

Impact of Global Banking Innovations and Practices in Banking Sector in India

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Abstract

The purpose of this paper is to make a comprehensive study on bank customers and bank employees feedback towards Global Banking Innovations and Practices in Banking sector in India. The competition from global banks and technological innovation has compelled the banks to rethink their policies and strategies. The banking industry has implemented information technology for improving different areas like customer services and CRM. The transformation in banking services is providing various advantages to customers as well as employees with anytime, anywhere access to their accounts as well as power to operate their accounts. Information and Communications Technology or ICT is the infrastructure and components that enable modern computing. It refers to the convergence of audio-visual and telephone networks with computer networks. ICT facilitates interaction of people and organizations in digital world. ICT innovation in Indian banking sector has laid strong foundation of modern banking services. There has been a paradigm shift in the offerings made to the consumers. The expectations of tech savvy customers have increased manifold in last few years. Net Banking, digital wallets, mobile banking apps is the way of life of customers who move around without any hard cash in their pockets. Emerging technologies will certainly take Indian banking to the next level in near future. The emerging trends will delight its tech savvy customers for sure. While the banks and customers completely start relying on technology, will the transactions be 100% secure? As banks adopt Artificial Intelligence and automation with Robotics, will minimal or no human control over transactions ensure security of data? This paper seeks to study the trends and challenges posed by Global Banking innovations and practices or ICT innovations in Indian banking sector through primary data collection from the bank customers and bank employees.

KEYWORDS: Global Banking Innovations, ICT, Artificial Intelligence and Automation.

Introduction:

Innovations in information processing, telecommunications and related technologies known collectively as “Information and Communication Technology” are often credited with helping strong growth in many economies. Technological Innovation affects banking and financial services and directs economy and its capacity for continuous growth. Most importantly, the banking and financial industry is a competitive economic sector in Indian business environment. Information technology is a major part in Global Banking Innovations perceived as a necessity to rationalization and cost management due to intensified competition in the banking sector in India. Information technology has helped Indian banks to streamline the back office operations by improving both efficiency and cost reduction. Technological developments, particularly in the area of

telecommunication and information technology are impacting significantly on businesses. To make a prompt, reliable and detailed information empowers banks to make the right decision at the right time. Increasing customer service delivery, market share, becoming the high quality or low cost producer, developing new products and increasing workers productivity depend more on the kind and quality of the development of IT are in organization. E-banking concept becomes popular when banking activities and information technology are merged. The banking transaction becomes easy after the introduction of computers in banking sector. The banks are enables to automate the accounting process and back office function like maintenance of deposits, calculation of interest and maintenance of general ledgers. The automation of front office function improves the customer service with reduction in processing time, hence improving the overall performance of Indian banks. Many Indian banks have over the years streamlined their organizations, tailored their products and services delivery and automated their operations to enhance their performances and capture the market. As the struggle to enhance performance by the deposit money banks, the focus is moving to the complete automation of all their operation and services. The system or industry is highly competitive and competition is expected to motivate new players of local and global scope enters the market. As the competitive terrain becomes more challenging, banks need to maintain their competitive edge, and to do this; they have to adopt new technology. This study investigates the impact of technological innovation on the performance of Indian banks based customers' satisfaction and banks employees' performance.

Objectives of the study:

- To determine the adoption of Global Banking Technology to improve the customer satisfaction in Indian Banking Sector.
- To determine the adoption of Global Banking Technology to improve the performance of bank employees in India.

Literature review:

- a) The first stage of information technology in banks started with an attempt to automate the banking process through mechanization. It was by the use of note counters and accounting calculators to speed up basic transactions. Another stage of information technology was in the storage and retrieval of information. Then in the late 1950s and 1960s, business data processing was through punched card equipment. The 1970s saw the introduction of Information Technology Management System (MIS) and Decision Support System (DSS).
- b) According to Rogers (1995), innovation takes time to spread through the social system and innovation diffusion process is a new idea's becoming widespread from its source of invention or creation to its ultimate users or adopters.
- c) Baker (2002) posits that the primary drivers of innovation include, financial pressures to decrease costs and increase efficiency, increased competition, shorter product life cycles, value migration, stricter regulations, industry and community

needs for sustainable development, increased demand for accountability, community and social expectations and pressures, demographic, social and market changes, rising customer expectations regarding service and quality, greater availability of potentially useful new technologies coupled with the need to keep up or exceed the competition in applying these new technologies and the changing economy.

