



# AN IMPACT OF TECHNOLOGY IN BANKING SECTOR IN INDIA

DR. K. MALA, M.COM. M.PHIL., PH.D.,  
ASSISTANT PROFESSOR IN COMMERCE,  
BON SECOURS COLLEGE OF ARTS AND SCIENCE  
(FOR WOMEN.)  
VILAR ROAD, THANJAVUR.

---

## Abstract: -

### INTRODUCTION:

Technology and banking are inseparable now in India. The transformation from brick and mortar banking to technology driven banks has been fairly rapid during the last two decades. Economic liberalization and the integration with international best practices in banking and finance gave the much needed push to a largely stagnating computerization program.

**Keywords:** 1. Economic liberalization 2.custody money 3.technology of banking

---

## Objectives of Development Banks

The main objectives of the development banks are

1. To promote industrial growth,
2. To develop backward areas,

### CONCLUSION

Technology is one of the most important factors for the development of mankind. Information technology and communication is the biggest volumes in the field of technology, the phone is for the processing, storage and dissemination of information by electronic means. **Banking** is growing rapidly with the use of technology in the **ATM, bank online banking, mobile banking, etc.,**



## INRODUCTION:

Technology and banking are inseparable now in India. The transformation from brick and mortar banking to technology driven banks has been fairly rapid during the last two decades. Economic liberalization and the integration with international best practices in banking and finance gave the much needed push to a largely stagnating computerization program. It was also understood that if banking was to become efficient and penetrative the aid of technology was crucial. Challenges of diverse nature were faced to achieve the current status though it can safely be said that much is still to be done. Banking in India had fairly laid back approach prior to the emergence of the reform period during the mid 1990s.

The nationalized banks and a handful of old private sector banks were managing the banking sector in their own inimitable way. The direction was given by the government by their periodic policy statements which were an extension of the social control initiated by banks' nationalization in 1969. The major thrust was on penetrating the rural sector by opening of bank branches in this region and starting of rural development programs with bank support. There was undoubtedly much activity in rural and semi urban regions with focus on directed funding of priority sectors.(1)

The key words used in the paper are as under:

1. Economic liberalization
2. Custody money
3. Technology of banking
4. Promote industrial growth

The Definition of Banking:

A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.↓

Oxford Dictionary defines a bank as "an establishment for custody of money, which it pays out on customer's order."

## Characteristics / Features of a Bank ↓



## **1. Dealing in Mon**

Bank is a financial institution which deals with other people's money i.e. money given by depositors.

## **2. Individual / Firm / Company**

A bank may be a person, firm or a company. A banking company means a company which is in the business of banking.

## **3. Acceptance of Deposit**

A bank accepts money from the people in the form of deposits which are usually repayable on demand or after the expiry of a fixed period. It gives safety to the deposits of its customers. It also acts as a custodian of funds of its customers.

## **4. Giving Advances**

A bank lends out money in the form of loans to those who require it for different purposes.

## **5. Payment and Withdrawal**

A bank provides easy payment and withdrawal facility to its customers in the form of cheques and drafts; it also brings bank money in circulation. This money is in the form of cheques, drafts, etc.

## **6. Agency and Utility Services**

A bank provides various banking facilities to its customers. They include general utility services and agency services.

## **7. Profit and Service Orientation**

A bank is a profit seeking institution having service oriented approach.

## **8. Ever increasing Functions**

Banking is an evolutionary concept. There is continuous expansion and diversification as regards the functions, services and activities of a bank.



## **9. Connecting Link**

A bank acts as a connecting link between borrowers and lenders of money. Banks collect money from those who have surplus money and give the same to those who are in need of money.

## **10. Banking Business**

A bank's main activity should be to do business of banking which should not be subsidiary to any other business.

## **11. Name Identity**

A bank should always add the word "bank" to its name to enable people to know that it is a bank and that it is dealing in money.(2)

## **Objectives of Development Banks**

The main objectives of the development banks are

1. To promote industrial growth,
2. To develop backward areas,
3. To create more employment opportunities,
4. To generate more exports and encourage import substitution,
5. To encourage modernization and improvement in technology,
6. To promote more self-employment projects,
7. To revive sick units,
8. To improve the management of large industries by providing training,
9. To remove regional disparities or regional imbalance,
10. To promote science and technology in new areas by providing risk capital,



11. To improve capital market in the country.

### **Impact of Technology in banking sector**

Technology has revolutionized every aspect of human activity. One of these is the introduction of information technology in the capital market. **The Internet** is changing **banking the banking sector** and a major impact on **the banking relationship**. Web is important for financial services **to retail customers** as well as many other industries.

