



Impact of Information Communication Technology in Banking Industry

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I. INTRODUCTION

Economic environment of the country is changing at a very fast pace and it has a direct impact on the banking sector. The policies of liberalization, privatization and globalization have opened up new opportunities to the bankers to conduct their business with more flexibility and in a professional way. New and diversified services are being offered by banks to meet the changing needs of customers and also to meet increasing competition. In this, information communication technology (ICT) plays a major role. E – Banking implies performing basic banking transactions by customers round the clock globally through Electronic Media.

Today's banking is virtual banking. Virtual banking denotes the provision of banking and other related services through the extensive use of IT, without direct resource to the bank by customers. The salient features of virtual banking are the overwhelming reliance on IT and the absence of physical bank branches to deliver banking services to customers. The paper highlights the impact of Information Communication Technology in banking industry.

II. REVIEW OF LITERATURE

Saranya J., Anitha. K, Dr. S. Vasantha published paper (2014)¹ 'Role of ICT in Banking Sector'. This paper highlights how people can make use of ICT in banking and provides various suggestions for the banks to improve the effective utilization of ICT banking in banking.

Dr. K. R. Thakor's paper (2011)² 'Role of ICT in Banking Industry' made an attempt to focus on comparative efficiency of ICT (Information Communication Technology) aided banking vs. traditional banking and analyzed the overall impact of ICT on banking industry. The study was based on both primary as well as secondary data. In this paper, the researcher traced the deference between pre and post reform period, introduced the various ICT based banking services like ATM, ECS, net banking, phone banking etc., its importance, impact and growth. It was concluded that ICT based work pattern has been accepted both by bank employees as well as users of the bank services and ICT has made the banking services faster, more efficient and more economical.

R.K.Uppal's paper (2011)³entitled 'E-Delivery Channels in Banks-A Fresh Outlook' exhibited the growth of information technology in various bank groups. In India in 2009, 79 percent branches are under core banking. The maximum technology is taking place in new generation private sector banks as well as foreign banks. 45.5 percent are off site ATMs in India. Public sector banks have more off site ATMs. The paper also suggested some strategies to enhance e-delivery channels inn banks particularly in public sector banks.

Ram Kumar Sinha (2011)⁴ explained theoretically in very deep about E- banking advent of E-money, computerized payment system, E- commerce, electronic book keeping, electronic check processing , technology in banking – issues and challenges and authentication in E- banking. He has also tried to aware about the risks of internet banking.

R. K. Uppal (2008)⁵ made an analysis of Indian financial markets and banking industry and pointed towards banking service quality in E-banks and traditional banks, banking sector and information technology, security challenges to E-banking, engineering and re – engineering for Indian banks , regulatory and taxation issues of E- banking and management of E- banking risks. He has also discussed about the reports and recommendation of working group committee , 2002', constituted by RBI to examine different issues relating to internet banking and recommend technology, security legal standards and operational standards keeping in view the international best practices.

R. K. Uppal. (2006)⁶ conducted a study of productivity analysis of on-line, fully computerized and partially – computerized commercial banks, containing both nationalized and private commercial banks. The author has branched located in rural and semi-urban areas. In the country as a whole, only 10% of the branches are fully computerized and 22% are partially computerized. The author has compared various trends like trends in net profit, net income, expenditure, burden, net worth, operating profits and many ratios like interest earned/ paid as percentage of working funds, non-interest Expenditure / Income as percentage of



working funds, net profits as percentage of total income / Deposits / working funds etc., of on-line fully-computerized and partially – computerized banks. In his study he has concluded that employee productivity branch productivity and total productivity are very high in internet using banks and fully computerized Increasing in India. This is the main reason that public sector banks in India have started computerization in the banks.

Vasudeva (2005)⁷ very deeply explains the conceptual framework of E-Banking and Financial Services, global perspectives, strategies, use of Internet and portals, E-Banking, E-Finance, E-Money, E-Payment, Digital Signature, Mobile-Banking, Banking Services, Financial Services and its future risk and use of software solution and Integration etc.

