

“A STUDY OF IMPACT OF INFORMATION TECHNOLOGY ON BANKING SYSTEM”

Badhe Swapnali Balasaheb, Dr. Ankita H. Pathak

Badhe Swapnali Balasaheb Dept of MBA Sanjivani college of Engineering Koprgaon Maharashtra India

ABSTRACT

The title is "A study On Impact Of Information Technology On Banking System"

In the last few decades, the banking sector has witnessed a series of important transformations. These days, the Indian banking system is regarded as a well developed and well regulated banking system throughout the world. Today the banking industry is stronger and capable of withstanding the pressures of competition. Internationally accepted prudential norms have been adopted, with higher disclosures and transparency, Indian banking industry is gradually moving towards adopting the best practices in accounting, corporate governance and risk management. The paper examines the new trends in the banking sector in India. Technological innovations have changed the world banking system to a great extent and became heart of its operational efficiency. It is prudent to accept that banking industry is a heart of economy. Therefore, Banks in India need to pay more attention in building up its IT infrastructure to ensure greater efficiency and improved performance.

RESEARCH QUESTION:

This present study helps in exploring “A study On Impact Of Information Technology On Banking System”

1. How does information technology influence on banking system development?
2. What impact do information technology have on banking system?
3. What technological benefits are there to banking system?

INTRODUCTION:

Indian Banking System has the significant role in the economy. For sustainable growth of an economy, strong and healthy banking system should be needed. During the last decades, the advancement of technology and liberalization in the Indian banking sector leads to opening up of new markets, new banking products and most efficient and effective delivery channels in the banking industry of India

Indian banking environment has become more compatible as compared to the standards of international financial system. In order to survive and adapt to the changing environment, the banks are putting more stress on understanding the drivers of success to generate superior financial performance. The impact of information technology on the performance of an organization is still a paradox.

The banking industry of India is in the Information technology revolution. A combination regulatory and competitive reasons increasing importance of total banking this industry. Information technology been used under different avenues in banking communication and connectivity and another business process reengineering

technology enables difficult product better market infrastructure, implementation reliable techniques for control of risks financial intermediaries to reach geographically distant and diversified markets.

Hence, the present study makes an attempt to map the impact of IT on the performance of banking sector for scheduled commercial banks operating in India including public and private sector banks.

LITERATURE REVIEW –

Agboola (2006) observed that payments are automated and absolute volume of cash transactions have declined under the impact of electronic transaction brought about by the adoption of ICT to the payment system particularly in the developed economies.

Uppal R.K. (2010) studies the extent of mobile banking in Indian banking industry during 2000-2007 The study concludes that among all e-channels. The paper also highlights the benefits of M-banking to customers as well as to bankers and suggests some strategies with their possible solutions like to spread awareness regarding M-banking and to increase its area and scope to enhance M-banking services in India, particularly in rural and semi-urban areas.

Gulla and Gupta (2012), have explained the role of information technology in commercial banks. The physical banking has been replaced by technology aided banking. This reduced the cost and risk, and enhanced profit. They have cited the example of Bank of India which was the first to use the tool infrastructure outsourcing. Outsourcing has both short term and long term impact on the banking services. The amount of risk that is faced from the vendors differs from one bank to another

Sharma and Sharma (2013), investigated the effectiveness of data handling by the commercial banks. They opined that it might take few more years for virtual banking to be established in India. The trends witnessed in modern banking are computerization and outsourcing, and integration of various IT products related to banking. They observed that the customers switching from one bank to another has been reduced after the introduction of bank vendors.

Satinder Singh and Ajaydeep Singh Brar (2016), The paper examines the new trends in the banking sector in India. The various opportunities for banking sector have also been discussed. The paper also discusses the Information Technology (IT) with regards to banking sector, as it plays an important role in the banking sector. Further, the future prospects of banking sector have been stressed upon.

RESEARCH METHODOLOGY -

Research:

Research is a process of systematic inquiry that entails collection of data; documentation of critical information; and analysis and interpretation of that data/information, in accordance with suitable methodologies set by specific professional fields and academic disciplines.

