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Transformation of banking with IT (Information Technology)

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I. Abstract

This paper understands the changes that the banking sector has gone through over the years with ever-growing information and technology and assess the rate of development of the banking industry in comparison to various other sectors. Also the customer relations are taken into consideration and banking deals majorly in B2C hence the ever-growing customer expectations are to be met with consistently by these banks.

Keywords- Banking, Development, Information, Technology, Customer Expectations

II. Introduction

Information Technology, usually referred to as IT is the use of infrastructure like computers, networking, storage, etc. to create and process all kinds of electronic data. This Information Technology is employed in various forms by various sectors across a spectrum of industries. IT is used to enhance efficiency and effectiveness of a process that leads to any prescribed job getting done faster and better. This Information Technology has also been used to transform banking over the years and has improved interface both at backend (bankers and developers) and frontend (clients and customers).

Information Technology is ever growing and has majorly affected many sectors including banking. With customer wanting an increased ease of access and convenience the banking sector had to evolve to fit these customer demands. Various banks have been constantly working towards technology updation and enhancement of customer experience to keep up with the competition and ultimately raising the bar for excellence in the banking sector. Also with the growth in mobile banking and net banking technological instruments are employed in order to make their respective platform better, more efficient and more effective. One of the most crucial elements in this pivot is training the employees before educating the users. Employees of both banks and businesses must be trained well in order to efficiently use these technological resources as the employees will be the sole operators of this technology and they must be able to cope rapidly with this transformation to further enhance processes and handle operational and/or customer grievances. The employees will be the pivot during this slow and steady transformation of modern banking.

The movement towards the digital world is essential especially after the Covid-19 pandemic where people couldn't leave their homes due to strict lockdowns and curfews and all process were forced to shift online.

III. Review of literature

(Appinventiv, Saurabh Singh, 2022) talks about how Digital transformation is the movement of our rational world to the digital world rather than just a mere change in processes. This article also talks about the key factors driving this change/ transformation which are customer importance, operating model, modern infrastructure, data and digitally driven financial markets.

(Forbes, Vladidmir Lugovski, 2021) explains how digital transformation is the transition of customer services from traditional physical interaction to via the internet. Also the point of view of businesses is talked about on how businesses should prepare for this transition by correctly assessing the risks and efficiently managing them-risks like cybersecurity issues, unauthorised access, data leakage etc.

(Happiest Minds, Sumit Kamra) puts across the customer side of this transformation how customers and the need for the banking industry to meet the customers' wants. Customers expect to perform deposits, withdrawals, open accounts, close accounts, manage accounts, switch banks, enable automatic payment of bills, transfer money, apply for credit/ debit cards, apply for loans and credit, etc. through the channels that the banks provide by employing, updating and enhancing information technology.

(Cascade, Jack Boutchard, 2022) shows how and why the banking sector has lagged behind in in the shift to the digital world while other industries and qsectors have lead the edge. The author also mentions how the banking industry will drastically change in the next five to ten years and will possibly be unrecognisable compared to the banking industry today. Industry leaders must recognise this fact and must employ and update their banking technologies to stay ahead of competition and ultimately improving the industry as a whole. Inability to do this will result in the loss of market share, inefficiencies and losses. Planning and execution is stressed upon to avoid mishappenings and to stay on course towards the digital world.

(IIDE, Karan Shah) explains why digital transformation in the banking sector is essential and it's need and significance of it in today's world. The author also explains how the traditional banking systems are a "thing of the past" as they are extensive, tedious and require a lot of manpower. Also post the Covid-19 pandemic lockdowns people have refrained from going to public places (like banks) and demand all access on the tip of their fingers. The ultimate solution is undoubtedly to head towards digitisation.

(Light It, Alexander Roznovsky, Victoria Pichkovska) says that along with various other sectors that are leading the edge on technology, the banking sector is also trying to adapt to modern methods and integrate Information Technology into its operations and processes. The article also concludes by saying that this is an expensive transformation towards the digital world and a financial institution must address this and and come up with the the full amount of resources required for successful execution. The author also stresses on the use of comprehensive strategy and skill for efficient and effective implementation.