G.P.Kapoor (2004)⁸ examined the different aspects of the business of the commercial banks. She evaluated deposit and advances per branch, expenses and income per branch, expenditure and profit per branch, deposit and advances per employee, profitability indices and overall performance of the commercial banks in India. She also analysed the performance of domestic private sector banks and foreign banks in India. She compared the analyses of public sector banks, old private sector banks and foreign banks.

III. OBJECTIVES OF THE STUDY

The main objectives of the study are as under:

1. To know the difference between traditional banking and modern banking operations.
2. To compare the various ICT based banking products.
3. To study the attitude of beneficiaries towards the usage of ICT.
4. To know how far customers reach to the various ICT based banking services.

IV. RESEARCH METHODOLOGY

The research is about impact of ICT in banking industry and how the people make use of its products and services. The study is based on both primary as well as secondary data. The primary data collected with the help questionnaire.

For the primary data collection 200 General people are chosen from the total population of Surat city. The secondary data collected through RBI bulletins, various bank web sites, magazines, reports and financial statements of banks, etc.

The analyses, findings and conclusions are based on that data.

V. SCOPE OF THE STUDY

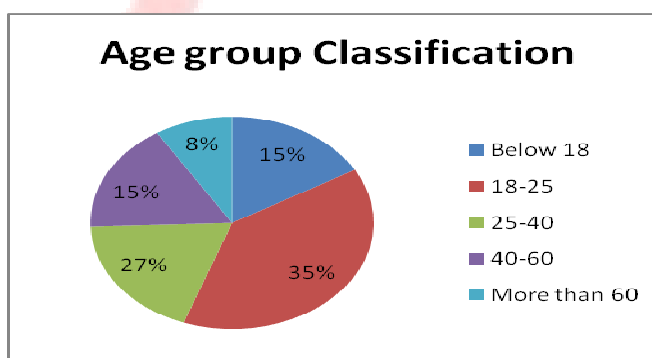
The study is restricted to the Surat city.

VI. DATA ANALYSIS

Total 200 samples were selected on random basis for the study. Out of them 110 were male and 90 were female. That is 55% respondents were male and 45% respondents were female.

1. Age group classification:

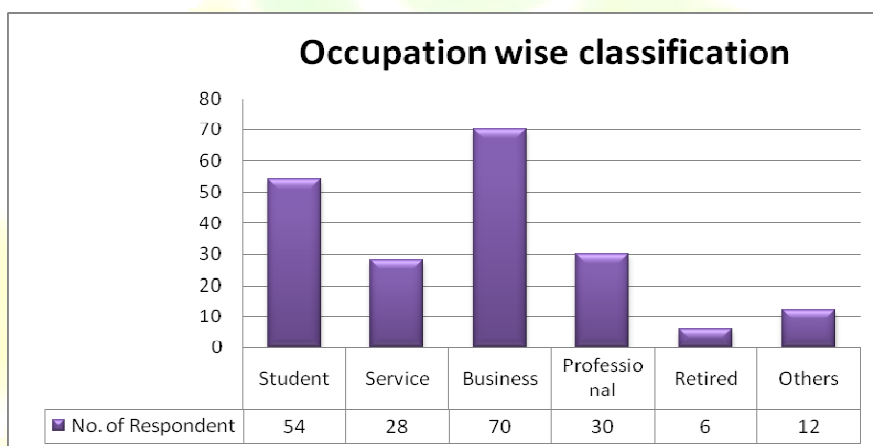
Age	No. of respondent
Below 18	30
18 – 25	70
25 – 40	34
40 – 60	30
More than 60	16
Total	200



The result shows that majority of respondents i.e. 35% falls under the category of 18-25 years and 27% falls under 25-40 years. It indicates that E-banking is largely popular among adults & youngsters as they are the major users of ICT banking.

