Modern Banking Services - A key Tool for Banking Sector

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Abstract

Banking occupies one of the most important positions in the modern economic world. It is necessary for trade and industry. Hence it is one of the great agencies of commerce. Modern banking services presence is very helpful to the economic activity and industrial progress of the country. The banking industry is on a major technological up gradation drive after having successfully introduced international standards in their operating norms. It is commonly perceived that technology is important to enhance the quality of customer service and to make it customer friendly. Banking industry is fast growing with the use of technology in the form of ATMs, on-line banking, Telephone banking, Mobile banking etc., plastic card is one of the banking products that cater to the needs of retail segment has seen its number grow in geometric progression in recent years. Today, the concept of core banking has made ‘Any Where and any time’ banking a reality. Along with technology, banking services have also evolved and the delivery of various banking products are carried out through the medium of high technology at a fraction of the cost to the customer. This paper focus on how the technological services in banking sector luring the sustainable development.

Key Words: Banking Services, On-line banking, Video banking, Mobile banking, ATMs, Telephone banking

Introduction

Banking today is a flourishing industry, focused on technological innovation. Banks play an important and active role in the economic development of a country. Banking systems of any country needs to be effective, efficient and disciplined because it brings about a rapid growth in the various sectors of the economy. Liberalization brought several changes to Indian service industry. Technology is revolutionizing all areas of human endeavor and activity. It has now brought in E-banking, which is gradually replacing the traditional branch banking. Internet banking has emerged as the biggest focus and targetable area. The customers are able to choose their banker from a number of banks offering wide range of services and delivering quality service. The commercial banks in India are now becoming more market oriented and customer friendly. Internet banking is changing the banking industry and is having a significant impact on the banking relationship. Banking industry is fast growing with the use of technology in the form of ATMs, on-line banking, Telephone banking, Mobile banking etc., This growth
has been strongly supported by the development in the field of technology, without which this could not have been possible. Besides it will change our lifestyle in coming years. Banks now a day’s provide a wide range of services to satisfy the financial and non-financial needs of all types of customers from the smallest account holder to the largest company and in some cases of non customers. The range of services offered differs from bank to bank depending mainly on the type and size of the bank. This paper describes the modern banking services are pivotal for banking sectors. This paper describes the need, impact, importance and benefits of modern banking services for the sustainable development of banking sector.

Statement of the Problem

Banking system plays a very significant role in the economy. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors. The facility of internet banking enables a consumer to access and operate their bank account without actually visiting the bank premises. The facility of ATMs and the credit/debit cards has revolutionized the choices available with the customers. In the modern day economy people are becoming busy with their life style and find no time to make these payments by standing in queue, the service provided by the banks is commendable. With the growing Internet awareness among customers, increase in role of banks in e-business and it would become an important part of the banking sector in the years to come. Nevertheless, these banking services are considered to be the strategic tool for over all development.

Objectives of the Study

1. To understand the need of modern banking services
2. To know the impact of technological banking services
3. To aware the importance with respect to modern banking services
4. To realize the benefits of modern banking services

Methodology

Secondary data has been collected for this paper. The same has been compiled from various sources like journals, books, magazines and reports.

Need for the study

The pace of development for the Indian banking industry has been tremendous over the past decade and the future growth of India’s banking sector will remain high. India’s financial services sector will enjoy generally strong growth during coming years, driven by rising personal incomes, corporate restructuring, financial sector liberalization and the growth of a more consumer-oriented, credit-oriented culture. The banks were finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology and computers. The use of the modern innovation and computerization of the banking sector of India has increased many folds after the economic liberalization of 1991 as the country's banking sector has been exposed to the world's market.

Significance of the study

Customer services and customer satisfaction are the prime work of any system. Information technology has given rise to
new innovations in the product designing and their delivery in the banking and finance industries. The change has been very productive for banks bringing in an increase in productivity and operational efficiency to be more competitive. With customers demanding ‘anytime and anywhere’ access to their money and financial information, banks have no option but to implement wireless solutions in device-independent and network-agnostic ways.

Current banking sector has come up with a lot of initiatives in the form of providing a better customer services with the help of new technologies. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability.

Impact of Modern Banking Services

Technology has been one of the most important factors for the development of the nation. Information and communications are significant part in the field of technology which is used for accessing, processing, storage and dissemination of information electronically. Banking industry is growing rapidly with understanding the requirements of customer by offering technological services like ATMs, online banking, telephone banking, and mobile banking and so on. This growth has been strongly supported by the development in the field of technology. With the development of information technology, the world has become a global village and it has brought a revolution in the banking industry. Bank customers are becoming very demanding and it is the extensive use of technology that enables banks to satisfy adequately the requirement of customers. Further the banking sector reforms and introduction of e-banking has made very structural changes in service quality, managerial decisions, operational performance, profitability and productivity of the banks. E-banking is one of the emerging trends in the banking and is playing a unique role in strengthening the banking sector and improving service quality. It has enabled the banks to handle the payments electronically and inter-bank settlement faster and in large volumes. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers.

Technology based Modern Banking Services

Use of advanced technology has led to the shift from traditional banking methods to modern banking methods. Currently, the most common and useful technology based banking methods are online banking, Mobile banking, Video banking, Telephone banking, ATMs, Plastic money and so on.

