

Advancements in the Banking Industry

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Abstract

The changes and development of bank advancements in technologies and other aspects of an industry, help the banks to grow fast and also it enables the customers to use product wisely. Transformation of the banking industry from the dust of ledger accounts to computerised for the increase of revenue, enhance customer experience, minimize cost structure and manage enterprise risk. Banks already engaged in services like ATM, Credit and Debit Cards, there are collaborations or partnering solution with foreign banks to outsource their work. The providers are fin-tech, finacle and others are playing an important role in the growth of banks.

Key words: Development of Bank, Traditional to Digitalization of Bank, ECS, RTGS, NEFT, ATM and e-banking, Adoption of software, e.g., finacle, Oracle, Fiserv etc.

Introduction

Today's transformation of technology has emerged into a diversified area and by just click in ones second the businesses were way forwarding, every individual has pronounced to use of new technologies over phone or desktop . Given these changes, the banks need to grow with latest and advance technologies so that it enables th e customers to use wisely its product. Banks already started different services like ATM, Credit and Debit Cards, Mobile Banking, and Net Banking are allowing the customers to do the transaction from their place.

Banking Industry is nourishing with different technological advancements and developments the introduction of IT in the banking sector was recommended under the committees headed by Dr. C. Rangarajan, in 1984 and 1989. Subsequently, in 1994, the Reserve Bank constituted a committee on 'Technology Up gradation in the Banking Sector.' The committee made some recommendations covering payment systems including setting up of an autonomous center for development and research in banking technology.

The Indian Banks Association (IBA), was first to recognize and reward banks and bankers who were forerunners and trend setters in banking technology with whose innovative ideas, initiative, risk, leadership qualities, implementation of large-scale initiatives enabled their organizations to be ahead of their competitors.

The peculiar recent trends in the Banking Sector

The transformation of the banking industry from the dust of ledger accounts to computerised for the accessibility of business by deploying technology-intensive solutions to increase revenue, enhance customer experience, minimize cost structure and manage enterprise risk. While these are fairly common themes among banks, there is a wide variation in the technology agendas and implementation capability across different players of the banking industry. There is a huge leap in technological change with various factors of innovations in banking, and financial markets are ECS, RTGS, NEFT, ATM, and Retail Banking. Etc.

1. ATM Automated teller machine or ATM is commonly used by most of the people, a convenient to a customer with going to the bank and waiting and standing in long queue for hours, it is simple as we can go and take cash at any time needed. Automated teller Machine can be used for 24/7 as cash withdrawal, payment of utility bills, funds transfer between accounts, the deposit of cheques and cash into accounts, balance inquiry, etc.
2. Real Time Gross Settlement (RTGS) Allows the customer or businessmen to transfer funds from one account to another bank account within 2 hours since it was operated RBI the transmission funds are very safe. RTGS is the continuous process of settling payments on an individual order basis without netting debits with credits across the central bank, once finalized cannot be revocable . Also, NEFT Allows nationwide payment system which allows the enabler to transfer the funds from any bank branch to any individual having an account with any other bank branch in the country. NEFT transactions are settled in batches, any transaction initiated after the designated settlement batch would have to wait till next designated settlement batch.
3. Electronic Funds Transfer If anyone who wants to make payment to another person/company etc. Details - receiver's name, bank account number, account type (savings or current account), bank name, city, branch name, etc. RBI is the service provider of EFT. Electronic

Data Interchange (EDI) The electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advice, etc. in a standard, computer processed, universally accepted format between trading partners.

4. Point of Sale Terminal it worked with a Plastic transaction card and linked online to the computerized customer information files in a bank, it is where the retail transactions are carried out by customer's account is debited and the retailer's account is credited
5. Tele Banking The transactions are based on telephone or phone conversation when the customer instructs to check or transfer funds from one account to another account, the recipient (bankers) are responsible for doing actions. It is an automatic Voice Recorder and manned phone terminals are used. Mobile banking The year 2016 was the year of mobile-first introduced and started using for banking service by the message and then developed into a big leap of doing all transactions in mobile banking itself. Indian banks leveraged the increasing adoption of mobile to provide customized offerings on their apps. Some of the common services that are used by customer and bankers are a) internet banking b) customer management c) risk management d) technology in training and e-learning.