**Retail Banking** in India is the individual maturation over time, more products could be next. The housing sector's busiest, witnesses of ruinous competition. The home loans are popular because they allow you to achieve your most cherished dreams. Interest rates are market has dropped and I saw some innovative products as well. Other **retail banking products**, personal loans, mortgages and vehicle loans education. Almost all banks and financial institution offers these products, but it is important that the various aspects of these loan products, to understand that not mentioned in their colorful advertising.

#### Plastic money

Plastic money is a delightful gift for the Indian market. Giving relief from carrying too much cash. Now some new features added to the plastic money to make it more attractive. Formula works on buy now pay later. There are several facts of synonyms plastic credit card, money for everyone.

Credit is a financial instrument that can more than once used to lend money or buy products and services on credit. Banks, **retailers** and other rule in this matter. On the basis of their credit limit, are of different species, such as Classic, Gold or Silver.

Charge card, they have almost the same properties as credit cards. The fundamental difference is, you cannot move payments from general higher credit limit, or sometimes without credit limits. Debit Card this card can be used as a mobile ATM account holder will be called, for this you need a bank account with a credit card. (3)

Over the years, **the banking sector** in India has seen none changes. Most banks have started to themselves innovative approach for **banks** with the goal of creating more value for customers and then the banks. Some of the most important changes in the **banking sector** are discussed below.

### **MOBILE BANKING**

Among the benefits of the booming market for mobile phones and mobile services, banks have



more mobile phones introduced Mobile **Banking** allows customers to perform **banking transactions**. For example, the HDFCSMS services introduced. Mobile **banking** operation is especially focused on people who travel frequently and deal with their **banks**.

### **Land Banking**

One of the innovative systems of rural **banks** was called into life by the Kisan Credit Card (KCC) SCHMME began in 1998-1999 fiscal year from NABARD. KCC-mode makes it easier for farmers to gain more agricultural inputs. In addition to normal agricultural loans, banks offer a variety of other Products targeted to the needs of the rural population.

Private banks also saw the potential of rural market. In early 2000, ICICI Bank set up Internet kiosks in rural areas of Tamilnadu started with ATMs.

### **NRI SERVICES**

With a significant number of Indians who have relatives abroad have begun to banks, services, expatriate Indians to send money to relatives India can offer cost-effective to transfer one of the most important improvements of the report.(4)

### **E- Banks**

**E-banking** is becoming increasingly popular among **retail banking customers**. **E-banking** helps to reduce costs by providing cheaper and faster way to deliver products to customers. It also helps the customer to the place, time and method that will use the services and gives power, the provision of services by multi-channel banking. This **e-banking** is "driven by two engines of the" client-bank-pull and push.

### **CONCLUSION**

Technology is one of the most important factors for the development of mankind. Information technology and communication is the biggest volumes in the field of technology, the phone is for the processing, storage and dissemination of information by electronic means. **Banking** is growing rapidly with the use of technology in the **ATM, bank online banking, mobile banking, etc.**, plastic card is a **banking product** provide for the needs of the **retail segment** has seen its numbers grow in geometric progression in recent years. This growth has been strongly influenced by developments in technology, without which this would have been possible, of course it will change our way of life in the coming years.(5)

### **REFERENCES:**

- [1] The principles of insurance and banking (March -2010) –Dr.s.s.kundu page 21
- [2] Banking and Finance: Theory, Law and Practice Book by Gomez Clifford (2011)page35.



*DR. K. MALA, M.COM. M.PHIL., PH.D.*, International Journal of Pharmaceutical Sciences and Business Management,

Vol.5 Issue. 1, January - 2017, pg. 1-7

**ISSN: 2310-6913**

[3] Legal and Regulatory Aspects of Banking – JAIIB Book by Indian Institute of Banking and Finance (January-2006)page(45)

[4] Internet Banking: Law and Practice Book by Abu Bakar Munir (2004) page (57)

[5] Principles of banking law Book by Ross Cranston (2007) page (102)

**DR. K. MALA, M.COM. M.PHIL., PH.D.,  
ASSISTANT PROFESSOR IN COMMERCE,  
BON SECOURS COLLEGE OF ARTS AND SCIENCE  
(FOR WOMEN.)  
VILAR ROAD, THANJAVUR.**