- d) Melville et al (2004) in their study suggested that IT and the complementary resources of the firm affected the effectiveness of business processes with consequently improved organizational performance.
- e) Karimi et al (2010) in their study revealed that good IT planning and integration are more effective at improving customer service.
- f) Gilaninia et al (2011) in their work, the impact of information technology application on supply chain performance, found that information technology impacts supply chain strategy and information technology has more relationship with responsiveness of supply chain, meaning IT impacts supply chain performance in an organization.
- g) It also saw to the emergence of data processing, Office Information System (OIS) and personal computers (Ibikunle, F.&James,O. 2012).
- h) Impact of Technological Innovation on Delivery of Banking Services in Nigeria by Dr.Ilo, Joseph V. etc. (2016)

Operational Definitions:

Global Banking Innovations: The global banking sector is becoming both more strategically focused and technologically advanced to respond to consumer expectations while trying to defend market share against an increasing array of competitors. A great deal of emphasis is being placed on digitizing core business processes and reassessing organizational structures and internal talent to be better prepared for the future of banking. This transformation illustrates the increasing desire to become a 'digital bank'.

ICT:Information and Communications Technology is the infrastructure and components that enable modern computing. ICT encompasses both the internet-enabled sphere as well as the mobile one powered by wireless networks. Information and communications technology (ICT) is an extensional term for information technology (IT) that stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals) and computers, as well as necessary enterprise software, middleware, storage, and audiovisual systems, that enable users to access, store, transmit, and manipulate information.

Artificial Intelligence (AI):

It is also known as machine intelligence, is intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and animals. Computer science defines AI research as the study of "intelligent agents": any device that perceives its environment and takes actions that maximize its chance of successfully achieving its goals. Colloquially, the term "artificial intelligence" is used to describe machines that mimic "cognitive" functions that humans associate with other human minds, such as "learning" and "problem solving".

Automation:The technique, method or system of operating or controlling a process by highly automatic means as by electronic devices, reducing human intervention to a minimum.A mechanical device operated electronically, that functions automatically, without continuous input from an operator.

Hypothesis One:There is a significant relationship between Impact of ICT on Customer Satisfaction.

Hypothesis Two:There is significant relationship between Impact of ICT innovations on Indian banks employee’s performance.

Design and Methodology: The impact of ICT on banking operations in India, ICT has contributed positively to the provision of banking services and the growth of the Indian banking industry. Internet banking and on-line banking is enormously developed in India. The study recommended that banks should develop applications for general population, Government and banks should play a key role in enhancing ICT infrastructure. The banking institutions should also come out with more effective and efficient services to reduce the turnaround time of customers. Banks required ensuring that the bank customers to sit at the comfort of their homes, workplaces and transact business with the banks and mean time bank employees are able to exhibit better performance.

Selection of Sample: The sample of the study was 50Bank customers and 50 Bank employees drawn randomly.

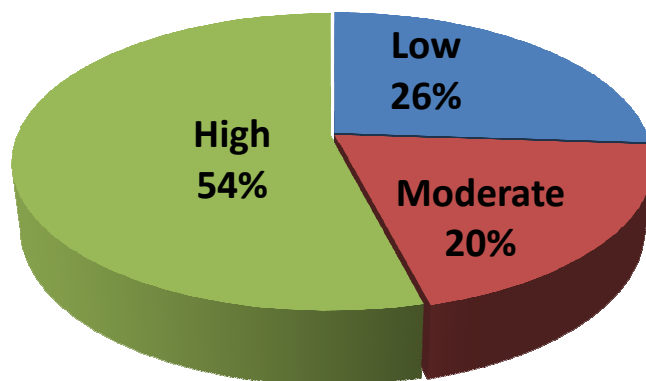
Tool: The rating scale on Impact of ICT innovations on satisfaction of Bank customers and Performance of Bank employees in India.

Result and Discussion: In this study level of customer satisfaction and employees performance analyzed on the basis of their scores under three levels high, moderate and low.

Table 1: Impact of ICT innovations on Customer Satisfaction

Level	No of respondents	Percentage
Low	13	26 %
Moderate	10	20 %
High	27	54 %
Total	50	100 %