Traditional business to corporate banking Core banking

The implementation of core banking has consumed significant resources and management attention over the last five years. The transformation program of core banking focus on automation with significant progress was made to control manual processes on branch banking. Customer data was centralized, teller operations were streamlined and networks were established to connect branches to a common platform.

The specialty of core banking was focused on enterprise data warehousing, though some large public banks have started taking steps towards the strengthening of business intelligence (BI) through the single view of the customer. The impact of these initiatives is still a couple of years

away. Banks understand the needs of customer and satisfaction of service quality to enhance in the effectiveness of customer management initiatives. Business intelligence has primarily focused on the consumer/retail segment of customers. Banks are running for profit-oriented to cover investments in the technologies for corporate customers.

Risk management

Reserve Bank of India (RBI) initiative to control the financial crisis, the new concept of handling the banking risk is through Risk management which guidelines to advanced approaches of Basel II is one of the foremost. Banks have responded by improving risk management processes and upgrading their systems and infrastructure; however, a lot remains to be done. The IBA survey and EY analysis reveal that Core Banking System (CBS) is widely used across the banks for transaction management. Banks have gone aboard on the journey of Basel II implementation, covering only credit risk, operational risk and market risk capital computation engines, most of them are still at an implementation stage due to various challenges such as data availability and quality, as well as lack of skilled resources for advanced risk modeling.

The implementation of risk management drives to reduce NPA's by complying with Pillar 1 of Basel II guidelines. Overall Basel II compliance credit systems covering application rating/scoring platform, limit management, collateral management, NPA management Liquidity management to comply with recent Basel III requirements and advanced stress testing needs of liquidity enterprise risk systems, to enable banks to implement Pillar 2 risk frameworks and enterprise-wide stress testing capabilities in compliance with the RBI guidelines on stress testing and risk-based supervision.

Credit Systems

The main business of Indian banks is to issue loan in the form of credit, all the transactions have to be recorded through core bank, once uploaded documents or the amount will estimate the needs of banks limit of disbursement, early warning systems, NPA management by collateral management systems and early warning signals of NPA management systems.

The increase in non-performing assets (NPAs) are the major drawbacks for the banking industry since the huge amount of funds are struck in business neither is recovered and nor it is recoverable and requirement needs more sophistication for the collection of NPA and recovery management infrastructure to be set up.

Objectives of Study

1. To describe changes in Indian banking industry
2. To know the challenges faced by Indian banks
3. To Test and execute the innovative tech in banking products
4. To customise the product for the end user

The Culmination of new Technology

Due to the manual process of the banking industry is facing the toughest challenge to maintain the different number of accounts of a business or individual and it becomes very costly and slow, leads to inconsistent results and a high rate of error. Information technology offers solutions by rescue with the back-office operations.

Today's generation is very lazy and easy going; they tend to work at less and spend more times at machine. Banks move forward to customise its customer with the latest technologies and applications to enable the easy to use whenever they need. The technology banks are adopting should be acquainting by customers and deploying it optimally and then leveraging it to the maximum use to achieve a good service and efficiency standards while remaining cost effective and delivering the sustainable return to shareholders. Some of the banks are collaborating or partnering solution with which banks are tie-up to outsource their work. Such as fin-tech is the more prominent industry to tie with banking firms to build innovations to meet the needs of customers needs. Some of the software companies that offer finance module and technology experts for banks back-end support

1. Infosys Finacle

Finacle by EdgeVerve Systems Limited, a fully-owned subsidiary of Infosys, is one of the top software's used in the banking and finance sector. Finacle is used by a cumulative customer base of

about 848 million across 94 countries globally. Finacle also assists business data analytics and provides a user-friendly and intuitive customer relationship management (CRM) platform. Finacle has been identified by Forrester, an independent technology and market research company, as a leader among nine top banking platforms in 2016. It is financial banking software that assists several technological requirements of a bank such as core-banking, online banking, mobile banking, payments, treasury, origination, liquidity management and wealth management.

2. Oracle Financial Services Software

Oracle Financial Services Software exclusively for the banking and finance industry. Suitable for retail operations, corporate and investment banking, cash and wealth management. Analytical applications for financial crime and compliance management.



3. Fiserv

Fiserv is an IT Company, offers software services to 13000 clients worldwide. The software suits all types of banking operations it is popular financial banking software applications from Fiserv are clear-touch.

