

“Examining the Impact of Technology on Banking in Indian with Special Reference to Number of Branches and Human Recourse in Banking Sector”

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Abstract:-The pace of development in any developing economy is largely dependent upon the efficiency of stable financial system. Now a days, National prosperity and development lies ,in the efficient use of Information technology, Capital, Human resource, material, natural resources etc. For all the parameters mentioned above technological is perhaps the most significant and dominant factor. A new and scientific method plays a very dominant role in disrupting the traditional practices to perform day to day operations. Of late measuring the impact of this disruption plays a very significant role in the analysis and prediction of future in particular Industry like Banking. Present research paper is an attempt to check the impact of technology on Number of Branches and human resources with special reference to Banking Sector in India.

Keywords: Officers, Clerks, Sub-Staff, Rural, Semi Urban, Urban and Metropolitan.

I. OBJECTIVE OF STUDY

- Analysis the threat in the dominance of Public sector Banks in terms of deposits.
- Analysis the impact of technology in banking industry. Identification of factors to define technology.
- Analysis of Changing trends in the composition of Human resource compositions in Banking Industry.
- Comparative study of New branches opened by Public sector banks, Private Banks and Payment Banks

II. INTRODUCTION

The banking sector is meant to meet the financial needs of the economy. Too much of money can cause inflation – too little can stifle economic growth and create problems of unemployment and lost opportunity. Accordingly the apex banking institution, the Reserve Bank of India (RBI) has a basic function "...to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability

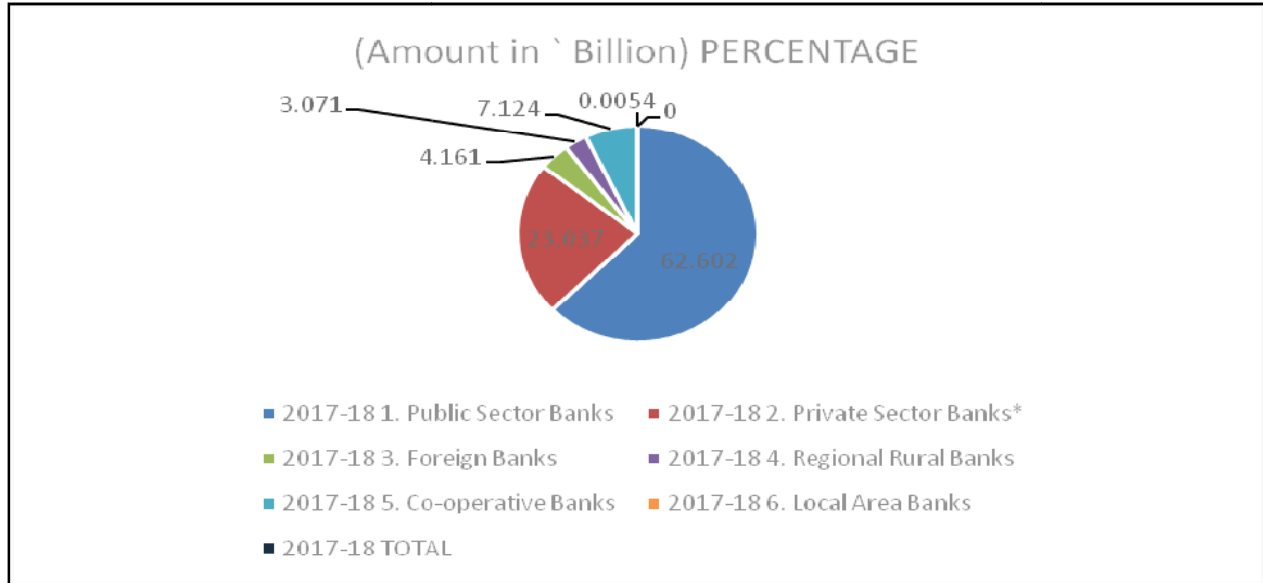
in India and generally to operate the currency and credit system of the country to its advantage.

Indian Banking system consists of various different types of banks like:

- Commercial Banks - Public sector, Private sector, Foreign Banks
- Cooperative Banks- Urban Cooperative ,Rural Cooperatives
- Regional Rural Banks
- Development Banks

In spite of different types of banks commercial banking is largely dominated by Public sector Bank. These banks hold total 62 % of total deposits of entire banking system.

