



Computerisation of Banking Operation in India : A Review

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Abstract

The acceleration in technology has produced an extraordinary effect upon our economy in general has had a particularly profound impact in expanding the scope and utility of financial products over the last ten years. Information technology has made possible the creation, valuation, and exchange of complex financial products on a global basis and even that just in recent years. The acceleration in technology has produced an extraordinary effect upon our economy in general has had a particularly profound impact in expanding the scope and utility of financial products over the last ten years. Information technology has made possible the creation, valuation, and exchange of complex financial products on a global basis and even that just in recent years.

Key words: technology, Information, complex, Banking etc.

Introduction

Internet banking system and method in which a personal computer is connected by a network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without need for intervention by customer service representatives. The system is capable of distinguishing between those customer service requests which are capable of automated fulfilment and those requests which require handling by a customer service representative. The system is integrated with the host computer system of the bank so that the remote banking customer can access other automated services of the bank. The method of the invention includes the steps of inputting a customer banking request from among a menu of banking requests at a remote personnel computer; transmitting the banking requests to a host computer over a network; receiving the request at the host computer; identifying the type of customer banking request received; automatic logging of the service request, comparing the received request to a stored table of request types, each of the request types having an attribute to indicate whether the request type is capable of being



fulfilled by a customer service representative or by an automated system; and, depending upon the attribute, directing the request either to a queue for handling by a customer service representative or to a queue for processing by an automated system.

Meaning of e-banking

E-bank is the electronic bank that provides the financial service for the individual client by means of Internet.

Functions of e-bank

At present, the personal e-bank system provides the following services:

1. Inquiry about the information of account:

The client inquires about the details of his own account information such as the card's/account's balance and the detailed historical records of the account and download the report list.

2. Card accounts' transfer:

The client can achieve the fund transfer between his own cards and transfer the fund to another person's Credit Card in the same city.

3. Bank-securities accounts transfer:

The client can achieve the fund transfer between his own bank savings accounts or his own Credit Card account and his own capital account in the securities company. Moreover, the client can inquire about the present balance at real time.

4. The transaction of foreign exchange:

The client can trade the foreign exchange, cancel orders and inquire about the information of the transaction of foreign exchange according to the exchange rate given by our bank on net.

5. The B2C disbursement on net:



The client can do the real-time transfer and get the feedback information about payment from our bank when the client does shop-ping in the appointed web-site.

6. Client service:

The client can modify the login password, information of the Credit Card and the client information in e-bank on net.

7. Account management:

The client can modify his own limits of right and state of the registered account in the personal e-bank, such as modifying his own login pass-word, freezing or deleting some cards and so on.

8. Reporting the loss of the account:

The client can report the loss in the local area (not nationwide) when the client's Credit Card or passbook is missing or stolen.

Advantages of e-banking

The following are the important benefits of e-banking:

1. Account Information:

2. Fund Transfers:

3. Request:

4. Account Information:

Other benefits:

The e-banking provides some other benefits also. They are:

- Convenience.
- Speed of concluding transactions.
- Safety – banking from own home.
- Economy – banking without visiting your bank.
- Cheaper service fees.



- Seamless Integration with existing environment (IDM – Intelligent Data Module).
- Highly Saleable.
- Easy Customization.
- Lower Costs of both Installation and Maintenance.
- Platform Independence.
- Round-the-Clock and Cross-Border Availability.
- Remote Authorization.

Limitations of e-banking

1. Safety situations around ATMs.
2. Abuse of bank cards by fraudsters at ATMs.
3. Danger of giving your card number when buying on-line.

The modern technology has influenced the financial sector to a large extent. It increases the competitive efficiency of the firms and provides sophistication to the end users. It makes everyone fittest to survive.

Computerization of Bank Branches

The reforms in the 1990s, which led to expansion, consolidation and liberalization of the banking and financial sector in India, brought in many changes and challenges.

A number of private and foreign players entered the Indian market with superior technologies that helped them service their customers efficiently through multiple channels such as ATMs and online banking.

Indian banks on the other hand have been using IT more out of compulsion and primarily for transaction processing. They now need to adopt IT to reposition banks into the integrated financial services market.

The need for providing improved customer service, reducing transaction costs and increasing productivity, shall be the main drivers for banking sector to adopt IT. These considerations are particularly important for public sector banks in India, who are facing immense competition from private and foreign banks.



IT can help them move from the present scenario where they are working as isolated islands to providing a centralized banking ex-perience. There is a need today for IT and the financial community to come together and develop customized IT solution to make the Indian Banking sector globally competitive.

IT adoption in the banking sector will provide real time availability of transaction pro-cessing through multiple channels. It would enhance a bank’s ability to cross sell products, ensure better management and security and safety of funds and increase efficiency through integration of systems across various locations.

It would also ensure efficient management of Non Performing Assets (NPAs), minimize transaction costs, enhance ability to conduct in-depth financial analysis and gather business intelligence. Enhanced use of IT would also encourage the use of Internet to provide access for online bill payments, funds transfers and e- statements in addition to encouraging wireless mobile banking and e-commerce.

With growing competition faced by foreign banks and financial institutions, the public sector banks in co-operation with the Indian IT industry would need to equip themselves for the next phase of introducing the benefits of IT to their customers by providing a centralized banking solution.

Opportunity for Indian banking sector in branch computerization

1. IT Networking
2. System Integration and Management
3. Customer Relationship Management (CRM) Applications
4. Back Office processing and Call Centres
5. Data warehousing/ Data mining
6. Mobile and e-banking.

Conclusion

E-commerce and e-banking are the buzz words in the global commercial activities today. E-banking or Electronic banking refers to conducting banking activities with the



help of information technology (IT) and computers. Computerization of banking functions in India was resisted by labour unions for fear of loss of job opportunities. Secondly, computerization needs IT savvy personnel which require intensive technical training. Thirdly, computerization needs heavy capital outlay for purchase of machines. Fourthly, to have effective computerization of banks a large number of bank branches situated in rural areas need to be connected. Telecommunication facility at rural areas is slow to reach. For the reasons mentioned above, computerization made a slow entry in Indian banks.

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