“INFORMATION TECHNOLOGY AND BANKS: TRENDS, ISSUES AND CHALLENGES”
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ABSTRACT:
This Research Paper discuss the relation between Information Technology and Banks for achieving the growth and development of banking sector. This research is based on secondary data result of various sources of information related to banking and Information technology sectors books, websites and various journals and articles. In this research study researcher touched all the aspects regarding IT services which helps to the banks for their operation in banking services. New trends are introduced from IT services and using of this resources banks perform efficiently and achieve their objectives effectively. It also had some issues which creates difficulties while providing banking services and that also essential for the analysing the performances of the Information Technology and Bank sector. However in this paper researcher discuss the issues and opportunities in banking as well IT services which helps to direct the new banking era in future perspectives.


INTRODUCTION:
As we all know about the growth of banking sector as a service sectors which provides great opportunity to the one and all today banking is a more complex with different products and serves various types of services in banking sector is having more influence of the Technology. Reliance in an automation and technological change which has converted the manual intensive sector into High Automated and techno dependent industry. Now days banking industry is undergone a complete IT revolution and they take help and groom the whole banking structure as well as introducing different kinds of delivery channels also.

In Indian Banking Industry consist 26 Public Sectoral Banks, more than 25 Private Sector Banks, 43 Foreign Banks and 56 Regional Rural Banks when we see the number of Urban Co-Operative and Rural Co-Operative Banks is more than 95139. Public sector banks control nearly 82% of the banking industry and most of the banks are encouraging their Customers to manage their finance activities through mobile phones. In Year 1984 and 1989 formed Dr.Rangrajan Committee and In Committee’s two reports which strongly recommended Computerization in Banking Sector. In Year 1994 the Reserve Bank Of India formed a committee on “Technology Upgradation in the Payment Systems” and committee suggested setting up of an Information Technology Institute for the purpose of Research and Development as well as consultancy in the applications of Technology to the banking and financial sector of the country.IDRBT(Institute of Development and Research in banking technology) was set up by the RBI in 1996. after changing the systems For
encouraging the use of technological services for banks Reserve Bank of India constituted an “External Expert Review Committee (EERC)” for evaluating the activities of the Institute and redefining its role and roadmap for the future. The Committee submitted their report in July 2009. In that Report Committee recommend technological research is conducted for Financial Networks and Applications, Electronic Payment and Settlement Systems, Security Technologies for Financial Sector, Financial Information and Business Intelligence. Framing the various policies for bank technology in India is constraint with global institutions and participate directly and indirectly in development of model standards and best practices.

Bank -Technological Process Cycle:

Financial institutions and banking sector are possibly the most advanced in terms of technology adoption and can use cloud as a key differentiator. Financial transformation is a key to survival of banks in contemporary banking. The essentials of financial transformation is widely recognized. Innovative ideas are manifest in diverse industries and in different forms. Right from the beginning stage of financial modernization transformations have been playing major roles in improving financial inclusion and improving the ways banking services are rendered to people. Let the customer get involved Build a flat organization to encourage innovation Delegate decision-making powers to customer-facing employees. Flexibility consist freeware to upgradation and adaptability when we think Train frontline staff to help them gain diversified skills and credibility Break rigid business processes to fit different customer-service scenarios Take advantage of new technologies All the above require financial institutions to develop flexibility as a core organizational competency, In screening selection of models which is relevant for providing services and its implications to managing the ways also be considered. Information Management systems which applicable to research segments and business analytics
also be part of this cycle after followed the process re-engineering and upgradation steps will be managed over the periods and it impacted over your operations thus allowing them to make the best of these valuable innovations rather than being defeated by them is essential for this cycle.

**REVIEW OF LITERATURE:**

Following are the most essential studies and reviews related to this topic.

**Rangarajan (1991)** in his report regarding banking systems in India, he mentioned the role of Information system and infrastructural new trends in banking sector. The committee stressed the issue of development in banking infra services which helps to mobilize the services and resources through various ways. It promotes higher level economic activity and economic development of a country through the new innovations and advance technology.

