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SPECIAL ISSUE ON

CHALLENGES IN BANKING AND FINANCE : EFFECTS ON INDIAN ECONOMY



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“ New Technology in Banking it's Effect & Challenge”

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Abstract -:

In Banking Technology the banks have the opportunity of developing customised products and services to meet futures expectations. Information technology is one of the most important facilitators for the advantages for bank and it's client. Information Technology is one of its transaction processing as well as for various other internal system and process. They are faster remittance facilities, Automatic Teller Machine, Telephone Banking, Home banking, Credit cards Facility, Personal Loans including car loans, housing loan and internet banking. The various technological platforms used by banks for the conduct off their day to day operations, their manner of reporting and the way in which of reporting and the way in which interbank transaction and clearing is affected has evolved substantially over the years.

Introduction -:

In olden times the account holders were largely satisfied with the services dispensed by the branch of a bank. They are faster remittance facilities, Automatic Teller machines, Telephone Banking, Home banking and credit card facility, Personal loans Housing Loans etc and Internet banking. Technology plays a prominent role in Design, Development and implementation of new Products. Indian banking sectors has made rapid strides in reforming and new competitive business. Indian's banking sector has made rapid strides in reforming and aligning itself to the new competitive business. The Bank Branches becomes only one of the many channels that are now accessible to customers for performing banking trans sectors Indian banking system will further grow in size and complexity while acting as an important agent of economic growth and intermingling different of the financial sector. The economic Growth of the country is an indicator for the growth of the banking sector. Indian banks to become bigger and stronger, thereby into global consumer base. During the last 46 year changes have taken place in the banking Industry. The bank their traditional function and have been improving of the services to the emerging needs of their customers.

The most significant recent technical advancement that drastically transformed the entire scenario of providing services is the use of internet facility in services delivery. Number of people that are adapted this technological advancement for online transition such as, online shopping, is increasing tremendously. That cut throat competitive Environment and demanding customers compelled bank to adapt e-banking concept.

Latest development in Information Technology have also brought along a whole set of challenges to deal with in new recent trends in India speedy changes in technology, complexities, high costs



security, data privacy, regulation and lack of trained man power are some challenges faced by commercial banks India..

Need of Technology in Banking :-

Advancement in Information technology in banking industry resulted in increasing the processing speed of bank transaction and the communication system between bank and its customers. It is the need of hour to extend e banking services to banking customers so that bank can maximize the benefits for bank as well as for it's customer also. The importance of e-banking is growing day by day as it maximize the advantages for bank and it's clients. E-banking provides economics to the operations as it enable Banks to reduce their branch network and number of banking Staff. Banks started adopting more and more technological advancement and that resulted in enhancement of it's efficiency. Now days internet banking is becoming integral part of banking services.

- Liberalisation:
- Increase in Bank deposit
- Extension of Branches
- Increasing Transactions

Objective of New Technology in Banking:-

- To study about the benefits and limitations of NET banking.
- To study the emerging technology trends in banking sector.
- To give the utility of technology in banking with special reference to India.
- To see the current prospect of new Trend banking In India.
- To make available immediate service for customer.
- To save time of customer bank.
- To Enhance its operating efficiency and providing better banking products and services ,bank has always been the pioneer in adapting the at least technological advancement.

Importance of Technology in Banking.

Introduction of computer and other electronic technologies in banks has the following advantages which state the importance of such new technology in banking.

- **Increase in Efficiency** -: Efficient and quick services to customer can be provided with the help of modern technologies.
- **Handling of Information** -: Creation of up to date monitoring and information system and strengthening internal control and housekeeping and reporting functions are provided, storing of information becomes easy.
- **Cost Reduction** -: there is reduction in cost including floor space because of the use of modern technology.



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- Accuracy -: The Clearing of cheque ,pass book entries ,inter branch and interbank reconciliation and such other function.

Sources of new technology in Banking -:

- 1) Digital account opening.
- 2) Person-to-person (P2P) payment
- 3) Customer relationship management (CRM)
- 4) New account/teller systems.
- 5) Commercial loan origination systems (LOS)

A] Mobile Banking :

“Mobile banking refer to the banking activities that are carried out on mobile phone ,that is banking enabled, even while a person is on the move”. Mobile Banking scores over internet Banking is that it enables ‘ anywhere anytime banking’. Customers don’t need access to a computer terminal to access their bank accounts, now a day can do so on the go while waiting for the bus to work ,travelling The scale at which Mobile Banking has the potential to grow can be gauged by looking at the pace users are getting mobile in these big Asian economics .

Mobile banking Services :

- Mini statements and checking of account history.
- Access to loan statements.
- Access to card statements.
- Pension plan management.
- Micro Payment Handling
- Mobile recharging
- Bill Payment Services.

Technologies behind Mobile Banking :

Mobile Banking is being deployed using mobile applications developed on one of the following channels.

1. IVR (Interactive voice Response)
2. SMS (Short Messaging Services)
3. WAP (Wireless Access Control)
4. Standalone Mobile Application Clients.

