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A Research Project on the Impact of Technology on the Indian Banks Sector

Atheer Hunjur

Research Scholar

Department of Commerce

Presidency College, Bangalore

Abstract

The word "digitalization" has just lately entered the common lexicon. CTS technology has eliminated the need for human check processing, while BHIM and UPI capabilities have enabled payments to be made through mobile devices and the Internet. India's banking industry, which has a major bearing on the growth of the country's financial system, has come to recognise the significance of digitization in its efforts to improve the quality of services offered to customers and the prospect of further development in the near future. The impacts of digitization, on the other hand, vary widely between disciplines. The goal of this article is to examine the ways in which technology has altered India's banking industry. One of the outcomes of digitization is the reduction of human-caused mistakes, which in turn leads to greater customer loyalty. Customers like the flexibility that internet banking provides, allowing them to do financial transactions whenever it is most convenient for them. As a side effect of these developments, the administration of large quantities of money has become more simpler. Customers gain convenience when dealing with digital transactions that eliminate the need for currency. Customers may make purchases without ever having to handle cash again. The ability to spend less and make more money are two of the greatest benefits of digitalization. Bank Mechanization and automation has resulted in the digitalization of India's corporate banks. Because of this, clients may take use of additional financial services, such as automated teller machines, electronic money transfers, and MICR-based cheque processing at several banks. The Reserve Bank of India has made substantial progress in recent years toward its aim of improving banking settlement and payment systems by implementing a variety of essential measures. Government agencies, banks, and forward-thinking enterprises all played key roles in India's monetary system's growth and development. However, as a result of digitization, both clients and the financial sector now face new challenges related to the authenticity, integrity, and security of their financial dealings. You will have a deeper understanding of digital technology and the ways in which Indian banks are embracing it as a consequence of this research.

Keywords: *digitalization, technology, electronic, innovations, computerization,*

Introduction:

The term "digital" has become ubiquitous across all sectors. As with other industries, banking is going through a worldwide transition to digital processes. Bankers of all shapes and sizes and from all over the world are eager to engage in digital technologies to maintain a significant advantage and provide superior service to their clients. Banking in India has significantly expanded in recent times, thanks mainly to digitization, which has fueled a greater rate of capital creation (Jagtap, 2018). The financial system is often regarded as the sector for promoting all other sectors due to the financial aid it gives to other

industries and the promotion of capital development. India has fallen behind in its adoption of digitization in the financial industry, despite becoming one of the world's most significant countries.

When discussing technological developments in the financial services industry, "digitalization" is used to include the whole breadth of such developments (Shetty et al., 2019). Transferring information into an electronic format is called "digitization." Many companies are developing web- and mobile-based payment systems to better integrate money transfers into the commercial supply chain, with a primary focus on enhancing user experience. Unfortunately, these businesses do not apply for banking licenses. Thus, they do not provide traditional banking services beyond simple payment processing (Seshadripuram, 2020). The IT Act of 2000 was enacted by the Indian authorities on October 17, 2000, to legalize online transactions. It would seem that technological advancements have surpassed the traditional banking system in India. Some of the steps Indian banks have made toward greater digitalization include as follows. (Dara, Sonia, 2019)

- The banking industry is present on social media platforms like Twitter and Facebook.
- Establishment of a web-based accounting method for paying taxes.
- Thanks to the country's central bank, you may now make cash withdrawals in India without using a card.
- As part of its Business Modernization Program, the Bank of Baroda ushered in some much-needed changes.

Method of digital (Jagtap, 2018):

- Actual Time Full Settle
- Money Instruments With a Prepayment Term
- Financial Transaction Clearing Via Electronic Means
- Bank Transactions Conducted Via Mobile Device
- The National EFT Trust Fund
- Using a Credit or Debit Card

India's financial services industry must embrace digitization.

The Indian banking sector realized in the late 1980s that digitization was necessary to increase customer satisfaction and client records' reliability. The RBI of India subsequently appointed a panel in 1988 to investigate the potential benefits of banking computerization. It was Dr. C. Rangarajan who led the committee. The structural changes that occurred in the Indian economy in 1991 and 1992 prompted a significant increase in the usage of digital technology during this period. One of the key drivers to this shift, brought about by various events, was the rising prominence of domestic and foreign banks in the banking system. Many financial institutions are adopting digital patient care to maintain their competitive edge. Banks in India have been able to save time and resources because of developments like MICR-enabled cheques, electronic money transfers, networked banking institutions, and ATM usage (ATMs).

During the monetization era, individuals had to find cash alternatives, and mobile banking and digital payment seemed the best option. The government of this country is now placing a premium on promoting the use of electronic payment systems. The Indian National Payment Corporation has recently released two major payment system upgrades: the United Transactions Gateway and the Bharat Gateway for Money. The UPI, or Universal Payments Interface, is a digital system allowing users to move funds between checking and savings accounts by entering a domain name.