Year	Name of Bank	TOTAL DEPOSITS	PERCENTAGE
2017-18	1. Public Sector Banks	70127	62.602
	2. Private Sector Banks	25806	23.037
	3. Foreign Banks	4661	4.161
	4. Regional Rural Banks	3440	3.071
	5. Co-operative Banks	7980	7.124
	6. Local Area Banks	6	0.0054
	TOTAL	112020	100



III. DEFINING TECHNOLOGY IN BANKING

Technology plays a vital role in bringing the optimum utilization of available resources in the business operations. In India **Core banking** was introduced in the year 2003 when a branch of SBI was put on TCS BANCS core banking solution. Core Banking Solutions is a system in which all branches of a bank are interconnected via computers.

CORE

C - Centralised

O- Online

R- Real Time

E- Exchange

CORE has changed the way banking is being executed over the years. In the new era new dimensions of banking as emerged which are primarily dominated by following functional areas like:-

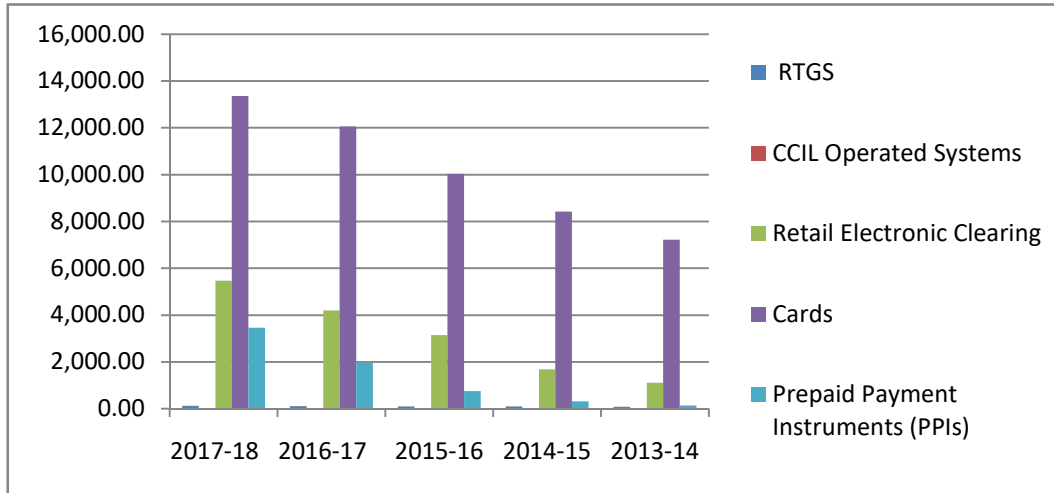
1. RTGS
2. CCIL Operated System
3. NON MICR
4. RETAIL ELECTRONIC CLEARING
5. NEFT
6. IMPS
7. NACH
8. POS
9. Prepaid Instruments and M Wallets
10. ATM etc

Present paper is restricted to define technology in terms of number of transactions executed in banking through to RTGS, CCIL Operated System, Retail Electronic clearing, Cards transactions, Prepaid Instruments .The data is taken for last 5 years in the formal banking channel.

	RTGS	CCIL Operated Systems	Retail Electronic Clearing	Cards	Prepaid Payment Instruments (PPIs)	TOTAL
2017-18	124.46	3.50	5,467.29	13,358.62	3,459.05	22412.91
2016-17	107.86	3.65	4,204.96	12,055.87	1,963.66	18335.99
2015-16	98.34	3.12	3,141.53	10,038.67	748.02	14029.68
2014-15	92.78	3.03	1,687.44	8,423.99	314.46	10521.70
2013-14	81.1	2.55	1108.322	7219.13	133.630	8544.732

Volume (Million in Rs)

Source – RBI Database of Indian Economy



It can be seen from the above table that there is exceptional growth in terms of number of transactions executed through online mode which has involved use of technology over the years. However, the growth in use of cards and retail electronic clearance is more in comparison to RTGS and CCIL operated System. The major reasons for this growth are as follows.

“When everyday is race against time in our busy lives, we are looking at saving time everywhere possible”

The question raised above is answered in the quotes.

- a) Online banking is secured it uses encrypted device to ensure all clients are protected across the region.
- b) Access is not the problem we can pay our bills at the last movements to avoid penalties. The banking transactions can be executed anytime and anywhere.
- c) No hidden cost as per the directives of RBI banks must disclose all charges in the name of online solutions.
- d) User can see transactions history anytime.
- e) Mobile banking interfaces is very user friendly.
- f) Syncing with different mobile and money app through BHIM application.

