test is applied to test association between income and use of internet banking with P=0.803>0.05. Above hypothesis is rejected. Therefore, there is no association between income and people availing internet banking facility.

9. CONCLUSION

In the modern world banks are gaining most important place. They are restructuring their business strategies. By providing enumerable series of Innovative banking facilities banks opened new opportunities for customers as well as business. Innovative banking or green banking has taken banking sector to new heights. In the fast-changing world nationalised banks are making an honest effort to provide environmentally friendly, efficient customer service and compete with private banks and foreign banks thereby strengthening financial position of the nation.

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