Research Process:

The research process involves identifying, locating, assessing, and analyzing the information you need to support your research question, and then developing and expressing your ideas. The research process can be broken down into seven steps, making it more manageable and easier to understand.

METHODS OF DATA COLLECTION:

▪ **Primary Data:**

Primary data are those which are gathered specially for the project at hand, directly – e.g. through questionnaires & interviews. Primary data sources include customers of various banking sector.

□ Questionnaire method.

Interview method.

▪ **Secondary Data:**

These are generally published sources, which have been collected originally for some other purpose. Sources are government publication, reports & publication, reports & journals and business associations publications & reports.

Newspaper.

Magazines.

Internet.

Organizational records.

Bank Website.

Sampling Methodology:

▪ **Sample design :**

Sampling is a process that uses a small number of items or a small portion of a population to draw conclusions regarding the whole population.

▪ **Population** – Customer of Banks

▪ **Sample Size** —50 respondents

▪ **Sampling Technique** – Simple Random Sampling technique

Data Analysis Tools & Techniques:

▪ **Excel** – Pie chart, Bar Chart

▪ **Google Forms**

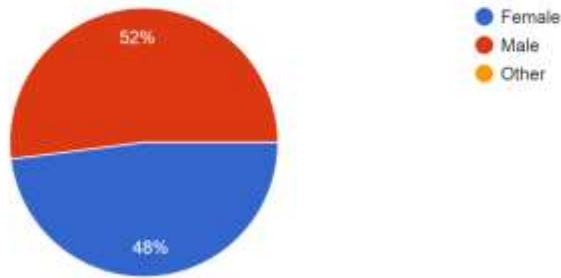
LIMITATIONS OF STUDY:

My research has several limitations. This study was primarily limited by small sample size. The sample size could have been expanded. More contact between the researcher and respondents may have increased participation. My methodology has included surveying or interviewing individuals involved with the respondents. The study could have added important qualitative data and greater insight into the respondents' thoughts and opinion.

DATA ANALYSIS:

Q. 1 Gender

Gender
50 responses



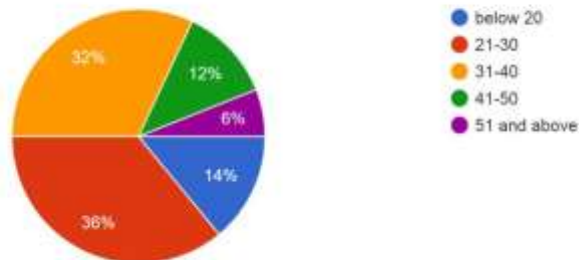
Graph No. 1

Interpretation:

Above pie chart interprets that, 52% respondents are male and 48% respondents are Female.

Q.2 Age:

Age
50 responses



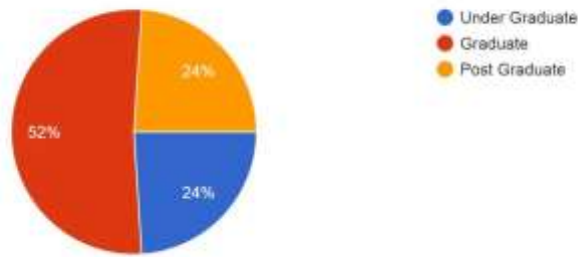
Graph No.2

Interpretation:

Above pie chart interprets that, 36% respondents are 21-30 age , 32% respondents are 31-40 age, 12 % respondents are 41-50 , 6% respondents are 51 and above and rest all are below 20.

Q.3 Educational Qualification:

Educational Qualification
50 responses



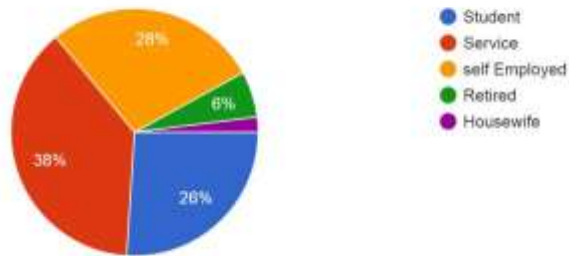
Graph No. 3

Interpretation:

Above pie chart interprets that, 24% respondents are under graduate, 52% respondents are graduate and 24% respondents are post graduate.

