

Global Trends in Banking System and Technology

Technology has allowed banks to offer much more to their customers like the facilities of card and telephone access, any time and anywhere banking through 24 hours Automated Teller Machines (ATMs), credit cards, debit cards and POS (point of sale) access. In fact, the technology has made it possible for the customers to have finger tip access to their accounts worldwide.

The current trend is towards home banking, fully exploiting the technological innovations in the field of communications. Cyber banking leading to cashless society is the direction towards which the technology is driving the banks today.

The computers and particularly the networks, in the nutshell finding their application in funds transfer, payment messages, inter-bank settlements, netting of foreign exchange payments, inter-branch reconciliation, quick disposal of loan / investment proposals, FOREX information among branches and offices e mail services, design of organizational databases, MIS systems and Decision Support Systems.

ELECTRONIC DATA INTERCHANGE (EDI)

Electronic Data Interchange is the inter-organizational exchange of business documentation, which can be processed by computers. Banks have been using EDI in the form of SWIFT messages. In India, VSNL provides GEDIS, the gateway for Electronic Data Interchange services worldwide.

EDI is usually referred to as EFT. Electronic Fund Transfer, Credit clearing, Debit clearing are different forms of EDI for electronic transfer of funds. The credit card network is customer EFT system using EDI standards. Because EDI is designed to allow processing by the receiver without human interpretation

CORPORATE WEBSITES:

Some bank use web to offer more general financial advice informatively. For example, web site may allow customers to answer questions about themselves and their tolerance for risk and give advice on how best to allocate their assets. Some of the virtual shopping malls on the internet run by banking institutions. One such site is that of Barclaycard, the largest VISA issuer in the UK. The banks use net to offer routine transactions such as Balance enquiry, transfer between accounts and Bill Payments

GLOBAL TRENDS:

Globally, the banks are recognizing the need to embrace technology in the area of production and services to compete successfully in the years ahead. In fact the commercial banks, the world over, are among the largest consumers of information technology. Not only at the global level, but also in India, Real time Gross Settlement (RTGS) system has been started. In fact, the general belief is that the absence of these services could affect banks ability to retain critical segments of their customer base. However as strategy most of the banks are targeting home banking facility at the top 10 to 20 percent of bank customers that deliver 80 to 90 percent of banks profits and as such are investing heavily to develop and market high-tech services.

There has been a noticeable tilt towards technology – driven products and services. Following trends are visible in banking systems.

1. Most of the banks are installing more and more ATMs for banking transaction are gearing up to set more ATMs to improve brand visibility and generate more revenue. Large size banks have a target of setting up at least 10 ATMs in each in 2006-07. a recent RBI review says that, while one-third of all commercial banking outlets have ATMs private have at least 3 ATMs at each one branch. To achieve a break even situation, at least 250 operations per day are necessary, irrespective of urban and rural location.
2. To give customers more choices for collecting their cash, the banks are restoring to have non-traditional branches such as supermarkets and video kiosks.
3. Telephone banking, debit cards and credit cards are finding increased acceptance of the customers.
4. Banks are increasing by venturing into fee-based services like the marketing of the insurance and annually sales, mutual funds, financial planning and trust services.
5. In addition, following activities are also finding technology as an able ally.
 - * **Automated cleaning systems.**
 - * **Imaging of paper documents**
 - * **Online access to regulatory agencies**
 - * **Internet and mobile commerce**
 - * **RTGS**
 - * **Cheque transaction**

Another impact is the globalization of banking services. Large banks are shifting their focus from the domestic market to global area. Pursuing global expansion and emphasizing those products and services that is globally oriented. Computers and communication technology has not only increased the competition among the banks and have opened new stage for them to innovate themselves and come up with newer products and services. The information technology has a direct impact on vital aspects of banks. The entire major competent of bank like its organization structure, the customer's personnel and data evolve under the impact of the technology and react to the changes. Information technology has shifted competition and the banks have come out with newer products and services delivery systems. Training and retention of highly specialized staff have become critical factors for banks for successful utilization of information and technology.

About the Author :

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