(SimpliLearn, Dan Biewener, 2022) explains why it is important for banks to use the power of Information Technology efficiently to keep up with other players in the financial sector like internet giants, finch, Facebook subsidiaries, etc. The article also discusses the stepping stones to successful digital transformation which includes making cultural shifts, learn from other organisations, trial and error, focusing on customer experience, bridging internal gaps and training employees.

(The Financial Brand, Bryan Yurcan) says that the pace and rate at which the banking industry is changing is very slow from the perspective of consumers. The Covid-19 pandemic has shown clear advantages of digital banking as well as development of digital banking from the frontend, the customer side. However the transformation has not been speedy and the factors that have affected and slowed down the rate of development and movement of the industry towards total digitisation are integrating end to end banks and credit unions, and continually increasing consumer expectations.

(McKinsey and Company, 2020) explains digital transformation and why it is essential for banks to become “more than a bank” by changing processes and operation by using the power of information technology.

IV. Research Methodology

The research methodology used here is collecting information via survey on google form and the questions asked in the survey are as follows.

1. Name
2. Age
3. How often do you visit a bank physically?
4. Which bank do you visit the most for banking?
5. Is the bank updated with latest technology?
6. What tools does your bank use to digitize? (eg. HDFC has netbanking portal)
7. Are you used to technology or need help with it?
8. Do you trade in Stocks?
9. Do you trade in Cryptocurrency?
10. Do you prefer paperwork during banking?
11. Why or Why not?

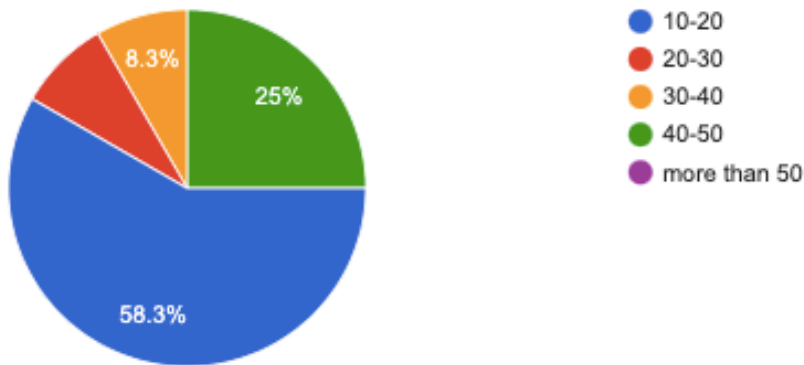
Survey via Google Form: <https://forms.gle/aeoKcaUiJp9macxCA>