**H.R.Suneja (1994)** studied the relationship of banking sector and the other industries to enhance their capabilities to satisfy the new innovational activities occurred in banking sectors. This book reviewed the new technological innovations occurred in the future and forms of conducting the business is total changed in the different way which is standard. Performance improvement is the essential of banking business.

**Narendra Jadhav (1996)** in his editorial mentioned book “Challenges to Indian Banking Sector” second edition K.C.Chakraborty’s “Customer Services in Banks Search for new trends” he explained how it carried the relationship with new technological innovations and how it helps to growth of banking system to whole over the country. He also explained the precredentials to enable the suitable and techno driven system which content the service, products and quantitative and qualitative techniques.

**R.P.Nainta (2005)** studied the impact of information technology related with the frauds and legal control systems. Analysis the forms and how it impacted on customer service and information systems of banks banking transactions and also in sec.91 of act provides IPC the mentioned “electronic record” word in document. New section of 29A defined the word electronic record in Information technology Act.

**Similarly S.B.Verma, S.K.Gupta and M.K.Sharma(2007)** studied the relationship between technology and banking and also found the challenges ahead of the banking industry. All are using ATMs and electronic mode to do banking transactions so now days it is very essential for the banks to adopting the new factors and using those achieve their objects.

**A.K.Saini, R.K.Mittal and Sanjay Dhingara (2008)** in their editorial they described the essentials of banking and technology and how new trends are performing a major role to the growth of banks. Providing the new services and launching new banking products in the market is also a major elements in Information technology in now days. Outsourcing, integration, participation are explored through information systems. However all the efforts would took for the better
utilization and the trustworthiness of the stakeholders of banks.

**OBJECTIVE:**

The present Research Paper had been carried out with the help of following objectives:

1. To Study the relationship of Banking and Information Technology sector.
2. To study the growth of banking sector with the help of new techniques of Information Technology.
3. To find out the obstacles and Opportunities for Implementing IT techniques for Banks.

**METHOD OF RESEARCH:**

In this research Researcher follows historical method to study and analysis this research topic. The study is based on secondary information. Researcher collects this data from various sources. Similarly various types of Journals, Reports related to this topics also used for this research. Some statistical information took from authorized association which is very relevant for this research analysis.

**RESEARCH PROCEDURE:**

The main research objective is researcher exploring this information to all the stake holders of banking as well as IT stakeholders who are the essential part of this banking environment. We all knew change is impacted in our social development and now technological change is important in every sector. We get an opportunity to use this IT factors to enhance our banking system effectively.

**INFORMATION TECHNOLOGY IN BANKING**

In Banking industry in India today Information Technology creates revolutionary impact on this sector. A mixture of regularity and competitiveness automation is an essential factor in banking industry. Information Technology influenced on two basic avenues in banking in India first is connectivity and Reengineering of Business Process. Information Technology enables sophisticated technological product development, market infrastructure, control of risks and implementation of various techniques. It helps the financial intermediaries to reach every finance market.

The bank which used the different modes of technological products and services. They having a good productivity to managing the information and their for they get an advantage in competitive edge of banking services. To compete with international players it is an important for Indian banks to adopt the latest technology and acceptance of new change in environment. Technology not only help banks in enhancing services, more customer friendliness, efficiency in existing product and services, they also need technology for providing newer services, different forms of products in an increasingly dynamic and global environment. Information technology offers a chance for banks to build new systems that address a wide range of customer needs including many that may not be imaginable today.

**Technological Impact on Banking Services in India:**

1. Facilitation Accessibility to Bank Stake holders:

   For banks every stakeholder is important. Providing services and achieving their objectives with the help of all the internal as well as external factors are important. An accessibility in working environment of bank and create good relationships with using technological modes. Facilitating the various services for customer and all
other stakeholders are the part of this revolution in technology.