Q. 4. Occupation:

Occupation
50 responses



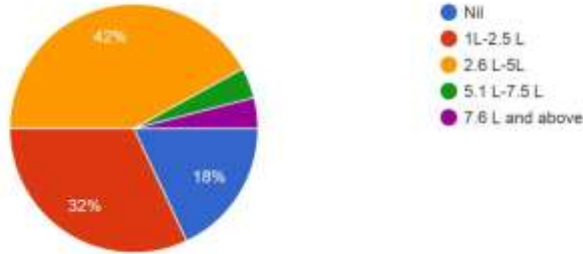
Graph No. 4

Interpretation:

Above pie chart interprets that, 38 % respondents are service, 26% respondents are student, 28 % respondents are self-Employed, 6% respondents are retired and remaining are housewife.

Q. 5 Annual Income:

Annual Income (Approx.)
50 responses



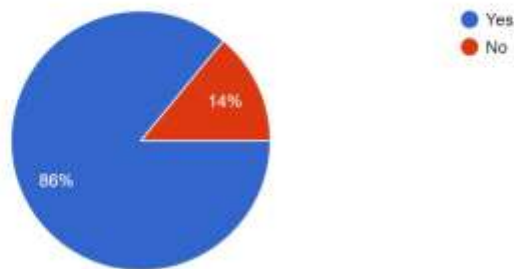
Graph No. 5

Interpretation:

Above pie chart interprets that, 42% respondents are under 2.5L-5 L income level, 32% respondents are under 1L-2.5 L, 4% respondents are under 5L-7.5L, 4% respondents are under 7.5 L and above and remaining 18% respondents are under no income.

Q.6 Are you aware of online banking? :

Are you aware of online banking
50 responses

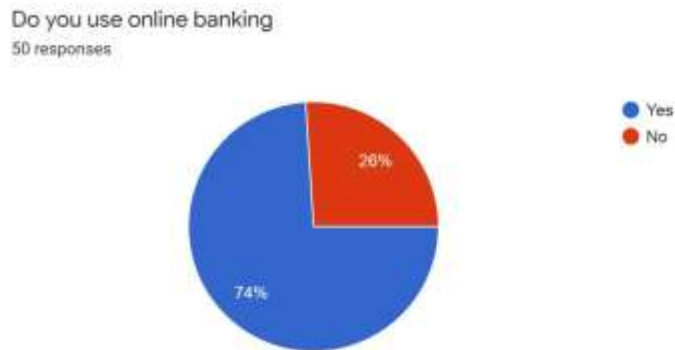


Graph No. 6

Interpretation:

Above pie chart interprets that, 86% respondents are aware about online banking and remaining 14% are not aware about it.

Q. 7 Do you use online banking? :

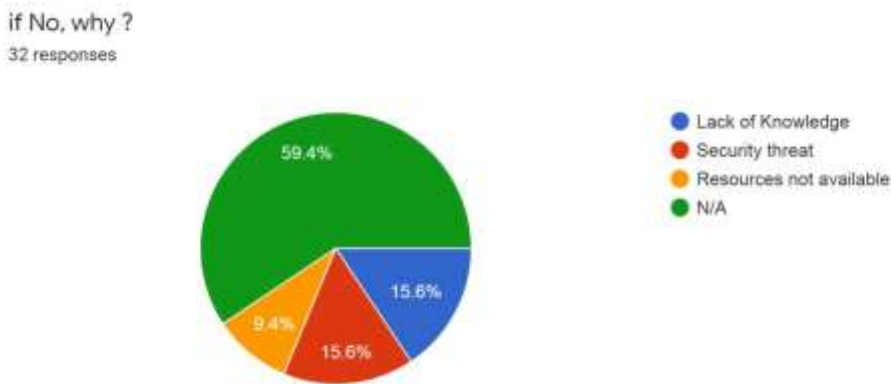


Graph No. 7

Interpretation:

Above pie chart interprets that, 74% respondents are using online banking and 26% respondents are not using online banking.