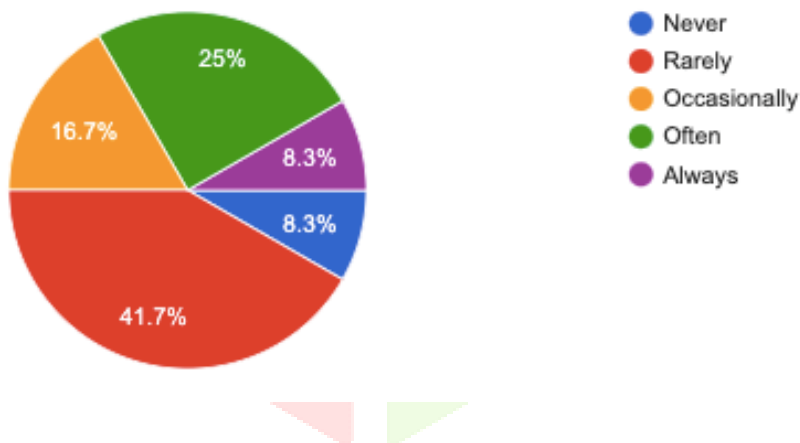
V. Analysis and Discussion

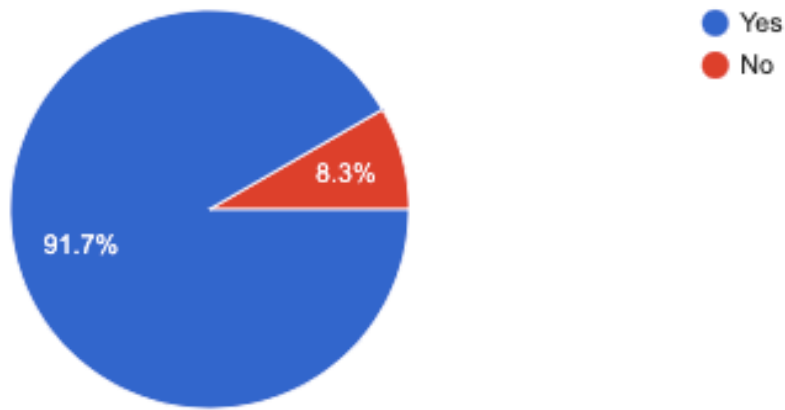
During the survey, multiple individuals from various backgrounds answered the survey rather truthfully and the response was then analysed by comparing it to theories, current practices, future scope and past developments. The results of the survey was as follows:-

Age

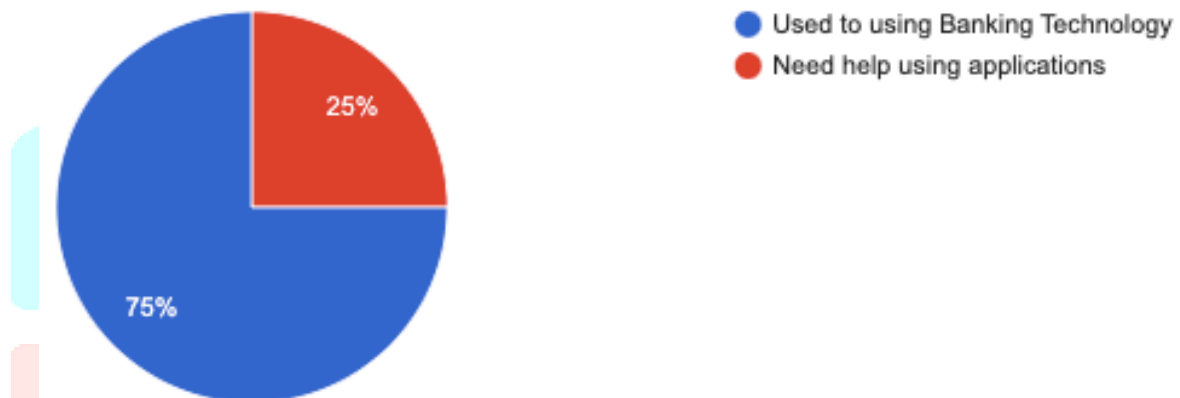


How often do you visit a bank physically?