2. Improve Customer Legacy:
The key essential in banking sector is customer service. Customer loyalty will be measured through convenience and innovative delivery of product and services. Today also personal services are the critical factors in the banking relationship but they are defined differently now days using electronic devices for doing banking is comfortable for them but technology gives fast, efficient and accurate services to their customers. Banks are intensive to adopt most advanced technologies and trained staff for providing better services.

3. New Marketing Opportunities:
New technological use in banks are relevant for giving for information and handling the services. Banks also need ability to works on the different types of services such as Insurance and Investment. Through Information Technology telephone Banking can bring financial services to home or an office. Uses of different models and techniques gives more gain to this sector.

4. Rapid Growth in Bank and IT Industry:
Evolution of New Techno-Companies and Innovation in banking services are increasingly growing with new strategic formats. In Indian Banking Association (IBA) stated that development of Indian banking sector with greater use of technology solutions, we expect technology spending of Indian banking system to go up significantly. There should be continue upgradation of technology in the Banks with internationally recognized standards of payments and security for banking transactions are benefiting both the customer and the bank.

5. Techno-driven Cycle:
Past few years back bank sector are concentrated on technological development. Computerization and technological efficiency is essential for that time but now all banking sector is on techno-wheels. Having good system of business process is relevant and using of this process cycle banks are achieve their goals effectively. Most of the banks are concentrated on their system models because they know it creates long impact over the banking services.

6. Variability in Services:
Now days Technology is a surprise box for banking sector. Competition of providing good and quality services and financial product is great and all banks are trying to present their uniqueness through their innovative products and services. Technology helps banks to survive in this industry.

The banking industry is having competitive pressures and facing a new entry of players in this services. Introducing the new business models for operations and streamline processes. When we see the statistic for period July 2010 to July 2016 the percentage of adopting the techno services is highly increased in all the three banking sectors. Framing the new strategy for specially banking activities through using Information Technology for providing better services to all the stakeholders is the main goal for all the banks. They work successfully to making the business models for surviving this competition. Adoption and upgradation is essential key to makeover the banking system for today’s financial market.
Advantages of adopting Information Technology:

For providing good and satisfactory services to customer banks uses the strategies technological services. This Technology gives a benefits through various modes following are the some advantages gets banks through adopting the IT in Banks.

- Using the IT services in banking sector minimize the cost of handling where banks spend maximum amount, so Cost Reduction is the main benefits gets from IT to banks.
- Enhancement of Efficiency and Zero work balance.
- Getting the New Market Opportunities to expansion of banking business, most of the banks provides various types of e-services to their customers.
- Non-Stop banking from anywhere and anytime introduced e-lobby and e-galleries to providing customers services.
- New Products and Services other than Banking launched with the help of technology.
- Understanding the individual needs of customer and framing the individual policies to provide better services to individuals.

Challenges Faced in Banking Technology (IT and Bank Services):

In Banking sector using the technological instruments banks gets more advantages but some negative factors are also be considered in this system. Now days providing good services and full fill the wants of customer is also a great challenge in banking sector. There are some major challenges occurred in banking and technology there are as follows:

1. Integration of Data:
   India is having a highest population in the world and more than % population connected with this sector. Data of this all stakeholders is scattered so compilation of this data in a systematic
manner for framing schemes, policies are essential.

2. E-Security Risks:
Increasing the users and new services in banking Productivity, efficiency and quality is essential to survive in this competition the major issue is security risks. Growth and development in banking also consist with various forms of risks and challenge to tackle this security risks with suitable and long-lasting formulas with the growth of electronic banking.

3. Cyber Crimes:
Cybercrime is a big challenge in financial system. In banking various types of online fraudulent activities are reaching maximum number of the victims. The scale of attacks, hacks, phishing scams, thefts and other assorted crime is very high because of highly use of e-banking services. Now banks having pressure to secure their data and government also make guidelines for strict IT act, Reserve Bank of India also took action and formed committee to resolve this issue.