Q. 8 If No, why? :



Graph No. 8

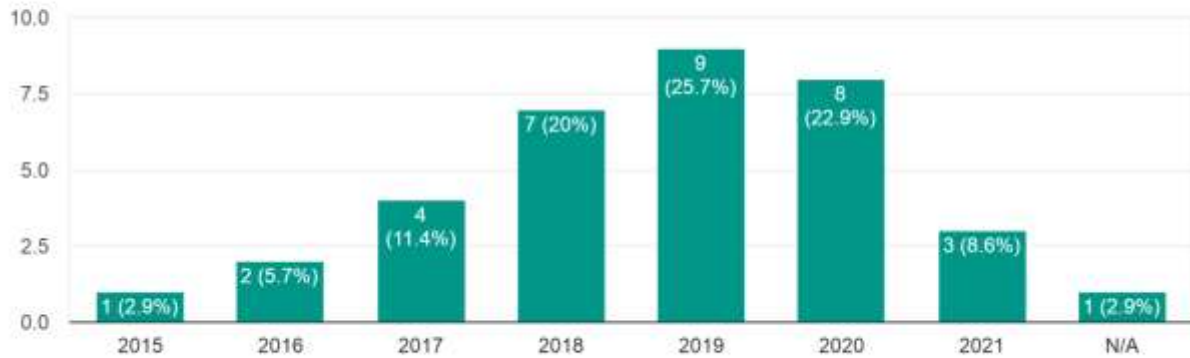
Interpretation:

Above pie chart interprets that, 15.6% respondents are not using online banking because of lack of knowledge,

15.6% respondents are not using online banking because of security threat and 9.4% respondents are not using online banking because of resources not available.

Q. 9 Approximately in which year you started online banking service:

Approximately in which year you started online banking service
35 responses



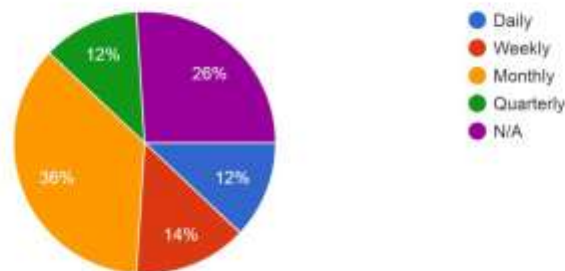
Graph No .9

Interpretation:

Above bar chart interprets that, 25.7% respondents are started using online banking in the year 2019, 22.9% respondents are started using online banking in the year 2020, 20% respondents are started using banking in the year 2018 and so on. This data interprets that after demonetization and pandemic effect customers are using more online banking services.

Q. 10 How often do you use online banking service? :

How often do you use online banking service
50 responses

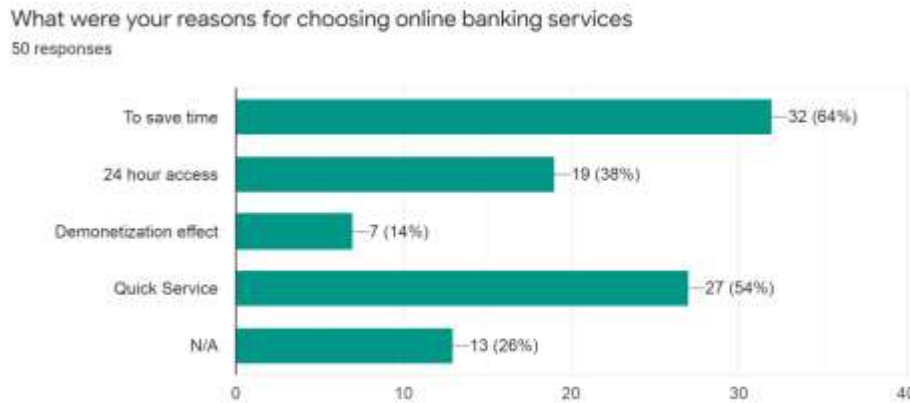


Graph No: 10

Interpretation:

Above pie chart interprets that, 36% respondents are using monthly banking services, 12% respondents are using quarterly banking services, 14% respondents are using weekly banking services, 12% respondents are using daily banking services.