Advantages of Mobile banking :-

- a) Always on 24*7 accesses
- b) Advanced Penetration of Mobile Networks
- c) Personalisation
- d) WAP
- e) Faster data Processing Speed
- f) Security
- g) Mobile Payment



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Disadvantages Of Mobile Banking :-

- a) Restricted Plans
- b) Technical Problems
- c) High Charges

B] ATM'S; :-

Automatic Teller Machine is the most popular devise in India. The customers to use withdraw their money 24*7 days a week . It is a device that allow customers who has an ATM card to performs routine banking transaction without interacting with a human teller ATM system can be most useful payment utility bills, funds transfer account and deposit cheque on to account. The customer is identified at ATM by inserting a plastic ATM card with a magnetic strips with a chip that has a unique card number issued to the customer with the help of ATM can cheque his last transaction and current balance cheque their mobile number through ATM . Most use money transfer form on account to another account is possible with help of ATM.

Features Of ATM'S

- a) Anywhere banking
- b) Anytime Banking
- c) Safety
- d) User Interface
- e) Visual Message
- f) Swallowed Card
- g) ATMs Security

Advantages Of ATM's

- 24 hours Availability
- Convenient Place
- Privacy of operation
- No need of RBI's Permission
- No time limit for Transaction
- Quick and efficient Services
- Fixed Response to Customer

Disadvantages Of ATM's

- Limitation on withdrawals
- Restriction on cash Dispensation
- Limited functioning

D) Telebanking /phone banking :-

Telephone banking sat is flies the customers with fast, anytime transaction and account



information via-telephone access. These system use technology that keeps the cost of delivering the service very low. Telephone banking allows the customers to access their account 24*7 days in week. He used a password is set for customers verification. Most Telephone banking service use. As well as customers can be phone use phone banking for blocking of internet banking user ID. Phone banking provide easy access for customer to have large business through telephone. Tele banking phone has gone a long way in providing maximum customers satisfaction within the limited infrastructure.

E] Internet Banking :-

E-banking has been liberalization and regulation process which started in 1991-92 has made a drastic change in the Indian banking system. Latest development in information technology have also brought along a whole set challenges to deal challenges faced by commercial banks in India. The success of internet banking operation totally depends upon the well designed website of the bank. E-banking has been prevailing in India around sometime in the form of automated teller machine.

Advantages Of Internet Banking :-

- Use of World Wide Web
- Helps in selling Product
- Total Elimination of manual processing of data.

F] Electronic Payment Service

E-banking is a term that includes the entire information technology revolution that has taken place in the banking industry. India a harbinger to the introduction of a e-cheque. E-banking has helped banks to retain the current customers delivering service to the customers. E-banking helps the customers as well as banks by overcoming the drawbacks of manual system as computer are capable of storing the data as per the requirement of customers. E-payment service be unfit for banks to help in reducing the cost of delivering the service to the customers website will reduce the workload on employees and need to invest more on relevant infrastructure and most benefit to customers online purchase of goods and service, can account balance check the progress of their investment and E-banking delivers 24 *7 service to customers so easy cheque to account information quickly

New Technology in banking effects & Challenges

Effects

Bank should maintain adequate leverage between the advantages and risk of e-banking. marketing and advertising campaign initiated by banks encouraging a number of customers to adapt e-banking for managing such a huge customer base banks need to prepare their internal system on prior basis. Now e-banking enabled banking beyond the geographical boundaries, bank have local as well as international customers to process their request or solve their problems. Through technology comes the threat of Cyber Attack, a loophole in the system, millions of data can be lost in the blink of an eye.



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Challenges

- Block chain Technology.
- Upgraded ATMs.
- Proliferation of Non-Banks. .
- Apple Store-Style Experience.
- Automated Financial Services Employees
- Mobile and Digital Banking
- Partnerships
- Wearable's

FUTURE RESEARCH

One area of future research would be conducting similar studies regarding the adoption of e-banking services in rural areas as only three major urban cities of Punjab were considered under the study. Financial inclusion being a national priority of the Indian Government, the current contribution of e-banking may be examined towards achieving the same objective covering under-banked or unbanked population. As customer experience with the e-banking services must be increasing, their perceptions and subsequently satisfaction may be further explored. Moreover, inter-state comparisons can be made for the same. One objective of the study was to determine factors as determinants of service quality. The model developed gave sufficiently acceptable results on empirical testing. But still there was unaccounted variance left in the service quality. This indicates scope for future research considering some other factors that can maximise the total variance explained of the e-banking service quality.

Conclusion:

Indian banking system will further grow in size and complexity as an important agent of economic growth. The banking today is re-engineered with use of information technology. The economic growth of the country is an indicator for the growth of the banking sector. All the commercial banks these days are delivering these service to their valuable customer. Electronic media and traditional media (branch banking) are found to be complementary to each other. So, Bank staff still has vital role to play in influencing customers and successful as well as profitable implementation of technological service innovations in banks. Technology infusion has also affected service quality of banking offerings positively. Six technologically influenced determinants of service quality have been identified, significantly defining overall service quality of e-banking services. Service quality itself is found to be a significant explanatory factor for customers' e-banking usage that further drives IT propagation in bank



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