

Adoption Of Unified Technology In Banking Industry And Its Influence On Customer Satisfaction

Jitendra Singh Tomar

Asst. Professor III, Amity School of Business, Amity University, UP

ABSTRACT

Information is considered as one of the most vital resource in accomplishment of organizational objectives and for the management of other essential resources to reach an alluring ends. The prominent and dynamic business establishments are experiencing rapid changes due to ever changing business environment influenced by new demands from clientele, creativity & innovations in business and allied areas, and hi-tech changes & changing perceptions. The dynamic changes are making business operations complex in nature and banking industry is no exception to it. The current unpredictable economic climate and ever growing demands of the customers adds on to the complexity woes of the banking industry with Information and Communication Technology at the core of changing dynamics.

This study aimed at examining the relationship among the Customer Satisfaction with usage of Information & Communication Technology and thus impacting the profitability of the banks. The information is recorded using a structured questionnaire and the information analysis showed a positive correlation among the two. By using ICT, the banks experienced positive appreciations from the customers. The affirmation is obtained from factor analysis and regression coefficient.

Keywords: *ICT, Information, Communication, Profitability, Technology, Banking Sector.*

1. INTRODUCTION

From time immemorial, information has been one prime resource, the efficient management of which has led to development of businesses across the globe. The brisk advancements in science and technology have colossal augmented the role of unified technology i.e. ICT in every element of businesses today. The growth of information modeling also stimulated Information Overload and Information explosion, which lead to development of scientific analytical approaches and modeling of information. The Information Technology emerged as the integral support service to the core business activities and lead to the enhancement and improvements in the business by addressing the challenges of modern times specially the demands of the customers.

The prominent and dynamic business establishments are experiencing rapid changes due to ever changing business environment influenced by new demands from clientele, creativity & innovations in business and allied areas, and hi-tech changes & changing perceptions of the stakeholders. The dynamic changes and ever growing demands of stakeholders are making business operations complex in nature and banking industry is no exception to it. The current unpredictable economic climate adds on to the complexity woes of the banking industry with Information and Communication Technology at the core of changing dynamics.

Information systems along with information technology have become integral part of business today. Managers cannot be flippant about Information Systems in current scenario. The banking industry too is gaining global competitiveness by fundamentally applying Information Systems for information triggering and modeling. This leads to effective decision making and business support to enhance CRM activities. The basic management functions of banking industry too are directly affected by usage of unified technology. The banking industry dynamics are fast changing and establishing it as convenient service industry to its end users by providing services that were not thought of without ICT. The quality and speed of services offered by the banks in current period through usage of unified technology identifies a bank as quality entity.

The financial service providers should mutate their traditional operating practice to remain viable in the coming decades (Harold & Jeff, 1995). The unified technology i.e. ICT has become apparent as a mechanism in the various industries of the world, including banking domain, to manufacture and amend the new process and procedure essential to ascertain the organizational mission.

Banking sector is changing dynamically through the use of ICT which could be called the heart of economy and impacts the economy at large. The effect of globalization, competition, and innovation in the banking industry to offer their services, makes it essential to understand how to amalgamate various banking concepts with the technology. There is a visible impact of technology on banks' performance to have successfully achieved the objectives through ICT and minimize the operating cost and achieve profit maximization. Also, unified technology facilitates in bridging the partnerships and bringing the stakeholder i.e. borrowers and lenders of financial resource collectively and more proficiently, if they had to associate precisely with one another (Reixah, 2001).

2. LITERATURE REVIEW

The management cannot deem to snub the Information Systems as they have a significant role in the organizational progress, expansion, advancement, improvement, and growth. The incorporation of unified technology has become the fundamental for the operations of banking services and is considered as one of the prerequisite to address the competitiveness. The most important changes and advancements in the banking services are addressed by usage of ICT. Being a support process to the core banking functions, ICT has managed to redefine how banking is done and benefited the customers and other stakeholders at large.

Information and Communication Technology (ICT) incorporates four basic resources which include Hardware, Software, Telecommunication, and Information. The gadgetry used to support the efficient execution of business operation across any domain comprise of these resources. ICT is a unified platform that fastens the electronic technology for information modeling at various business levels for effective decision making. It started as a support service to the core business functions but has improved on the role of support services. It has moved beyond general electronic data processing to data analysis, information modeling and transition, data analytics and decision making, and the likes, increasing its scope to unlimited usage and is planned along with the core business. ICT now incorporates data recognition equipment, workplace automation hardware and services, telecomputing and teleconferences, real time data processing, and online system (Infosys Finacle, 2012).

