



INFORMATION TECHNOLOGY AND BANKING: AN INSIGHT INTO CYBER THREAT

Gaurdas Sarkar

Associate Professor of Economics

Gobardanga Hindu College

Abstract:

Information technology refers to the application of computer or other electronic devices to store, study, retrieve, transmit and manipulate data or information, often in the context of a business or other enterprise. The term is commonly used as a synonym for computers and computer networks facilitating techniques of processing, storing, retrieving and transmitting information to serve our day to day needs. A banking system is a group or network of institutions that provide financial services for us. These institutions are responsible for operating a payment system, providing loans, taking deposits, and helping with investments. Banking environment has become highly competitive nowadays. To be able to survive and grow in the changing market environment banks are going for the latest technologies coping with the dynamics of a fast changing market scenario. No doubt banking services have undergone a dramatic change with the use of information technology. Information technology has enabled banks to strengthen and standardize their infrastructure in respect of security, communication and networking. The use of interactive electronic links via internet has paved the way in providing customers with greater level of information about their own financial position and about the services offered by the bank. This present paper seeks to analyze how far common people have upgraded themselves to reap the benefits of information technology in respect of available banking products and services. What the scopes are there to reap the benefits to the optimum extent. What the remedial measures to be taken to improve the present scenario.

Key words: Information Technology, Banking, Security.

Introduction:

Banking environment has become highly competitive nowadays. To be able to survive and grow in the changing market environment banks are going for the latest technologies coping with the dynamics of a fast changing market scenario. No doubt banking services have undergone a dramatic change with the use of information technology. Information technology has enabled banks to strengthen and standardize their infrastructure in respect of security, communication and networking. The use of interactive electronic links via internet has paved the way in providing customers with greater level of information about their own financial position and about the services offered by the bank. This present paper seeks to analyze how far common people have upgraded themselves to reap the benefits of information technology in respect of available banking products and services. What the scopes are there to reap the benefits to the optimum extent. What the remedial measures to be taken to improve the present scenario.

Information technology

Information technology refers to the application of computer or other electronic devices to store, study, retrieve, transmit and manipulate data or information, often in the context of a business or other enterprise. It is related to technologies that facilitate the transfer of information and various types of electronically mediated communications. The term is commonly used as a synonym for computers and computer networks facilitating techniques of processing, storing, retrieving and transmitting information to serve our day to day needs.

Banking:

A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services, such as wealth management, currency exchange and safe deposit boxes. There are two types of banks: commercial/retail banks and investment banks.

A banking system is a group or network of institutions that provide financial services for us. These institutions are responsible for operating a payment system, providing loans, taking deposits, and helping with investments. Banks have always played an important role in country's economic development. They play a decisive role in the development of the industry and trade. They acts not only as custodian of the wealth of the country but also as resources of the country. The general role of commercial banks is to provide financial services to common people and business ensuring economic and social stability and sustainable growth of the economy. Banking system as a whole promotes saving habits of the people, helps capital formation to promote industry, trade and commerce, provides loans and advances to agricultural sector, provides agency services, safeguards money and valuables, helps transferring money, provides ATM services ,net banking facilities and so on.

Recent trends in Banking:

Banking environment has become highly competitive nowadays. To be able to survive and grow in the changing market environment banks are going for the latest technologies coping with the dynamics of a fast changing market scenario. It is also viewed as an instrument of cost reduction and efficient communication with people and institutions associated with the banking business. The software packages for banking applications in India had their beginning in the middle of 80s, when banks in India started computerizing their branches in a limited manner. The early 90s witnessed the falling prices of hardware and advent of cheap inexpensive but high powered PCs and services and banks went in for Total Branch Automation packages. In the middle and late 90s there was financial reforms, deregulation, globalization coupled with rapid revolution in communication technologies with the introduction of internet, cell phones etc. Technology has played an important role in the working of banking institutions and the services provided by them. Internet has emerged as an important medium of delivery of banking products and services. The customers can get information of their accounts, transfer funds, purchase drafts, and make payments for their purchases. No doubt banking services have undergone a dramatic change with the use of information technology. Information technology has enabled banks to strengthen and standardize their infrastructure in respect of security, communication and networking. Inter branch connectivity, moving towards Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), use of Magnetic Ink Character Recognition (MICR) and Imaging Technology for Cheque clearing are some of the achievements that have been made possible with the use of information technology. The use of interactive electronic links via internet has paved the way in providing customers with greater level of information about their own financial position and about the services offered by the bank.

Bank Nationalization and branch expansion with a view to render wider access of common people to the banking services in geographically distant places had achieved top most priority in 1969. Between 1969 and 1990 bank branches of commercial banks were opened in 30000 unbanked locations. In December 1969 only 17% of bank branches were in rural areas while in 1990 it stood at the tune of 58.23%. But in 2013 rural areas occupied only 35.9% while that of urban areas increased again to higher level at 64.1%. Historically sources of credit have been divided into two categories: Formal or Institutional and Informal or Non-Institutional. In rural areas Informal or Non-Institutional sources are the major sources of credit-despite various initiatives by the RBI and Government. All India Debt and Investment Survey (2013) confirms the above statement by exhibiting that 19% of all households in rural areas have availed loans from Non-Institutional sources while 17% of all households in rural areas have availed loans from Institutional sources. If we go on analyzing the reasons of flourished activities of Non-Institutional agencies we find that there have been a considerable proportion of people who avoid banks due to their inability to cope with the banking formalities. Rather they find themselves comfortable to approach informal sources for their credit requirements. They have never upgraded themselves even at the time of their crying needs.

Information Technology & its Application in Banking:

With the passage of time the advent of information technology and its application in banking services have enabled many to reap the benefits with their accessibility to Internet Banking, Mobile Banking, ATM, RTGS, NEFT and so on. Still there are so many who are scared to avail of those facilities. They are reluctant to make themselves equipped to have access to those technology based banking services. Simply out of fear they keep themselves away from those applications which are mostly secured, time and energy saving and convenient. It is not that they are unaware of the conveniences; they simply argue in favour of their reluctance in terms of growing cyber crimes such as hacking, phishing, ATM skimming and the like. The cases related to cyber crimes have grown due to the upsurge of mobile devices with internet connectivity. Smart phones are nowadays used for numerous online activities like internet banking, online shopping, paying utility bills and are constantly in the eyes of criminals to obtain access to confidential information. The potential threat lies with their access to information relating to banking transactions and online payments. Cyber criminals frequently provides link to update KYC, claim financial benefits like online lottery prizes, refund of income tax and the like. As soon as any one tries to click the link he/she is under the surveillance of the attackers and they get access to his/her personal confidential information.

Conclusion:

In order to save ourselves from cyber crimes we must have proper awareness about the fraudulent activities of the criminals and we should not trust anybody blindly. Software packages, used by the banking sector, have their in-built security measures so that no customer of the bank can be deceived by the criminals. Majority of the crimes have been committed by the miscreants through collection of information from the customers. Had they not supplied information, miscreants could have not been successful. Hence the only way out is to be cautious about our behaviour as customer and very easily we can reap the benefits of information technology applied in banking sector for providing their products and services.

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