Graph 1: Impact of ICT Innovations and Customer Satisfaction



Correlation between ICT Innovations and Customer Satisfaction

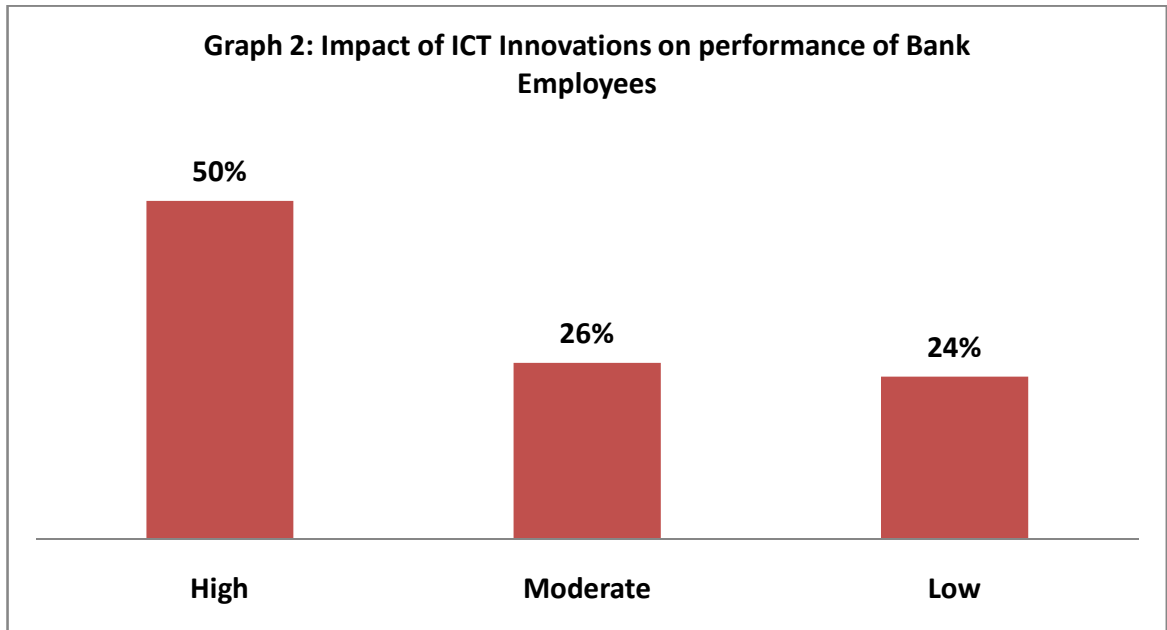
Pearson Correlation	ICT Innovations & Practices	Customers' Satisfaction
ICT Innovations & Practices	1.00	0.7707
Customers' Satisfaction	0.7707	1.00

Here, we found ' $r = 0.7707$ ' then it is a high degree of correlation between ICT Innovations and Customer Satisfaction.

(Note: If $r > 0.75$ and < 0.99 refers high degree of correlation)

Table 2: Impact of ICT Innovations on performance of banks employees

Parameters	High	Moderate	Low	Total
ICT Innovations	25	13	12	50
Level of Performance	50 %	26 %	24 %	100 %



Correlation between ICT Innovations and Bank Employees performance

Pearson Correlation	ICT Innovations & Practices	Bank Employees performance
ICT Innovations & Practices	1.00	0.8971
Bank Employees performance	0.8971	1.00

Here, we found ‘**r = 0.8971**’ then it is a high degree of correlation between ICT Innovations and bank employees’ performance.

(Note: If $r > 0.75$ and < 0.99 refers high degree of correlation)

A perusal of table 1 and Graph 1 reveals that out of the total percentage of Impact of ICT Innovations and Customer Satisfaction 26 percent is in lower level, 20 percent is in moderate and 54 percent is in high level.

The null hypothesis was tested by using Pearson’s product movement correlation. The details of the results obtained in Impact of ICT innovations on customer satisfaction. We found ‘**r = 0.7707**’ then it is a high degree of correlation between ICT Innovations and Customer Satisfaction which satisfies the criteria of $\{r > 0.75 \text{ and } < 0.99\}$ and in this case ‘r’ is significant because $\{r < 6PE\}$ i.e.; $0.7707 < 0.94684$; it refers that there is strength in taken two variables.

A perusal of table 2 and graph 2 reveals that out of the total percentage of Impact of ICT innovations on performance of bank employees 24 percent is in lower level, 26 percent is in moderate and 50 percent is in high level. The null hypothesis was tested by using Pearson’s product movement correlation. The details of the results obtained in Impact of

ICT innovations on performance of Bank Employees. We found ' $r = 0.8971$ ' then it is a high degree of correlation between ICT Innovations and performance of bank employees which fulfils the criteria of $\{r > 0.75 \text{ and } < 0.99\}$ and in this case 'r' is not significant because $\{r > 6PE\}$ i.e.; $0.8971 > 0.45612$; it refers that there is no strength in taken two variables.

From the study it can be concluded that the bank customers' satisfaction improves as bank adopts and practices ICT innovations. Mean while customer satisfaction is depend on ICT innovations and practices in their branch banking. The bank employees' performance increases as it increases in ICT adoption in their banking operations. Mean while employees performance is not depend on ICT innovations and practices.

Analysis:

- 1) In first case probable error: $PE(r) = 0.15811$, then 'r' is significant.
- 2) In second case probable error: $PE(r) = 0.45612$, then 'r' is not significant.

Findings: The following are the important findings of the present investigation:

- The level of customer satisfaction is high as it is the impact of global banking innovations especially ICT.
- The bank employees' performance increases as it increases in ICT of global banking innovations.
- There is significant relationship between ICT innovations and bank customer satisfaction but there is no significant relationship between ICT innovations and bank employees' performance.

Implications of the Study: Adoption of technology is regarded as the potential instrument of growth of banking sector in India. Every bank customer has the responsibility to adapt ICT innovations for speed and reliability. The bank customers should have adequate knowledge regarding ICT innovations and practices. The ICT innovations contribute positively on bank employees and their performance. Global Banking Innovations of ICT helps to strengthen the Banking Operations in India and helps to stay competent under an environment of globalization.

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