4. Epay suite by Canopus Innovative Technologies

Offers advance banking application software, it helps the financial institutions and other automated services were offered. It is easy to use, comprise the reliable and secure platform to perform core banking solutions.

5. BaNCS

This core banking solution is designed by Tata Consultancy Services. This is a very popular core banking platform across the world. BaNCS is used by over 280 institutions in more than 80 countries. Here is a list of banks that use BaNCS Software Packages.

6. Flexcube

Flexcube is designed by Oracle Corporation. This software package is used by some of the reputed Banks of the world like City Bank. Here is the list of Indian banks that use Flexcube Software Packages.

Fin-tech Industry

Some of the banks are burdened with traditional systems and work, forced to switch for new technologies and build corporate relations. Introducing innovative products and services and targeting the profits and earnings of the business. It helps the banks to customise its customer for using software convenient to acquaint and learn. Fin-tech industries are the tie-up with venture capital to engross the banking industry such as BNP Paribas, Deutsche Bank, J.P.Morgan. World Economic Forum in collaboration with Deloitte has prepared are presented the culmination of three phases of research into of Fintechs on the financial services ecosystem.

Application programming interface (API)

It allows the banks to integrate their products and services with third-party services through banking ecosystem . It allows collaborating the data of banks to run the business with open access to accounts for payment service directive. Open banking -a connected ecosystem for financial and non-financial services with multiple underlying service providers is the future of banking.

Artificial Intelligence has the potential to transform both front office and back office operations with its self-improving programs—at ICICI Bank. The banks will explore the concepts to integrate the conversational interface into their Omni channel strategy. Banks as a platform (BAAP) is an innovative solution, which enables to access to one-stop solutions. The advents of technology are a threat to the fin-tech industry.

Digitization Banks are increasing the connectivity by digitizing their data, to control the data breach. Banks have installed huge cyber security, anti-theft, and anti-data programme. Emerging digital data are powerful to do analysis and calculate any business profits.

Cloud banking the large and the pile of data are very difficult to store in a banking system; now a day's all the business are moving into cloud data. The infrastructures have developed in a mass way to develop the banking structure. Technologies are changing the face of business Big Data, block chain, artificial intelligence (AI), will be leveraged using cloud computing. Business models for merging banks will also be largely driven by the strategy.

Block chain – the banks try to meet the increasing demands of customers, block chain will be one of the enablers for re-imagining processes and block chain to automate inter-organizational processes. The new Emirates NBD and ICICI Bank Partnership to launch a block chain pilot network for international remittances and trade finance are advancing in this technology.

New services of the Banking Industry

1. Creation of core banking
2. Digitization
3. Customer-centric
4. Investment and risk analysis
5. Cash to electronic modes of payment
6. Appraisal of investment

Limitations of the study

1. Banks need to upgrade their machine and technologies by investing more money.
2. Some of the recent technologies and innovative product will soon get outdated. Eg. Fax machine, cheque service, etc.
3. due to machine and technologies, banks need to reduce its labor force and customers tend to use over by phone or laptop only.
4. Data theft and lost through phishing and hawking
5. Plans, portfolio and polices to change often.

Conclusion

The functions of banks in India are growing and rapidly changing entirely from the service industry to profit-oriented industry. It is becoming tough for the banking industry, due to the competition has increased from private and foreign banks. The nationalized bank and local banks were adhering to strict rules and regulations from RBI. The banks are moving from lower standards to higher standards to

compete for foreign and corporate banks and further strengthening the banking sector. Nowadays, the new technology is sure that the future of banking will introduce more offers and services to the customers with the bust banking product and innovations.

To reach banking business into a common and illiterate person, so that the bank business will grow, although the banking industry tries to minimize the work load and setting up of new un-manned machines for customer use, but to teach the customer the know-how of machines and technologies. The local businesses are growing at high speed and the customer needs the work of finance to be done immediately. Also, the products and services should match according to their income level. A proper structure of plans and portfolios needs to be created for every type of customer. Each penny of investment is to accountable and to produce every month a streamlined audit work to be needed.

The end user needs proper security for their investment. Data control management and high vaults of safety to be ensured in building the trustworthy of customers. The rules and regulation of RBI's standing order have to be followed carefully to maintaining the assets and NPA' s of the bank.

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