- Online Banking

It empowers customers to conduct financial banking transactions on a secure website which can be operated by a retail, virtual bank, credit union or building society. It makes banking faster and easy. The following are transactional and non – transactional applications of online banking services.
• **Transactional**
  Bill payments and wire transfers to third parties
  Fund transfer between customer's transactional and savings account
  Sale and purchase of investments
  Applications and transactions for loans and enrollment repayments

• **Non-transactional**
  Analyzing recent transactions
  Downloading bank statements
  Viewing paid cheques
  Financial Institution Administration
  Portfolio Management of multiple users at different authority levels
  Transaction approval process

• **Mobile Banking**
  Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as mobile phone or personal digital assistant. It is used for performing through mobile device such as a mobile phone or a Personal Digital Assistant (PDA), banking activities such as:
  - Balance checks
  - Account details
  - Portfolio management
  - Account transactions
  - Payments and investments
  - Credit applications and other transactions
  Mobile Banking enables connection with customers throughout the customer life cycle in a much better way than before.

  Its main objectives are:
  - Building customer relationships
  - Reducing cost and gaining revenue
  - Promotion of banking organization brand
  - Personalization of banking experience

• **Video Banking**
  It is used for conducting banking transactions or consultations through a remote video connection. It can be performed over purpose built banking transaction machines similar to Automated Teller Machines (ATM) or through bank branches enabled with video conferencing.
  Video banking improves the following banking activities:
  - Customer authentication
  - Cash and cheque deposits
  - Cash and coin withdrawals
  - Account transfers and bill payments
  - Processing new accounts and loans
  - Bank consultations and enquiries

• **Telephone Banking**
  It is a bank service provided by financial institutions allowing its customers to conduct banking transactions over the telephone. Institutions which provide banking services exclusively over telephone are called Phone Banks. They use special technology to modernize the customer by providing bank and account related information over a telephone.

**Benefits of Telephone Banking**
  - Automated phone answering system
  - Phone keypad response resources
  - Voice recognition capability

**Features of Telephone Banking**
  - Account balance information
  - List of latest transactions
  - Electronic bill payments
  - Funds transfer between customer accounts
  - Loan and account applications
  - Purchase and redemption of investments
  - Cheque book orders
  - Debit or credit card replacements.
  - Requests such as change of address

• **ATM (Automated Teller Machine)**
ATMs are electronic machines, which are operated by a customer himself to deposit or to withdraw cash from bank. For using an ATM, a customer has to obtain an ATM card from his bank. The ATM card is a plastic card, which is magnetically coded. It can be easily read by the machine.

**Advantages of ATMs**
- ATM provides 24 hours service
- It gives convenience to bank's customers
- It reduces the workload of bank's staff
- It provide service without any error
- It is very beneficial for travellers
- It may give customers new currency notes
- It provides privacy in banking transactions

**Facilities of ATMs**
- Cash withdrawals
- Cash deposits
- Balance enquiry or checking the balance in the bank account
- Request for statement of account
- Change of personal identification number (PIN)
- Cheque book request
- Transfer of funds from one account to another account
- Other facilities like bill payments

**Plastic money**

Plastic Money is a must need of our busy life. Today plastic money is the best alternative of the cash. It is also safer to traveling with a plastic money card than cash. Today it is very easy to carry money without having a lot of cash or gold. This is a new idea of present life-style which has made money transition so easy that anybody can carry it with him or her in a pocket.

**Benefits of Plastic Money**
- Purchasing Power
- Time Saving
- Additional Safety
- Credit Limits

**Emergency need**

**Additional features**

**Electronic Payment System**

Electronic Payment is a financial exchange that takes place online between buyers and sellers. The content of this exchange is usually some form of digital financial instrument that is backed by a bank or an intermediary, or by a legal tender.

**Benefits of Electronic Payment System**
- Speed
- Convenience
- Efficiency
- Reduced costs
- Increased customer base

**Electronic Data Interchange**

Electronic data interchange is an automated system of business-to-business data exchange. Two primary areas of EDI are data interchange and electronic funds transfer used among banks.

**Benefits of Electronic Data Interchange**
- Cost efficiency
- Increased speed
- Improved accuracy
- Better logistics management and increased productivity
- Improved delivery of goods and services
- Migration from paper to electronic transactions
- Faster response time and Customer service improvement

**Cyber Cash**
Cyber cash is pioneer in the electronic commerce industry and the leading provider of Internet payment technologies and services. It enables merchants to accept secure payments on the Internet with more ease, flexibility, reliability and cost-savings than any other solution.

**Conclusion**

Today, banks deployed to technology-intensive solutions like enhancing core banking value, revamping the digital agenda, moving from information to insight, dealing with a changing risk regime, from cash to electronic modes of payment, grappling with financial inclusion, empowering employees and accelerating innovation. Banks have changed in their operations and moved towards universal banking along with the increased usage of technology. Majority of banks are insisting on cashless and paperless payment modes. Today banking is known as innovative banking. A wide range of services are being offered by banks using the electronic media. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability. Challenging business environment within the banking system create more innovation in the fields of product, process and market. Internet banking is highly comfort in our routine life, in fact this made our life simple and convenient and over all we are able to enjoy quality service smartly. These technologies created efficiency and time saving methods of conducting business for people. Nevertheless modern banking services are highly sophisticated to the customers in all the ways.

**REFERENCES**