Q 11 What were your reasons for choosing online banking services:

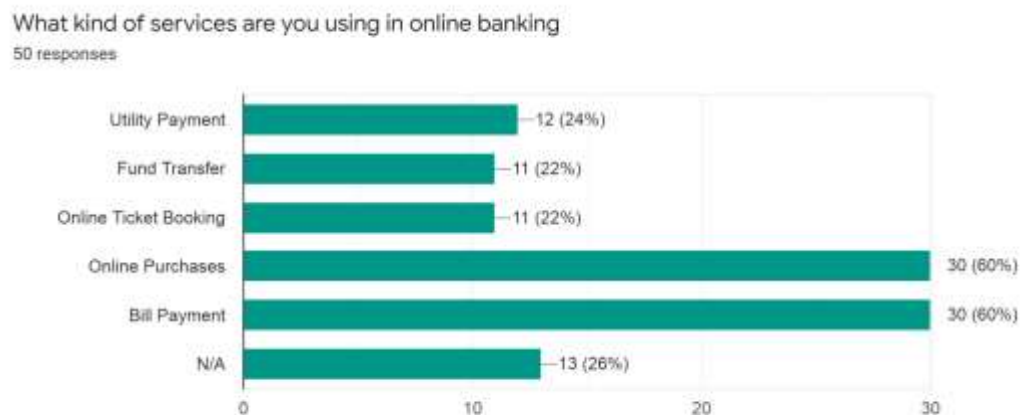


Graph No. 11

Interpretation:

Above bar chart interprets that, 64% respondents are choosing online banking for time saving, 38% respondents are choosing online banking for 24 hour access to banking operation, 14% respondents are choosing online banking for demonetization effect, 54% respondents are choosing online banking for its quick service.

Q 12 What kind of services are you using in online banking:



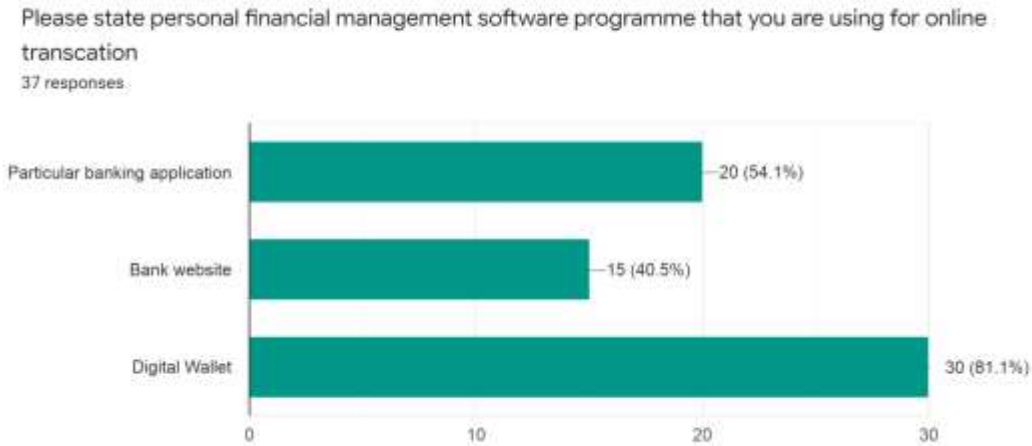
Graph No. 12

Interpretation:

Above bar chart interprets that, 60% respondents are using online banking service for online purchase and bill payment, 24% respondents are using online banking services for utility payment, 22% respondents are using online

banking service for fund transfer and online ticket booking.

