

INFORMATION TECHNOLOGY & DIGITAL BANKING

INFORMATION TECHNOLOGY

Information technology (IT) is the **use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data.**

IMPACT OF INFORMATION TECHNOLOGY

GENERAL IMPACT OF IT

People will **use their computers to take more and more decisions.** It would produce an answer based on the preselected criteria.

We will be able to **access the entertainment and information resources of the world in the home.**

IT will **make houses more comfortable, more economical and more secure with hidden video cameras, automatically sprinkling garden.**

Self-driven cars are already there with Infrared cameras and microprocessor-based sensors and devices which alert the driver.

People will **work increasingly at home;** they will often want to **work when they are travelling.**

IMPACT ON BUSINESS AND ECONOMY

The new cyber technologies permit the **increasing automation of production**. Robotic mining and **farming machines will produce the raw materials** for automated factories churning out goods. The **average person** will become **increasingly rich**. Increases in productivity should boost **living standards in the future** as in the past.

IT will create both rich and poor because **opportunities in the cyber society for amassing great wealth**. But people may **lose their job due to advancing IT**.

Technology allows businesses to **reach new economic markets**. The result should be to **reduce marketing costs and increase consumer satisfaction**.

E-commerce allows customers to overcome geographical barriers and allows them to purchase **products anytime and from anywhere**.

IMPACT ON MONEY

People will carry most of their **financial business-like paying bills, buying stocks on computers from their homes**.

We'll use **smart cards** and other payment channels like **mobile apps to pay for many small purchases**.

Smart cards may also be used for **recording medical data, shopping accounts and miscellaneous information**.

Electronic banking is becoming increasingly global **people should find it easy to keep their money in different countries** and **currencies**.



IMPACT ON GOVERNMENT

Information about **laws, regulations, government policies, political candidates** and party positions will become routinely **available on computer networks**.

Electronic systems will allow far more **citizen input into the operations of government**.

Citizens can be quickly polled on an **upcoming issue and their views added to those of experts**.

STRATEGIC ISSUES AND IT

INCREASED COMPETITION

The fierce **competition environment** in financial due entry into the market by non-traditional competitors and the **availability of alternatives to traditional financial services products**.

CHANGING CONSUMER BEHAVIOUR

Consumers demand is a growing for **service convenience and availability-around the clock from home, office, or shopping locations via telephone, PCs and mobile phones**.

IMPROVED FINANCIAL PERFORMANCE

Investors are much **better informed about investment opportunities, risks and alternatives**. They expect **better performance and financial services institutions**.



INTERNET BANKING OR ONLINE BANKING

Internet banking comprises **banking activities or services** which can be availed by the customers at any **point of time and from any place**.

Internet banking **delivers banking services** through the open access **computer network**.

It can be used with different **electronic devices** such as personal computer mobile phone with a **browser or desktop software**.

BENEFITS OF USING INTERNET BANKING

Less Waiting Times

It **reduces the time and place limitation** and they feel convenient while doing banking activities.

Ease and Convenience

Internet banking allows the customers to make transactions on internet provide them **comfort of home without going outside**.

Self-Service Channel

Internet banking provides their customer a self-service channel so that they have **not to depend on the bank's staff** and other depending **process to avail their services**.



Save Time and Money

It will save time, save fuel, do away from traffic, save the environment in terms of reducing the use of motor vehicles.

BENEFITS FOR BANKS

Increased Profitability

The banks can provide banking services to the customers using internet banking at a far **lower cost as compared to the traditional banking.**

Cost effective mechanism

Internet banking is cost-effective as **it reduces the administrative costs and paperwork** needed for the bank transactions.

Reach where there is no branch

Banks are providing banking services exclusively via the Internet in some areas where they do not have bank branches in these areas.

Improve Customer relationship

It helps banks to provide **high quality services to customers** which helps to develop and maintain a good relationship with their customers.

Mobile Banking

It allows its customers to conduct financial transactions remotely **using a mobile device such as a mobile phone or tablet.**



It **uses software, usually called an 'app'**, provided by the financial institution for the purpose.

The apps include BHIM, PhonePe, Google Pay, Paytm etc

Mobile banking is **not restricted to smartphones**. National Payments Corporation of India offers mobile banking services on a National Unified USSD Platform (NUUP) **through a short code - *99#**.

INITIATIVES BY GOVERNMENT OF INDIA FOR PROPAGATING E-BANKING

The Government of India enacted the **IT Act, 2000** which provided **legal recognition to electronic transactions** and other means of electronic commerce.

The **Reserve Bank monitors and reviews the legal requirements of e-banking on a continuous basis**.

Dr. K.C. Chakrabarty Committee prepared the **IT Vision Document - 2011-17**, which provides guidelines to enhance the usage of IT in the banking sector.

National Payments Corporation of India is **enhancing the number of mobile banking services and widen the IMPS channels**.



NPCI & EXPLOSION OF UPI TRANSACTIONS

NATIONAL PAYMENTS CORPORATION OF INDIA

It is a **Non-profit organisation set up for providing infrastructure** to the **entire Banking system in India** for physical as well as electronic payment and settlement systems.

It is set up by **of Reserve Bank of India (RBI) and Indian Banks' Association (IBA)**, under the provisions of the **Payment and Settlement Systems Act, 2007.**

UNIFIED PAYMENTS INTERFACE

Unified Payments Interface (UPI) is an **instant real-time payment system** developed by **National Payments Corporation of India.**

The interface is **regulated by the Reserve Bank of India.**

May 2021, UPI platform has **150 million monthly active users in India** with plans to achieve **500 million by 2025.**

UPI transactions in total volume of **digital transactions grew from 23% in 2018-19 to 55% in 2020-21.**

WEB CONSUMERS

Web Consumer means any natural person who places an Order for the supply of Goods and/or Services on the Suppliers website.



BENEFITS

- Saves time and efforts.
- Shopping at home.
- Wide variety/range of products are available.
- Good discounts / lower prices.
- Get detailed information about the product.
- We can compare various models/brands.

TECHNOLOGY-BASED WORKFORCE AND WORK-FROM-HOME

If electronic commerce begins to **substitute for more conventional sales and services**, more and more **jobs will require information technology, skills and higher-level cognitive reasoning abilities**.

Composition of the workforce

The spread of electronic commerce **will affect the labour market composition** of the workforce to shift on Jobs that rely less on the distribution of products and more on the transfer of information.

Workforce flexibility

Workplace flexibility embraces the idea that employees can be **productive no matter when or where they perform their work**.

Globalization



The Internet does not have national borders. Physical proximity is no longer the key to convenience, and **many tasks can be completed by workers across the world.**

Work from Home (WFH)

Work from home describes work being done remotely, **instead of at an office.**

Greatest challenges posed by organizations with WFH is **securing the connection between the employee and the internal network of organization over the internet.**

INFORMATION TECHNOLOGY ACT, 2000

The Government of India passed the Information Technology Act, 2000.

FEATURES

It **facilitates e-governance** and e-commerce by providing **equal legal treatment to users.**

It gave **legal approval to electronic** business transactions.

The **Act instructs banks to maintain electronic record** and facilitate electronic fund transfer.