4. Customer Awareness:
Now day’s banks are creating awareness for using the e-services. But still this efforts are very less when we see the vast customer network of all banks. For achieving the objective bank take action regarding educate the customer regarding new technology and other services offered by banks. Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking service and development of banks

5. Delivery Channels:
Today in banking industry is more complex than other service industries. Consumer preferences, perceptions and major challenge is delivering services to the customers. Each channel having uniqueness and customer also using multiple channels to fulfill their banking needs. In addition when banks provide the services and made various forms of delivery channels the objective of this to provide good and fee-less access to the various channels for all the stakeholders.

6. Legal Issues:
Information and Communication Technology (ICT) is now the Indian legal system to change the requirements. Present situation there is lack of legal of the ICT systems in India and we needs a good laws in this regarding issues. The IT Act 2000 does not carrying the specific provisions regarding upgradation and adoptions. We need to follow guidelines through International IT standards and frame a suitable and major laws which covering all the aspects.

FUTURE SCENARIO AND ISSUES IN INDIAN BANKING:
In Future bank stakeholder base will be mainly consisted with e-literate (computer based).when we observed the statistic of customer in banking sector (Public, Private and Foreign banks) customer base is very vast and banks are not having that much e-facilities but they are framing a special strategies with the help of IT sector. Now days we find basic banking will be the same but the way we do banking has to undergo variant in transformation since business tends to tech-driven. Now the success of bank would not depended only on acquire the customer base from other competitors but also effectiveness in retaining the existing bank customers. Indian Banking sector witnesses to see a great change in the way of doing banking. Reserve Bank of India took steps to reform the Indian Banking system. The future banking is based on Risk Management
mechanism. In further integration with the world is making global banking in reality as per Indian Bank Association report “Banking Industry Vision” there would be a great presence of International players in India financial system and some of Indian banks also a global players into coming years. Now the goal of Indian Banking is “Search and Acquire” search new Market New Customer and Achieve a good returns. And for this technology is playing very important role to potential the method as of marketing, advertising designing distributing and Introducing New Finance Products and Services. Internet Technology are processed and created a landmark in Banking Sector.

Observing the developing trends in future banking appears to be leading towards acquisition and the important role in this process held information technology to make a Branch less Banking.

**Issues regarding banks and IT:**

Information Technology consist the factors which helps to moving the banking industry as follows.

- Restructuring the process of banks with different by-products and services.
- Penetration in e-finance and e-commerce businesses
- Reshaping the services to providing finance in time constraints.

There are several developments that are taking place in the Indian Banking industry as well as technology sector also. The RBI and Vasudevan Committee on technology upgradation have set broad agenda for banking sector. In the area of development of banking and financial sector. Tata Consultancy Services (TCS) and Institute for Development and Research in Banking Technology (IDRBT) is involved in the development of Standard Financial Messages System (SFMS) for the INFINET, this system will enable EFT, ECS and trading of government securities. We may also see the emergence of new models of technology driven solutions in form of various services models for small and medium types of banks.

Several banks also preparing themselves to with IT strategies to face future challenges according to Mohammad Yunus of Grameen Bank, Bangladesh. “IT offers and opportunity unprecedented in the entire human history to end poverty from the face of earth.”

**CONCLUSION:**

Banks surviving today due to technology. It has created better tools for providing better service to their customers and it gives confident to the stakeholders of the banks. In India banking sector going through a major technological transformation phase. In recent years most of the banks evolving and clearly defining technology related strategies and schemes for tackle the future threats in new Banking system. It is the time for Indian banks to more on the directives of international standards of securing audit controls. The vast customer base of banks in India and the growth of technology implementations in the coming years will see in rural part of India. The largest number of users in rural sector will energies as the It creates more and more opportunities to the individuals for better services and smooth banking. New approach consist a “Banco- technological approach” where all are contributes for each factors betterment of individual to society.
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