Q 13 Please state personal financial management software programme that you are using for online transaction:

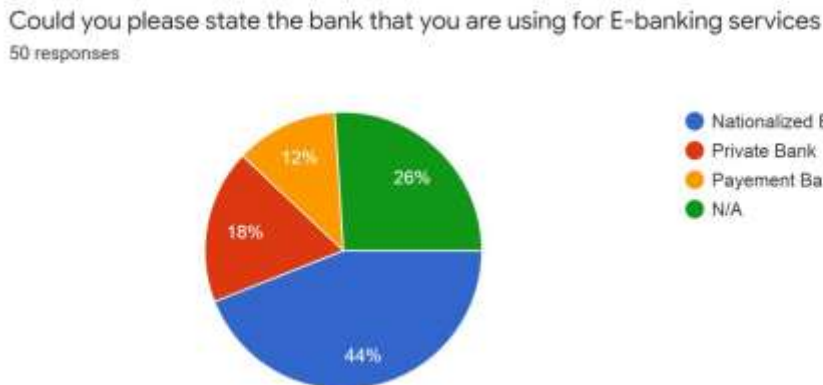


Graph No. 13

Interpretation:

Above bar chart interprets that, 54.1% respondents are using particular bank application, 81.1% respondents are using digital wallet and 40.5% respondents are using bank website.

Q. 14 Could you please state the bank that you are using for E-banking service:



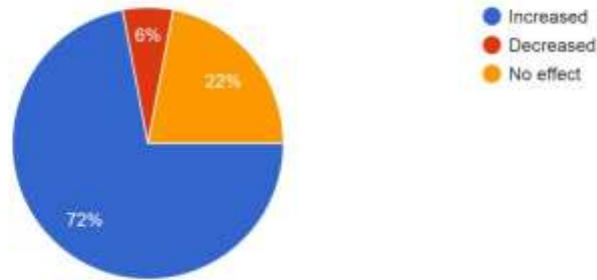
Graph No. 14

Interpretation:

Above pie chart interprets that, 44% respondents are having account in nationalized bank, 18% respondents are having account in private bank and 12% respondents are having account in payment bank.

Q 15 Do you think online banking service after demonetization? :

Do you think online banking service after demonetization
50 responses



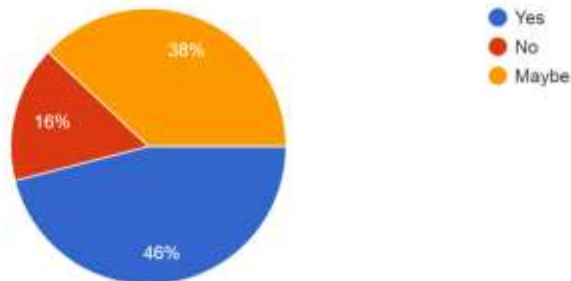
Graph No 15

Interpretation:

Above pie chart interprets that, 72% respondents are think that online banking service increases after demonetization, 6% respondents are think that online banking service decreases after demonetization and 22% respondents are think that on online banking service no effect after demonetization.

Q. 16 Do you still want to continue the online banking services after the effect of demonetization phases out:

Do you still want to continue the online banking services after the effect of demonetization phases out
50 responses