2. Occupation wise Classification:

Occupation	No. of Respondents
Students	54
Service	28
Business	70
Professional	30
Retired	6
Others	12
Total	200

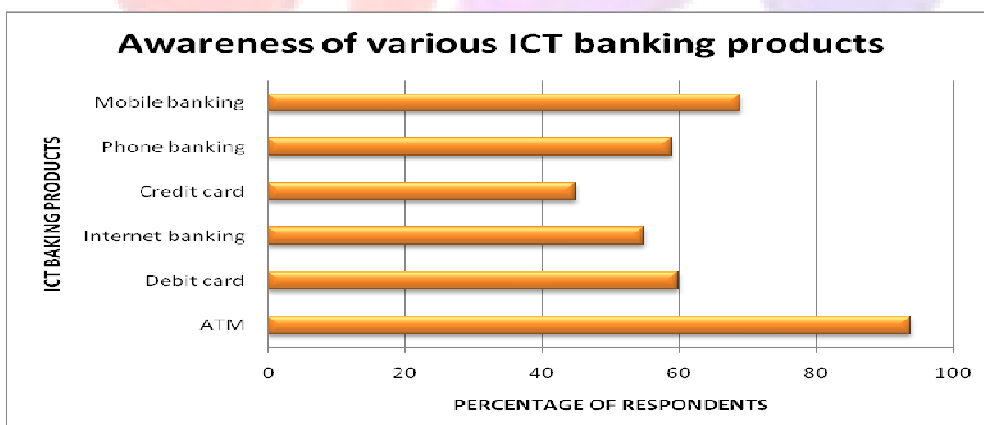


The result show that majority of respondents using ICT banking are Businessmen i.e. 35% are using ICT banking services because it results in time saving. 27% respondents are students because they have complete knowledge of internet and it is also very convenient for them.

Service class people and professional using ICT banking 28% and 30% respectively because it saves time.

3. Awareness of ICT banking products by the respondents at the time of opening an account:

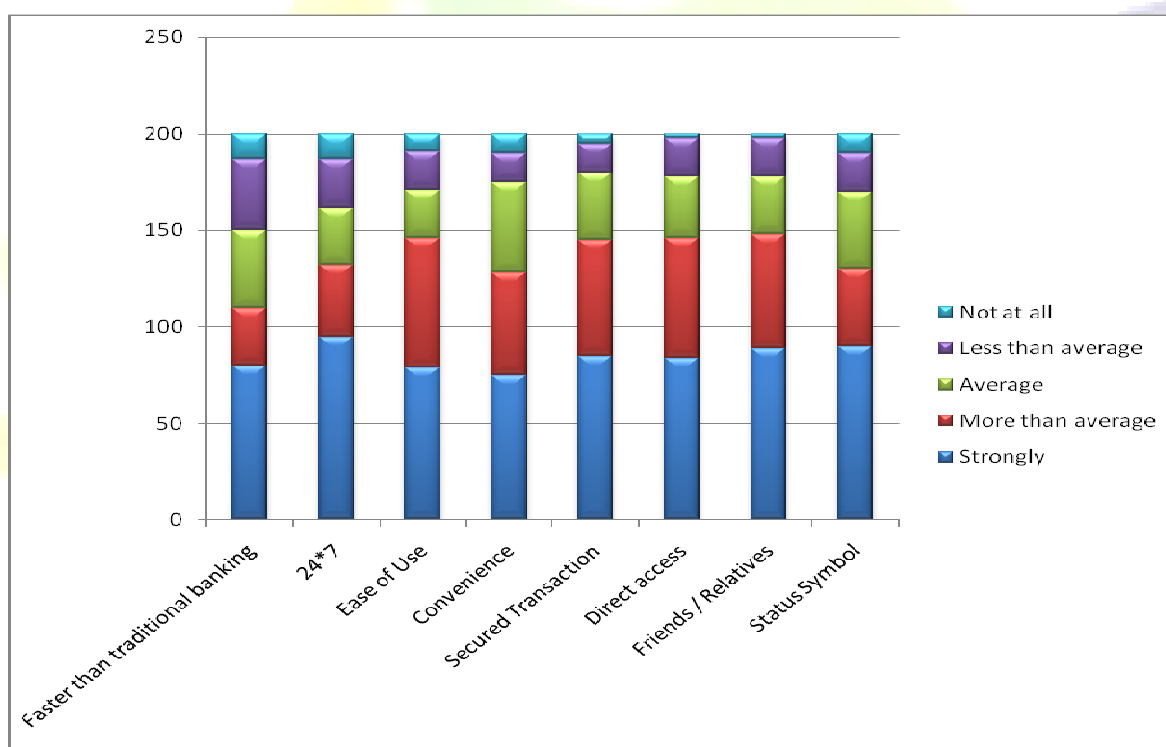
ICT banking products	No. of Respondents
ATM	188
Debit card	120
Internet banking	110
Credit card	90
Phone banking	118
Mobile banking	138



