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Role of information technology on efficiency and growth of banking industries in Ramgarh district

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Abstract

This paper is written to state the different aspects of Information Technology and its direct and indirect impact on Banking Industries. The different technologies that are being implemented currently by banks and what the future holds for Information Technology. Information Technology has changed the traditional way of banking business and made the banking business easier, fast and more efficient. Banks now need to remain relevant by catering to the needs and expectations of the customers and to the technology advancements, by providing better services and products. The Information Technology made possible to business globally and connecting with people from different countries, across the world. Banking sectors take the assistance of Information Technology in three forms:

1. Record Keeping
2. Information Sharing
3. Business Services

With the help the Information Technology, Banking Sectors has joined hands in the process of globalizations and liberalization.

Keywords: Information technology, globalization, liberalization, efficiency and growth

Introduction

IT, Information Technology refers to use of computer, technology and telecommunication for storing, retrieving and sharing information. In the current world, it's almost impossible to imagine that someone can live without Computers. Computers have become an electronic device of almost every day's use for individuals of each age. The importance of computers in our daily lives can be judged by the number of people using them each single day. Large amounts of data in the personal lives as well as in businesses and industrial sectors are stored on computers. The use of computers has increased because of its strengths.

Information Technology which will be referred to as IT within the rest of the document refers to the application of computers (which includes hardware, software, networking and the internet.) Many companies now have its departments which are setup to manage the computers, networks and other technical areas of their businesses. There have been vast changes and additions to it used worldwide.

The banking sectors use IT in different ways namely as;

1. Personal Computer (PC),
2. Personal Digital Devices (PDAs),
3. Tablets, Smart Phones,
4. Automatic Teller Machines (ATM)
5. Standalone Machines.

All the above technologies and devices assist the customers and employees to access bank account information at any time. Information technologies used by the banks and customers include the following services;

1. Mobile Banking Applications,
2. Contactless Payments, SMS banking
3. Unstructured Supplementary Service Data (USSD),
4. ATM, Debit and Credit Card.
5. Mobile Banking,

6. Wireless Point of Sale (POS) etc.

Scope of the Study

1. To find out the importance of Information Technology for banking sector
2. To make aware to the banking customers about banking services available for them.
3. To make aware to the employee, employers and government about their limitation and efficiency.

Information Technology in Banking Services

Today, banking is almost totally dependent on computers. Banks use computer in its working such that all the transactions are done using computers. Banks keep all their data on computers and various branches are linked together through internet.

Bank and Bank Customers use the IT devices to do the followings;

1. Access the bank account,
2. Balance inquiry of accounts
3. Payments of various bills and
4. Money deposits, withdraw and transfers of funds.

The banking services are availed by the customers using an internet connection (which can either be);

1. Wi-Fi,
2. Mobile Data
3. Optical Fibres Cables
4. By mobile networks by sending an SMS

Now an individual does not have to go physically into the bank branch to make transactions. The account information can be accessed from virtually anywhere in the world and transactions achieved as well. Now mobile banking has become the part of E-Commerce.

Benefits in Banking Sectors

Some advantages of online banking go hand-in-hand with simply being online; others are competitive advantages, provided by online banks taking advantages of their cost structure. The most prominent benefits provided by online banking includes;

1. **Globalization:** It is the spread of products, technology, information, and jobs across national borders and cultures. In economic terms, it describes an interdependence of nations around the globe fostered through free trade. Globalization has created new jobs and economic growth through the cross borders flow of goods, capital and labours. It has brought the world closer and allowed for information to be shared easily, quickly and effectively. It has broken down geographical boundaries and making the global village so small.
2. **Liberalization:** It refers to the economic liberalization of the country's economic policies, initiated in 1991 with the goal of making the economy more market end service oriented and expanding the role of private and foreign investment. It is a process whereby a state lifts restrictions on some private individual activities. Due to this process only, new private national and International banks with new information technology, arrived in India by making banking sectors competitive and

customers oriented which leads to grow in banking sectors.