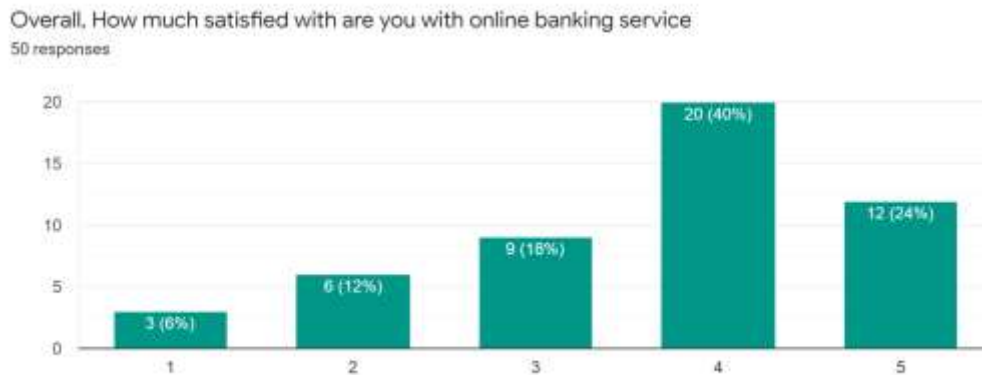


Graph No. 16

Interpretation:

Above pie chart interprets that, 46% respondents want to continue after demonetization, 38% respondents are confuse about their decision whether they want to continue or not and 16% respondents don't want to continue with online banking.

Q. 17 Overall, How much satisfied with are you with online banking service:



Graph No. 17

Interpretation:

Above pie-chart Interprets that overall 82% customer are satisfied with online banking services and 18% are not satisfied with services.

DISCUSSIONS:

From a customer's view, the study revealed a variety of factors relevant to the advancement of online banking:

- In 2016, after demonetization customer shifting from cash transform to cashless transactions such as digital wallet, Paytm, debit cards and Credit Cards. And online banking user is expected to perform transactions online such as checking account balance and transforming funds.
- Due to covid-19, Digital payment volumes are also receiving a boost through the Government, which has pledged monetary assistance to the poor via direct transfers to bank accounts.
- This technological advancement in banking leads to effectiveness of data management, security, safety and service quality.
- There were few customers who lacked the required resources to ensure that the online banking process ran smoothly.
- There were few customers they are enable to carry out online banking transaction due to lack of knowledge and security threat.
- Online banking technology is that it allows you to handle transactions and monitor your bank statements anytime, anywhere and anyplace. You can access your account on your computer or smart phone 24*7

CONCLUSION:

The information technology has major effect on banking services. According to the study after demonetization and covid-19 effect customers are more inclined towards the use of online banking services .customers are using various ways for online transaction such as digital wallet ,bank app or website. Day to day transaction is carried out easily by customer due to technological evolution in banking sector. Although banks are providing such as excellent services some customers still not using online banking services because of security threat, lack of knowledge etc. So to overcome the issue of security and gain the trust of customers banks need to adopt and embrace new technologies to provide excellent operation and services to their clients

REFERENCES:**Reference Paper:**

1. Agboola A. A.(2006), “*Electronic Payment Systems and Tele-Banking Services in Nigeria*”, Journal of Internet Banking and commerce, Vol.11 (3), pp.1-10.
2. Gulla U, Gupta MP (2012)” *Impact of information systems outsourcing: A study of Indian banking sector*”. International Journal of Business Information Systems 10: 131-150.
3. Satinder Singh and Ajaydeep Singh Brar(2016),”*Information technology in indian banking sector and some recent developments* “1,2Research Scholars Punjabi University, Patiala
4. Sharma MC, Sharma A (2013) “*Role of Information Technology in Indian Banking Sector.*” International Journal in Multidisciplinary and Academic Research 2: 1-12.
5. Uppal R.K.(2010) “Emerging issues and strategies to enhance M-banking services” CCSR Sponsored Major Research Project, D. A. V. College, Malout, Punjab, India.

Web Resources:

1. https://www.researchgate.net/publication/261345518_Impact_of_information_technology_on_Indian_banking_services
2. <https://www.bankingfinance.in/impact-of-information-technology-in-indian-banking-industry.html#:~:text=Technology%20has%20opened%20new%20products,cost%20of%20global%20fund%20transfer.>
3. http://www.ijstm.com/images/short_pdf/1472033153_223_IJSTM.pdf
4. https://www.academia.edu/31198273/Impact_of_Technology_on_Banking_Sector_in_India
5. <https://www.icommercentral.com/open-access/influence-of-technology-on-the-performance-of-indian-banking-sector--a-review.php?aid=85794>