



Technology Trends That Are and Will Be Driving the Banking Sector in Agile Times

Anitta Jomy Thomas

Assistant Professor, The Bhopal School of Social Sciences, Bhopal, Madhya Pradesh, India

ABSTRACT

Unpredictable events of 2020 has brought about a humongous change in the Indian Banking Sector thereby making the banks to focus heavily on technological usage to improve managerial abilities, risk mitigation and monitoring. Banking Sector was already at the cusp of change due to grappling system based issues and growing NPA's (Non-Performing Assets) which further ruined the growth of banking with the looming economic slowdown and the COVID-19 pandemic.

Technological transformation is the key to support the banking in VUCA (Volatility, Uncertainty, Complexity and Ambiguity) times. This can be achieved by bringing in changes in the banking architecture, hybrid cloud computing without compromising the security of data, blockchain integration for protecting data distortion and veracity, artificial intelligence models for feedback and data retrievals, Chatbots and API Banking.

The paper being conceptual one intends to focus on the above specified concepts that will help the banks to survive in the VUCA times.

Keywords : Agile, Artificial Intelligence, API Banking, Blockchain Integration, Chatbots, Hybrid, Technology, VUCA

I. INTRODUCTION

Technology often helps an economy to open up itself to the world of advanced markets but also invites umpteen issues related thereto. Banks are no excuse in this case. Every bank aims to garner more market share through provision of satisfactory services to its customers through the use of technology. This has also led to an increase in market penetration, productivity and efficiency of banks (Jain & Popli). Banks are able to reduce its overall cost and have also made small value transactions feasible. Banks always

has various IT enabled services in order to provide benefits to customers also the government has been aggressively promoting digital banking, this show how important technology has become for banking sector (Sharma & Mital). Aitegroup has conducted a case study under the leadership of Infosys, too has emphasised on usage blockchain technology along with its opportunities and challenges, open banking, API (Application Programming Interface) Banking, operational resilience etc. for the survival and success of banking in the VUCA times.

The study focuses more on the positive aspects of technology usage in banking as customers have been through various discomforts during the pandemic times therefore it is belief that application of new and innovative technologies will satisfy customers with regards to expected services and banks in reducing Non Performing Assets to a certain extent.

II. PURPOSE

The purpose of this study is to throw light on new technology trends in banking sector that will help banks to survive the agile times.

III. METHODOLOGY

The current study focuses on the new trends in technology that will play an important role in changing the face of banking sector forever. Hence the study is qualitative in nature. The information for the study is collected through various research papers, journals, magazines, blogs etc. hence it is secondary in nature.

IV. RESULTS AND DISCUSSIONS

CONCEPTS UNDER FOCUS

A. Chatbots –

Chatbots helps to deliver services to impatient customers as it is cost efficient and is supported by Artificial Intelligence. Chatbots are alternative to the traditional communication methods like e-mails, mobile, fax etc. It helps to promote conversational banking where personalised services can be delivered if advanced AI is used then bots can definitely offer better financial tips on the basis of customers banking journey, detection of fraudulent activities etc. Chatbots helps in automated conversation which otherwise would be requiring an employee to answer thus

helping the organisation to reduce its monetary cost associated with employee engagement and training, provision of after hours of business support to customers by reducing the response timing etc.

B. Blockchain Integration –

Blockchain helps to track transactions in secured, verifiable and permanent way but can disrupt the state of banking play as it allows transactions that get cleared and settled as soon as payments are made and this goes against the banking norms as the current system clears and settles transactions only after days of payment. Though it was initially used for Bitcoins (crypto currencies), it is believed that blockchain are secured, transparent and cost effective thereby enabling banks to improve security, provides faster payments, reduced error handling, reduction in cost by removing third parties and gatekeepers from credit systems helping banks to give loans at reduced rates of interest and enhance customer satisfaction.

C. Hybrid Cloud Space usage –

This improves responsiveness in banking by addressing data security issues and increasing the capability of banks to organise huge funds instantly. In order to sustain the seamless demand of customers banks seek to develop better and safe apps for instant payments. Trusting the apps is a challenge for customers. Cloud technology helps banks to arrive at logical solutions by reducing dependence on on-premises data compute and storage options. This agile will help banks to come up with new improved and better products and services suitable to market requirements. In overall banks can sustain and be resilient at VUCA times.

D. Artificial Intelligence (AI) –

Higher focus on digitisation through the use of trustworthy AI will reduce the credit risk which is associated with fraudulent borrowers who gain under the ease of doing business criteria. As AI driven feedback system will be capable of not only recording feedback but also borrower's data enabling tighter scrutiny of KYC mandates. Applying AI to banking will help banks to progress and adopt Open Banking through sharing of data via APIs. This helps banking entities to compare the overview of financial position pre and post pandemic times, keeping easy track of money and automatic reconciliation of transactions (Edward Berks, 2020). Even the Indian Accounting Standards 32 and 109, Open Banking etc. will expand the reliance of banks on advanced financial models that are risk averse and competitive (Jaya Vaidhyanathan, 2021). Banks are required to be proactive and anticipate future challenges that are eyeing the banking business. Therefore using Enterprise Risk Management software will help the banks to understand and know the nature and kind of risk, strategies to be applied to overcome them with accountability.

E. Application Programming Interface (API) Banking –

API enables banks and third party companies to provide augmented services to customers than they alone can provide. API helps to create interface between software of companies to connect to each other's tools, product and services. We have multiple APIs which we customers very often use like for e.g. Paytm, Phonepe, GPay etc. Through API has been used for decades but still has gradually become prevalent APIs also helps in promoting innovations thereby enabling the banking to streamline financial services like loan application,

checking CIBIL scores before disbursement of loans, credit cards, payment gateways, tracking the entire journey of banks customers at one view etc. Numerous third parties can banking services and can also offer the same to their customers. It is also believed the APIs holds the ability to boost Open Banking.

V. INSINUATION OF STUDY

Technology always has its limitations hence banking blindly on technology driven software and products would not be a cake walk. A backup process is a must. Upcoming banking or merged banks can think for such technological applications as they are into transition phase. Banks must review the implementation of the above stated technologies to find out the deviations.

VI. CONCLUSION

On the basis of the above information garnered it can be stated that these technology based services surely can help banking sectors to grow but only time can say which technology will sustain and which won't. A strong, smart and intelligent technical platform can help banks to monitor customer data and track collection process in terms of real time further reducing NPAs and improving customer experience. Per se dilemma persist as initial investments may prove costlier but with a gradual functionality things may fall in line helping the banks to become better service providers further increasing customers trust and satisfaction.

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