Above table indicates that majority respondents were aware of various ICT banking products. 94% respondents were aware of ATM service, 60% respondents are aware of Debit card, 55% respondents were aware of Internet banking, 45% of respondents were aware of Credit card, 59% of the respondents were aware of Phone banking and 69% of respondents were aware of Mobile banking at the time of opening an account.

4. Factors Influence Using ICT Banking Services:

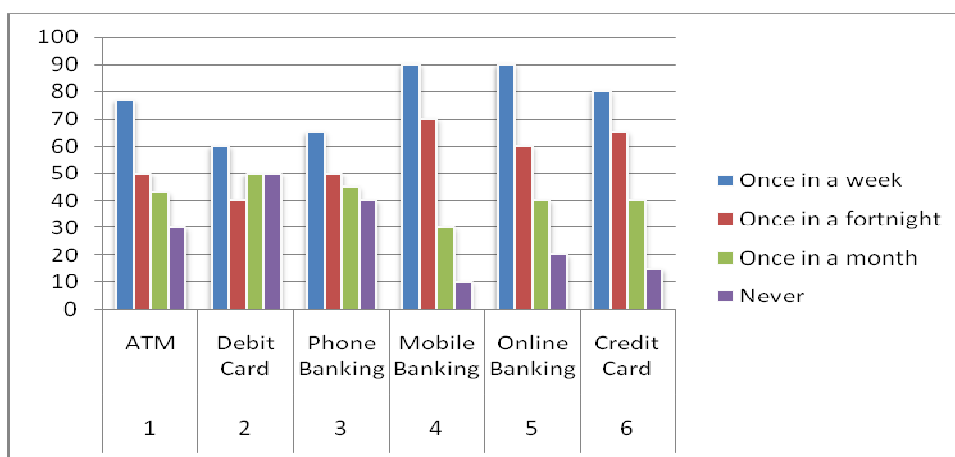
No.	Factors	Strongly	More than average	Average	Less than average	Not at all
1.	Faster than traditional banking	80	30	40	37	13
2.	24*7	95	37	30	25	13
3.	Ease of Use	79	67	25	20	09
4.	Convenience	75	53	47	15	10
5.	Secured Transaction	85	60	35	15	05
6.	Direct access	84	62	32	20	02
7.	Friends / Relatives	89	59	30	20	02
8.	Status Symbol	90	40	40	20	01



The result shows that ICT banking facilities positively influence the respondents. Majority respondents i.e. above 57% were strongly agree that ICT banking faster than traditional banking and it is more convenience. 45% respondents were strongly agree that ICT banking facilities are ease to use and more convenience.