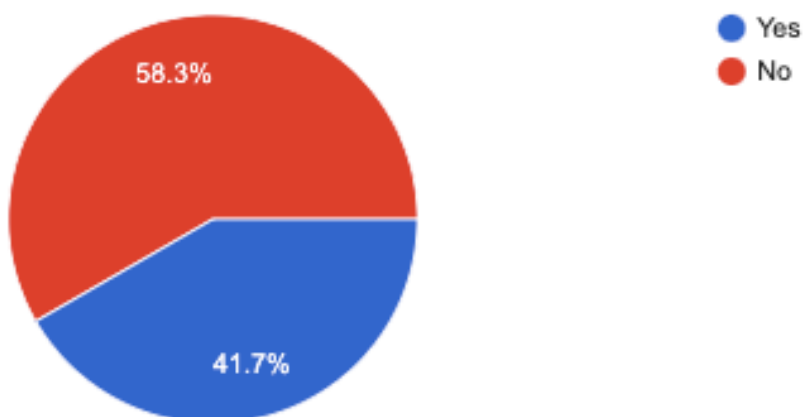


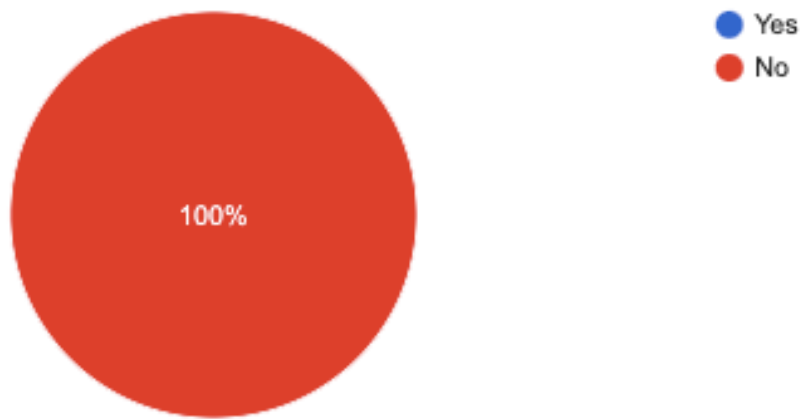
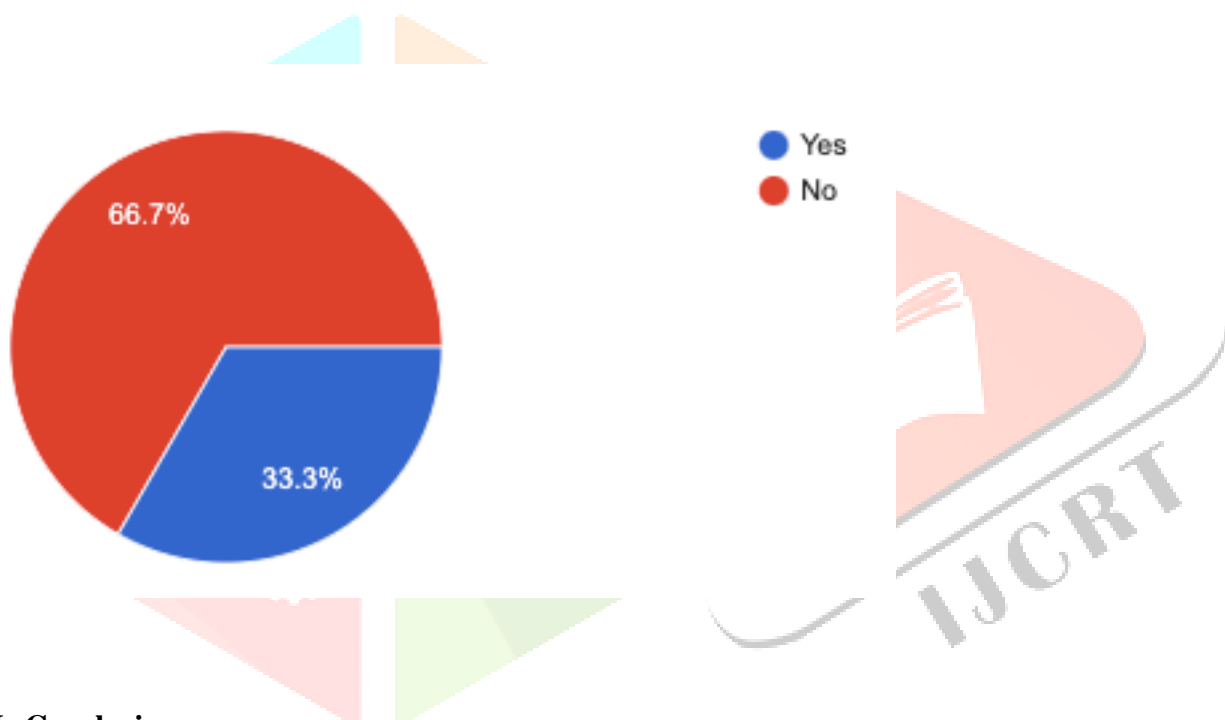
Is the bank updated with latest technology?



Are you used to technology or need help with it?

Do you trade in Stocks?



Do you trade in Cryptocurrency?**Do you prefer paperwork during banking?****VI. Conclusion**

Via the survey, and other forms of research, it was inferred that:

- A very small percentage of people prefer visiting the bank physically, and after deeper research it was found that those people were the older segment of customers which shows that technological literacy in senior citizens is still lacking.
- Most banks in today's day and age is updated with the latest technological instruments to make banking easier of customers and a much bigger percentage of people are well versed with technology and some still need help using them.
- It was found that a huge number of people trading in stocks use technological instruments for banking and rarely visit the bank physically as daily transactions have been made easier.

- Cryptocurrencies and other forms of non-fungible tokens are still not flourishing in an Indian economy as India as a population is considered to minimise risk and will not invest in something that they still do not fully understand.
- Even though a much bigger percentage of people do not prefer paperwork during banking, there is a considerable chunk of people that still does due to the visibility of all elements at hand and convenience of not going through digital processes.

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