IV. ROLE OF HUMAN RESOURCE IN BANKING

Banking manpower plays a vital role in mitigating the financial risk which banks takes on continuous basis while

executing any business transaction. HR department plays a vital role in putting and placing right persons in right positions in the banks. While most of the public sector and RRBs recruitment and selection procedures are executed through IBPS on the other hands employment in private sector is based on their own examination, personal interviews. Most of the recruitments are guided through their own governing council.

Banking is always defined as a people business. Efficiencies in Human resources largely ensure profitability in bank. There is great importance of human resource department as it is largely a service based business. People management along with managing financial and economic risk is most challenging area of banking industry.

People handling day to day operations of the banks needs to manage risk along with customer satisfaction. People working in the bank are face of bank. HR also needs to ensure various training requirements of the banks employees. HR department needs to think both about the quantitative and qualitative requirements with respect to banking employees.

It has been seen over the years that banking activities has expanded post demonetization era with more number of bank accounts and use of digital currency. But percentage growth in the recruitment of bank staff has reduced drastically specially in case of clerks and Sub staff.

Year	Officers	Clerks	Sub-Staff	Total	% Change in Staff in Officers	% Change in Staff in Clerks	% Change in Staff in Sub Staff	Total % Change
2017-18	849039	339490	147173	1335702	5.47	-2.61	2.745	5.605
2016-17	804940	348608	146460	1300008	7.20	-0.47	3.497	10.224
2015-16	750847	350265	154973	1256085	12.19	-0.21	6.442	18.425
2014-15	669217	350989	159863	1180069	4.25	-1.75	2.511	5.014
2013-14	641893	357230	151158	1150281	-	-	-	-

Source : DBIE RBI

The above table clearly indicate that even with the over expansion of banking activities all over the country under the leadership of our Prime Minister Shri. Narendra Modi the recruitment in the banking sector has gone down. The data also highlights that technological advancement in the banking industry has impacted the requirement of clerks negatively. The same trend is also reflected in the requirements of Sub-Staff.

The Major reason for this change is actually the requirement of industry. Nowadays, most of the tech savvy people can execute basic banking activities' without the requirement of staff. Hence, to conclude percentage increases in the number of new employee in overall banking employees is indicating downward trend.

Number of New Branches Opened by Commercial Banks in India

Bank Group	Year	Year	Year	Year	Year
	2018	2017	2016	2015	2014
SBI AND ITS ASSOCIATES	140	7609	905	587	1692
NATIONALISED BANKS	1039	1273	2357	3039	5450
OTHER PUBLIC SECTOR BANKS	0	0	19	48	29
REGIONAL RURAL BANKS	547	389	643	1010	1877
PRIVATE SECTOR BANKS	3168	2132	2538	5672	2153
FOREIGN BANKS	2	6	6	8	7
LOCAL AREA BANKS	2	10	11	5	8
SMALL FINANCE BANK	2837	1224	143	8	3
PAYMENTS BANK	1022	134	1	0	0
All Banks	8757	12777	6623	10377	11219

Source : DBIE RBI

The above table clearly indicates that number of new branches opened by the banks in financial year has also indicated the shift in the trend. Public sector and Nationalized banks have indicated a downward trends in terms of new branches opened in the financial year. Even in case of RRBs the trend remains the same. However, data indicate that Private sector has shown the upward trend in the number of new branches opened in the financial year. The data also indicate Small financial bank and Payment banks has indicated exponential growth in terms of new branches. Data clearly indicates that public sector banks dominance is impacted greatly by the presences of payment banks this movement is slowly and surely shifting from public sector to payment banks.

V. CONCLUSION

Based on the findings of the findings of the research paper it can be easily concluded that banking industry is going through the exceptional changes which has change the dimensions of banking industry. The dominance of public sector banks is challenged up to a great extent by private sector and payment banks. In time to come the deposits composition of total deposits in the banking system which was largely dominated by public sector might go to Private sector and Payment Banks because of their technological superiority. These days more and more customers are becoming comfortable with the

use of technology to meet their banking needs. The number of transactions executed through cards and prepaid instruments are clearly increasing day by day. The technological changes have also change the dynamics of HR function in the banking system. These days more and more tech savvy and customer oriented staff are required to maintain competitiveness edge. Number of physical branches has been impacted with the more penetration of technology on one hand number of new branches are going down in case of public sector bank and on the hand private banks and payment banks are penetrating the dominance.

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