The computers, for almost four decades, were used in routing data processing including information storage and retrieval. When these workstations were combined with the emerging platform of telecommunication, the resultant platform became the pedestal of growth around the world as it has integral attributes for growth in offering, especially for the organizations in developing countries including banking industry, and in turn contributed towards the economic growth of the nations. The new amalgamation of technology has brought tremendous growth opportunities and transformed most business domains (Chavan, 2013).

ICT has revolutionized the banking services. The process control is transferred to the end user. From opening of account, validating the account, controlling credits and debits could be done online. In addition, ATM, Smart Cards, Telephone Banking, Internet Banking, Electronic Fund Transfer, Electronic Data Interchange, Home Banking, and similar activities, are possible with the amalgamation of ICT services with core banking services (Eisawi et al. 2012).

The financial institutions should modify the traditional methodology of operations so that these operations could be continued with in the era of 1990s and thereafter. The most important shortcoming in the banking industry, similar to what we have in other industry too, is the failure of management to

use and understand the technology and incorporate necessary technical changes which could benefit their strategic planning procedures (Harold & Jeff 1995).

The banking systems have to refurbish the important systems of disbursement and service dispensing through the use of technology so that the banking operations, and banking as a whole outlast the next millennium. The management should understand the dynamism of technology in repositioning the framework of banking procedures so as to efficiently exist in the coming times (Vasantha 2014).

There is a requisite to make advancements in three essential spheres of influences which are efficiency, quality, and transparency in an organization and banking sector is no exception to this. The adoption of ICT will bring in these advancements in the banking industry (Brücher&Scherngell, 2003).

The IT budget, as for any industry, seems to be high, but is necessary for the deployment of Information Technology in the organization. To facilitate new services and to give its customers the flexibility to operate the account, the investment is going to incur and there should be no uncertainties about this investment even if it seems hard in the initial times. The banks are coming up with online system and website which offers flexibility to its customers (Vaithilingm at. el. 2006).

The banking sector has changed their operations. To achieve high level of efficiency, the banks have adopted technology in its procedures and gave up the traditional mode of functioning. The technological innovation has made a great impact on the banking sector, and has benefited this service sector to a very high extent. Also, the investment on technology is decreasing and its use is becoming more lucrative for the banks to address the new banking trends and customer requirements. The banks have become more flexible with the use of ICT (Kadam&Yelikar 2013).

Banking services, productivity, and profitability are unquestionably impacted by the use of unified technology in the modern times. The rigor of use of technology is based on the culture of the organization which is impacted by the important factors such as age, qualification, digital literacy, gender of stakeholders, and type of ICT infrastructure (Rajan et. al. 2011).

There is relevance in Information Technology with nation well-being, which includes economic and social well-being. For strategy formulation, reliable facts should be available to the stake holders to form opinions, preferences, and accountability. Information infrastructure could lead to formation of wisdom & knowledge and encourage a dialogue between the stake holders having versatile ideas. To thrive for quality attributes, technology provides the basic, important, and reliable platform for information processing (Orhan 1997).

For strategy formulation, banks should incorporate ICT to enhance their effectiveness and efficiency. The investment in unified technology is a must in current modern times and this should be done with proper analysis and caution, but has to be intensified to maintain flexibility and provide convenience and accurate services to all the stake holders.

3. THEORETICAL BACKGROUND

The new advents in technology are changing the banking practices and have got great impact on the nature of banking business and the way they are conducting business in today's competitive environment. This service sector is undergoing tremendous changes with the revolutionary changes in technology. The banking services are improving as they are able to connect with flexibility to its customers and technology is providing them the broad opening by allowing them to increase their efficiency and productivity.

The unified technology has given the alternate methods to the customers for making the transactions which are convenient too. The 24 hours banking services is possible only with the amalgamation of

technology with the core banking business that has also let the banking domain spread its wings and collaborate globally. Banking operations are now technology dependent and ICT revolution has enabled the innovation rate, speedy operations and has helped in reduction of total and marginal costs. The implementation of technology also has its limitation especially in developing countries like India as there is big digital divide and technology failures many a times lead to disruption of services. Even though there are shortcomings in technology implementation, but the amount of support unified technology has brought to the banking processes and its customers is incomparable to the manual system.

4. HYPOTHESIS

In order to establish the nature of the relationship between ICT and Banks profitability through customer satisfaction, the Hypothesis listed hereunder was tested.

H1: An explicit acquaintance exists amid adoption of Unified Technology and Bank's Effectiveness for its customer.

5. METHODOLOGY

The survey is descriptive in nature as it is aimed at recording the detailed and factual information describing an existing observable fact. The target population of the study was the customers of banks in central India. A sample of 06 banks was taken which included 03 private banks and 03 public sector banks. The responses from 200 customers of these banks were recorded through a structured questionnaire to view their opinion on use of unified technology and its impact on customer satisfaction leading to profitability of Banks.