5. Frequency of Usage ICT Banking Products:

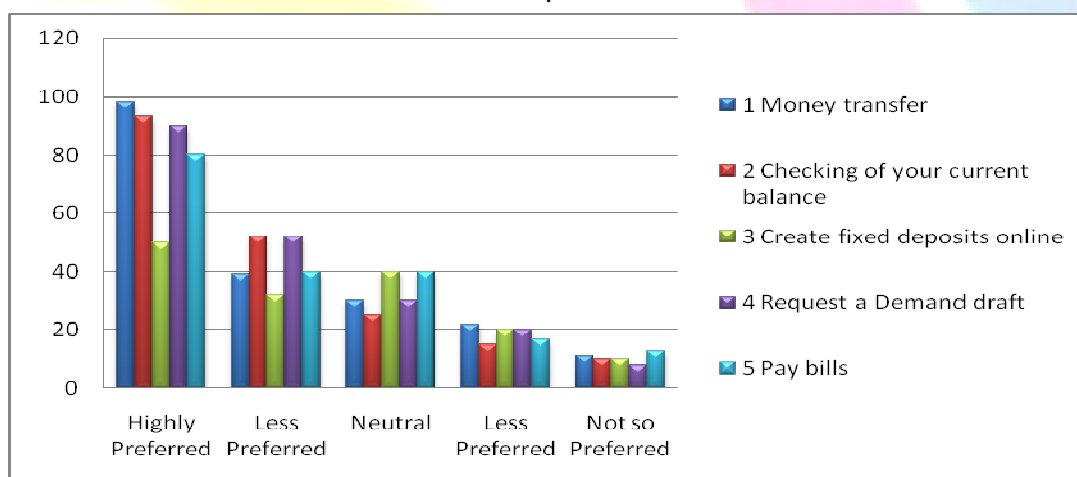
No.	Factors	Once in a week	Once in a fortnight	Once in a month	Never
1.	ATM	77	50	43	30
2.	Debit Card	60	40	50	50
3.	Phone Banking	65	50	45	40
4.	Mobile Banking	90	70	30	10
5.	Online Banking	90	60	40	20
6.	Credit Card	80	65	40	15



The result shows that 38.5% respondents use ATM facility once in a week, 25% respondents use ATM once in a fortnight, 21.5% respondents use ATM once in a months and 15% respondent never use ATM. 45% respondents use online banking once in a week, 30% respondents use this facility once in a fortnight and 20% respondents use this facility once in a month because it is easily accessible and easily to operate. They can use these facilities any time anywhere.

6. Transactions prefer to do by ICT based Banking:

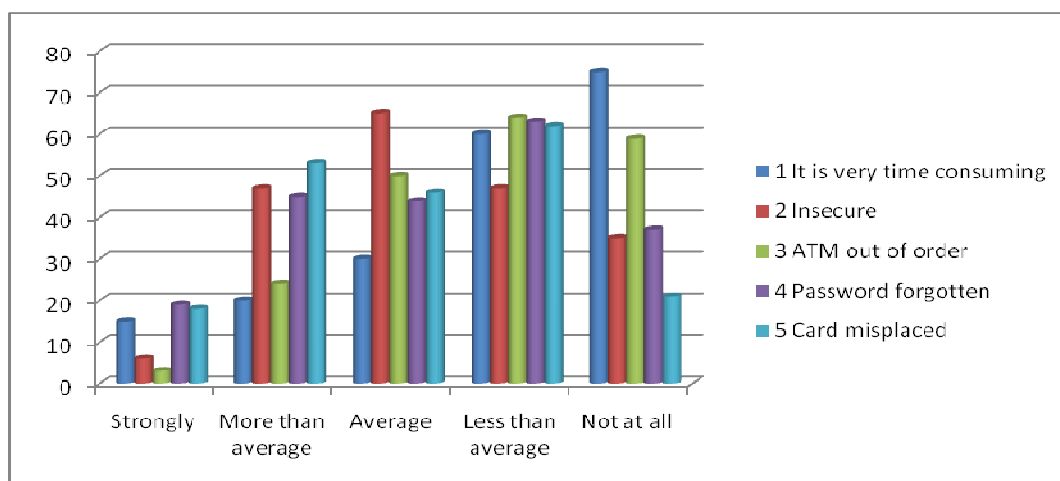
No.	Factors	Highly Preferred	Less Preferred	Neutral	Less Preferred	Not so Preferred
1.	Money transfer	98	39	30	22	11
2.	Checking of your current balance	93	52	25	15	10
3.	Create fixed deposits online	50	32	40	20	10
4.	Request a Demand draft	90	52	30	20	8
5.	Pay bills	80	40	40	17	13



Above chart shows that majority respondents are mostly benefited with the use of ICT banking. About 49% of the respondents highly preferred that ICT banking is useful to money or fund transfer; about 46.5% respondents say that it's useful to check bank balance. About 25% of the respondents strongly preferred that ICT banking is useful to create online fixed deposits.