3. **Communication:** It has made communication easier, quicker, cheaper and more efficient. People are now able to communicate with each other from anywhere around the world through – Video Conferencing, Social Network Sites, Electronic Mails, Texting, SMS, Voice Calls etc.
4. **Cost effectiveness and operational excellence:** Our daily lives have been made so much easier and economically effective. Cost effectiveness gives rise to profits realized and better pay for employees. It also provides less strenuous working condition. Fewer errors are made by the use of IT. Transaction are achieved in the less time.
5. **Bridging the cultural gap:** People from different nations and cultures are able to communicate and this allows for exchange of views and opinions which could better their lives, increase awareness and decrease prejudice.
6. **Longer working hour:** Business hours are extended from the normal Monday to Friday and 8 hours working. Now the business is virtually opens 24 hours and 7 days a week. This applies to all business around the globe people can buy anywhere and anytime of day.
7. **Creation of new and exciting jobs in the field of IT:** Creation of new jobs like, computer programmer, system administrators, system analysts, technical specialists of Hardware and software, web developers, computer engineers and network administrators.
8. **Business Intelligence:** IT in banking gives other rivals, crucial and essential information obtained will be used in making strategic business decision.
9. **Helping in making India digital:** As our Prime Minister say, is very important for the growth of our country. Digitization has many advantages provided we use it with proper security.
10. **Economic Growth:** It is today emerging as a necessary factor to develop country's productive capacity across all sectors of the economy linking the international communities and global business and commerce, with the global economy and ensuring competitiveness. The rapid expansion in world FDI resulted from several factors including technical progress in telecommunication services and technical services facilities in international communications.

In developing countries, IT capacity must be build up to attract FDI. The inflow of FDI causes further increases in IT investment and capacity leading to economic growth of the country.

Challenges of Information Technology in Banking Services: In spite of many advantages of IT, there are some drawbacks to using online banks as well. Here are some of

the downsides of working with an online banking.

1. **Security and Risk:** Mobile customers are susceptible to scammers. A customer receives a fraudulent email or SMS from a sender posing as a bank or financial institution requesting for the customers to send their bank account details. If a mobile device is stolen, the customer is at great risk. Most customers automatically set their devices to save their personal info leaving customers vulnerable to scammers' customers of mobile banking are uncertain with issues such as loss and theft by hacking thus discouraging the customers to adopt mobile banking.
2. **Technology Issue:** Most of the people are unfamiliar with the on-line transaction technology and they hesitate to use them. Network connectivity and low speed is the main problem in on-line transaction and banking services.
3. **Lack of In-Personal interaction:** There is a lack of personal interaction while using on-line banking. Personal human touch and facial expression doesn't work. There is no relationship or suggestion with our personal banker.
4. **Security of Sensitive data:** Cybercriminal and thieves are attempting to acquire sensitive information such as usernames, passwords, credit card information, account details etc. and later use for cyber –crimes and frauds.
5. **Losses due to Economic Slowdown:** Banking sector is under tremendous pressure due to continued economic slowdown and increase in the rise at the level of gross nonperforming Loans, Advances and Assets.
6. **Losses in Rural Branches:** Most of the rural branches are running at a loss because of high overheads and prevalence of the barter system in most part of rural India. One of the major problems is large over dues of farmers in small branches of rural areas.
7. **Large Over-Dues:** A large amount of overdue advances to farmers, industrialists and business organizations. The decision of the State and the Central Govt. to waive all loans to farmers on many occasion up to the value of sum fix amount leads to a great loss for the banking sectors.
8. **Cyber Crime:** It is all about keeping the information safe and secure from intruders and also becoming responsible for proper use of technology. Sensitive Information such as personal information and identity, passwords are often compromised. Once the information is leaked, then there is no way to un-reveal it. Common forms of cyber-crime include online bank information theft, identity theft, online predatory crimes and unauthorized computer access.
9. **Banking Sectors are also facing the following genuine challenges during online business.** They are listed below;
Increasing Competition, a cultural shift, regulatory compliance, changing business models, rising expectations,

customer retention, outdated mobile experiences, continuous innovation etc.

Conclusion

We belong to a nations which is one the oldest civilizations of the world having the second largest population in the world giving a chance to develop banking sectors to the height of the world largest economy. There is a dire need of the time that our Banking Sectors must be introduced the advance communication facilities available with Information Technology and explore the market in best possible way. Information Technology helps businesses, governments and individuals to increase their efficiency and effectiveness and ensures economic growth of the country and its GDP.

In spite of all its limitations and weaknesses, Information Technology has become the backbone of Banking Industries. Any new technology moves us one step ahead but we should know how to use it in the best possible way and most important with all its safety measures.

Proper Cyber safety tips are required so that the customers can use the Banking Services without any hesitation. So all thanks to computer and its associated technologies

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