Literature Review:

(Sharma & Bhalla (2018) The information in this piece regarding Indians' familiarity with internet shopping was culled from interviews, surveys, and other secondary sources found in newspapers, magazines, and the Internet. Findings suggested that Indian citizens were in sync with government plans to advance digitization. In spite of this, the Indian government is actively working on expanding cashless payment options in the country's economy.

"Shetty and co." (2019) Analyze the progress of digitization in India's banking sector, paying special attention to the challenges and opportunities it presents. According to the findings, digitization boosted banks' economic benefits and helped them generate more money via promotional activities by improving customer services, reducing costs, and saving clients' time. Cybersecurity threats, improper ATM placement, and using outdated equipment are all continuing dangers.

Shettar (2019) (2019) The research found that the use of digital banking has a dramatic effect on reducing banks' overhead expenses. Because of this, banks have managed to lower service costs and raise deposit borrowing costs. Profits at banks have grown as operating expenses have fallen. The analysis finds that digitalization has the potential to alter the landscape of financial intermediation dramatically. The unbanked sector may be integrated into the conventional economy more quickly due to the convenience of e-banking.

Y. Gupta & S. Khanwalker (2019) This research evaluated the activities and policy initiatives taken by the Indian authorities to enhance the existing situation and prospects of bank loans in digital India using facts and figures publicly disclosed by a range of authoritative sources. The development of people's own means of sustenance was shown to be strongly correlated with the availability of stable financial services in rural areas.

Gupta et al. (2020) Investigate the effects of IT on financial institutions in India. Punjab national bank, Bank of Baroda, and UBI were the three chosen banks. The data for this investigation came from secondary resources. The author concluded that ICT makes a considerable difference in India's financial institutions. It was via contactless payments, which are only possible today thanks to digital banking that the researcher saw modernization in action and assessed its true power and use.

Srivastava, R., & Singh, V.K. (2020) Financial institutions in India get data on mobile banking use, and the findings of the study are discussed in digital internet transactions and the most recent research on internet banking services. The adoption criteria also played an essential role in determining how often consumers used mobile payment options. Trustworthiness, usability, mobile independence, expert assistance, peer pressure, and customer service were all factors in the product's meteoric rise to popularity.

Based on research she conducted, Shifa Fathima (2020) explains why and how digitization has spread across India's banking sector. The study's authors infer that the firm may save costs by lowering labour and increasing automation thanks to the transition to digitalization and its reliability. The primary objective in the modern digital environment is to protect all customers against cybercrime using the most effective technological measures available.

To see whether we have achieved any headway toward universal economic and social prosperity, Kanungo and Gupta (2021) studied the impact of information systems financial intermediation on banking institutions and the economically underprivileged section of the Indian community. Findings suggest that banks are heading in the correct direction with regard to offering sufficient financial security. In addition, digitalization has not aided in increasing people's availability of financial services.

Kaur et al. (2021) Research on how digitization has affected consumers' happiness. The study was carried out using the SERVQUAL methodological approach. The data showed that digital banking consumers in

Indian Subcontinent were quite satisfied with the services they received. Additionally, reactivity has more of an influence than either tangibility or sensitivity.

Identifying the Issue

Most businesses have seen a dramatic shift in their work ethic and way of life due to technological advancements. The globe has become a global village as a result of digitalization. Because of this, it's crucial to study how the most recent technological developments have affected banking in India. Therefore, "To determine the function of digitization in the Indian banking sector" is a problem identification.

The Study's Main Objective:

Determine how much of an impact digitization is having on India's baking industry.

Effects of Technology on the Indian Bank Industry:

- The level of service we provide has increased.
- Using automated teller machines and other cashless transactions reduces transaction costs and save time for both banks and their clients.
- The satisfaction of the customers has increased.
- Banks might employ digital intelligence to make data-driven, real-time decisions with the growing amount of electronic data at their command.
- When used, technology does not care about social status or other factors. Each customer will be given the same courtesy and respect at the bank.
- The increased number of customers is directly proportional to the quality of financial services provided.
- The elimination of human error is one benefit of digitization.
- There will not be any need to deal with large sums of money.
- Facilitate data persistence and access.
- The advent of digital technology has the potential to alter the status quo of financial intermediation significantly. The financially excluded economy may benefit from the accessibility of digital banking since it helps to bring previously excluded groups into the financial mainstream.
- However, the current socioeconomic climate in India highlights the need to become digital. In a society plagued by high levels of violence and fraud, doing business online is a way to avoid cheating.
- Help bank personnel save time and energy by doing less work.

Conclusion:

As a direct consequence of these technical advancements, the banking industry in India is now experiencing a significant transition. No one living in the modern internet age can deny the ever-increasing popularity of online banking due to its convenience. Because of the proliferation of smartphones, formerly inaccessible internet financial services are now within reach of a far wider audience. Therefore, the financial services industry must rapidly adapt to the digital age. Customers who value convenience have favoured this digital financial system over conventional banking, which necessitates traveling to a bank office. However, the rise in cyberattacks that has accompanied

technological progress necessitates a security system with precisely this degree of complexity. Therefore, providing customers of the banking industry with access to digital banking would provide them a huge competitive edge in the current day.

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