7. Potential Problems Identified in ICT Banking Services:

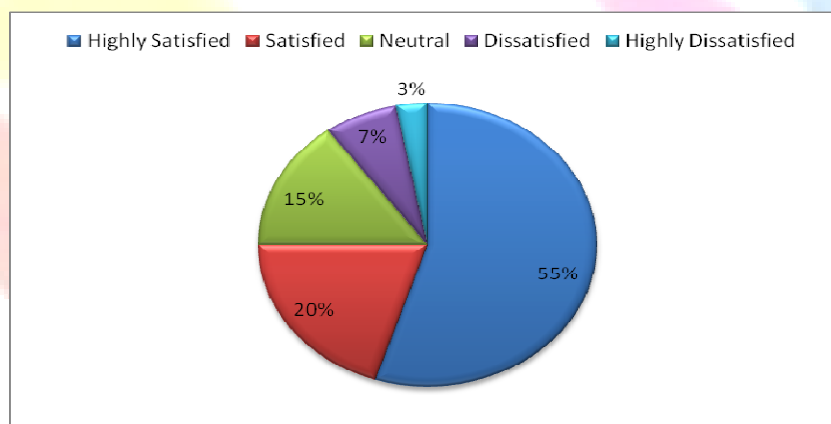
No.	Factors	Strongly	More than average	Average	Less than average	Not at all
1.	It is very time consuming	15	20	30	60	75
2.	Insecure	06	47	65	47	35
3.	ATM out of order	03	24	50	64	59
4.	Password forgotten	19	45	44	63	37
5.	Card misplaced	18	53	46	62	21



The results shows that 34% respondents have minor identified potential problems in ICT banking service and 44% respondents consider time as ignorable identified problems in ICT banking services, only 17% respondents strongly agree that time as identified potential problems in ICT banking services.

8. Satisfaction Level of ICT Banking:

ICT banking services	No. of Respondents
Highly Satisfied	110
Satisfied	40
Neutral	30
Dissatisfied	14
Highly Dissatisfied	06
Toatal	200



Most of the customers really liked the facilities provided by banks as they strongly believe that the facilities are convenient for them. Result shows that 55% respondents are highly satisfied with the ICT banking services provided by their banks and 20% are satisfied with the ICT banking provided by their banks while 10% respondents are dissatisfied with the ICT banking services.

VII. FINDINGS

- 55% respondents are male and 45% of the respondents are female.
- 35% of the respondents are within the age group of 18-25.
- 27% of the respondents were students, about 35% of the respondents were business and 15% respondents were professionals.
- Average 80% of the respondents are aware of ICT banking services at the time of opening a account.
- 49% of the respondents highly preferred that ICT banking is useful to money or fund transfer.
- 46.5% of the respondents say that it's useful to check bank balance.
- 57% were strongly agreed that ICT banking faster than traditional banking and it is more convience.



VIII. CONCLUSION

Banking industry has been experimenting with new technology and ICT based work patterns. It has been accepted by the customers that the adoption of ICT has completely changed the scenerio of banking industry. ICT banking is a multifacetaed process and a joint consideration of customer's personal, social, psychological, and behavioural aspects. By adopting ICT technology branches take time on back office work and can focus on better customer service and marketing new products of the banks. ICT has made the banking services faster and more efficient.

It has been observe that young generation prefers mordern banking syatem while the people around above 60 years are still more comfortable with the traditional system of banking. Bussiness community, Professionals and Youngster are also more comfortable with ICT driven banking and It has been also observed that these people are more comfortable with ICT banking services like checking account status, bill payments, fund transfer etc. The major success of ICT banking is because of its conveniece, easy access and safety. There ample benefits which one can avail from Internet banking.

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