

**A Critical Study on Role and Challenges of Communication & IT Services
in Indian Banking Sector**

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Introduction

Technology has brought a complete paradigm shift in the functioning of banks and delivery of banking services. Gone are the days when every banking transaction required a visit to the Bank branch. Today, most of the transactions can be done from the home and customers need not visit the bank branch for anything.

Technology is no longer an enabler, a business driver. The growth of the internet, mobiles and communication technology has added a different dimension to banking. The information technology (IT) available today is being leveraged in customer acquisitions, driving automation and process efficiency, delivering ease and efficiency to customers.

Many of the IT initiatives of banks started in the late 1990s or early 2000 with an emphasis on the adoption of core banking solutions CBS, automation of branches and centralization of operations in the CBS. Over the last decade, most of the banks completed the transformation to technology driven organizations.

Moving from a manual, scale constrained environment to a global presence with automated systems and processes, it is difficult to envisage the adverse scenario; the sector was in the era before the reforms, when a simple deposit or withdrawal of cash would require a day. ATMs, mobile banking and online payments facilities to vendors and utility service providers have almost obviated the need for customers to visit a branch. The change has been very productive for banks bringing in an increase in productivity and operational efficiency to be more competitive. With most of the banks being technology enabled, the focus is shifting to computerizing regional rural Banks. In addition, Banks are moving toward decision making and business intelligence software and trying to optimize the IT infrastructure created.

Traditional method of maintaining information

Before 1960s-70s, the information was hidden from the rest of the world and performed tasks behind the closed doors. The business players had very little knowledge about the maintaining and documentation of the information related to their business aspects.

The Technology was also very limited and found to expensive, which was out of reach for many.

During this period the information was maintained manually, a single individual performed all activities it used to be difficult to carry out the day operation for an individual as the business in size increased and become complex from sole trading firms to global corporations, from one or two commodities to several thousand commodities leading to over stress, fatigue boredom delay in the flow of information had many drawbacks, they recognized the need for an effective management information system. This became the primary concern to every business organization.

Objectives of the study:

1. To assess the role of information Technology in the public sector banks, private sector Bank and Foreign banks.

2. To assess the perception of the banks Employees towards the Implementation of information Technology in the banks.
3. To assess the perception and satisfaction of the customers with the banks.

Research Methodology

A research design is the arrangement of condition for collection & data analysis of data in such manner to combine relevance purpose with economy manner.

Research Methods:- The research Methodology consists of following six steps:

- Determine and define the research questions
- Select the cases and determine data gathering and analysis techniques
- Prepare to collect the primary and secondary data
- Collect data in the field
- Evaluate and analyze the data
- Prepare the report

Data source:- There are two type data source of data collection which will be helpful to carry out research.

A) Primary data:-

Primary data will consist of original information gathered for the specific purpose. It will be collected through following method.

1. Observation.
2. Personal interviews.

B) Secondary data:-

Secondary data will be collected from internet website, ref books, magazines, newspapers, pamphlets, research papers, articles etc.

Role and challenges of communications & It services in Indian Banking industry Developing countries like India, still has a huge number of people who do not have Access to banking services due to scattered and fragmented locations. But if we talk about those people who are availing banking services, their expectations are raising as the level of services are increasing due to the emergence of Information Technology and competition since, foreign banks are playing in Indian market, the number of services offered has increased and banks have laid emphasis on meeting the customer expectations. Now, existing situation has created various roles and challenges for Indian commercial banks. In order to encounter the general scenario of banking industry we need to understand the role of lying with banking industry of India.

Expansion of Rural Market

Banking in India is generally fairly mature in terms of supply, product range and reach, even though reach in rural India still remains an important challenges and role for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. Consequently we have seen some examples of inorganic growth strategy adopted by some nationalized and private sector banks to face upcoming challenges in banking industry of India.

Management of Risks

The growing competition increases the competitiveness among banks. But, existing global banking scenario is seriously posing threats for Indian banking industry. We have already witnessed the bankruptcy of some foreign banks. According to shrieves (1992), there is a positive association between changes in risk and capital.

Growth of Banking

The empirical study indicated that, after an initial adjustment phase, the Indian banking industry experienced sustained productivity growth which was driven mainly by technological progress. Banks ownership structure does not seem to matter as much as increased competition in TFP growth. Foreign banks appear to have acted as technological innovators when competition increased, which added to the competitive pressure in the banking market. Finally, our results also indicate an increase in risk taking behaviour, along with the whole deregulation process.

Market Discipline and Transparency

According to Fernando (2011) transparency and disclosure norms as part of internationally accepted corporate governance practices are assuming greater importance in the emerging environment. Banks are expected to be more responsive and accountable to the investors. Banks have to disclose in their balance sheets a plethora of information on the maturity profiles of assets and liabilities, lending to sensitive sectors movements in NPAs, capital

Provisions, shareholdings of the government, value of investment in India and abroad, operating and profitability indicators, the total investments made in the equity share, units of mutual funds, bonds, debentures, aggregate advances against shares and so on.

Financial Inclusion

Financial Inclusion has become a necessity in today's business environment. What ever is produced by business houses, that has to be under the check from various perspectives like environmental concerns, corporate governance, social and ethical issues. Apart from it to bridge the gap between rich and poor, the poor people of the country should be given proper attention to improve their economic condition. Dev (2006) stated that Financial inclusion is significant from the point of view of living condition of poor people, farmers, rural non -farm enterprises and other vulnerable groups. Financial Inclusion, in terms of access to credit from formal institutions to various social groups. The study suggested that this requires new regulatory procedures and de-politicization of the financial system.

Social and Ethical Aspects

There are some banks, which proactively undertake the responsibility to bear the social and ethical aspect of banking. This is role and challenge for commercial banks to consider the aspects in their working. A part from profit maximization, commercial banks are supposed to support those organizations, which have some social concerns. He has also explained the main difference between mainstream banks and social banks that mainstream banks are in most cases focused solely on the principal of profit maximization whereas, social banking implements the triple principal of profit – people- planet.

Conclusion

Over the years, it has been observed that clouds of trepidation and drops of growth are two important phenomena of market, which frequently changes in different sets of conditions. The pre and post liberalization era has witnessed various environmental changes which directly affects the aforesaid phenomena. It is evident that post liberalization era has spread new colors of growth in India, but simultaneously it has also posed some role and challenges. This article discusses the various role and challenges like rural market, transparency, customer expectations, management of risks, and growth in banking sector, human factor, global banking, environmental concern, social ethical issues, and employee and customer retentions banks are striving to combat the competition. The competition from global banks and technological innovation has compelled the banks to rethink their policies and strategies.

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