The questionnaire was modeled with two sections. First section recorded personal information of the respondents whereas the second section contained 12 questions to analyze the impact of unified technology on profitability of Banks through customer satisfaction using a 5 point Likert scale namely Strongly Agree, Agree, Ambivalent, Disagree, and Strongly Disagree.

Total of 200 responses were recorded, of those 144 (72%) were males whereas 56 (28%) were females. The age of the respondents ranged from 21-56 with age distribution as given:

Age Range	21-30	31-40	41-50	>50
No of Respondents	81	57	44	18

The qualification of the respondents varied from non-graduates to post graduates. 38 of total respondents were Non-graduates, 70 were graduates, and 92 were post graduates.

Also, out of 200 respondents, 115 were customers of Private Banks and 85 were customers of Public Sector Banks.

The analytical method used is Ordinary Least Square (OLS) method and t-test, f-test, r^2 and the adjusted r^2 were applied on the hoarded information.

6. HYPOTHESIS TESTING

H1: An explicit acquaintance exists amid adoption of Unified Technology and Bank's Effectiveness for its customer.

The stake holders of banking services perceive that the usage of unified technology have a significant role in the progress, expansion, advancement, improvement, and growth of banking procedures since it enhances the efficiency & competency, and has brought tremendous growth opportunities by repositioning the framework of banking industry that has felicitated its customers. The use of ICT has also brought the transparency and given flexibility to the customers. The banking service, productivity,

and profitability are unquestionably impacted by the use of unified technology. This is confirmed in table A and Table B (Refer to Table B in appendix).

Dependent Variable Organization Performance	Co-efficient	t-Value	Sig.	The coefficient of correlation (R)	The Coefficient of Determination (R ²)	The adjusted coefficient of Determination (R ² Adjusted)	F-Statistics (F Ratio)	Sig.
Constant	19.639	7.6	0	0.696	0.329	0.218	24.605	0
ICT	5.179	1.614	0					

Table A: Significant Values

The value of $R=0.696$ indicates a laudable relationship between dependent and independent variable whereas value of R^2 is 0.329. The adjusted R^2 is obtained as 0.218 as compared to R^2 value of 0.329. With t-test, the estimated significance level is at 5% and the F-ratio is evaluated to 24.605 which indicate significant fit of the model.

7. DISCUSSION

The outcome of the analysis divulges a deep-seated association between use of unified technology and banking efficiency which entail that the focus on new investment on technology or slender change in the existing technological setup will support the customer needs and enhance the effectiveness of banking system. The regression coefficient and factor analysis in the study uncovered that a significant impact could be seen in customer convenience and satisfaction with the prologue of the unified technology in banking industry.

The results in Table 1 shows that banks that use ICT for their banking procedures and give its customers flexibility in operations will yield the best performance and customer confidence.

The successful organizations need to adopt ICT as an integral entity as 'System' or 'Cluster' to support organizational procedures and approaches. The organizational efficiency be increased and crafted with the use of unified technology. The basis of this belief enables the enterprise to look into the area of re-engineering and introduce new processes which are IT enabled. The usage of unified technology permits an organization to adopt and offer flexible and convenient working environment to its stake holders including the customers. This could also help in analysis of customer preferences and provide them the better service leading to better business growth. In turn, adoption of unified technology is essential to bring in the organizational changes in the banking industry and with use of ICT, the full benefits in this domain could be realized.

8. CONCLUSION AND RECOMMENDATION

1980 onwards the world saw usage of unified technology to achieve effectiveness, efficiency, and productivity of business across the business domains. The positive relationship between ICT and organizational growth is emphasized in various researches taken up by the industry and the organizations. A better information modeling suggested across the studies is taken up by the organizations so as to use the knowledge for better implementation of business policies for the customers in the changing business environment. Organizations, through effective use of information and allied technologies, can efficiently respond to the ever changing demands of the customers. The organization that may undergo productivity paradox and may not be able to adapt to the change positively, will not be able sustain with development issues.

The use of Information and Communication technology is adapted by the organizations perceiving the medium as the driver to meet the requirements in current changing times and ever growing demand of

the customers. The ICT implementation has given new dimensions to the basic banking procedures compared to how they were operated in the past. The banking operations may include customer services, banking transaction, service delivery and other similar processes. Since the banking industry is a hub to the economic development of a nation, it is vastly recommended that a careful and planned approach should be adopted towards implementation of ICT in banking operations. The unified technology certainly will enable the banking industry in effective information modeling and will help in monitoring the optimal resource utilization in acquiring organizational efficiency.

BIBLIOGRAPHY

1. Harold, B. & Jeff, L. (1995): Don't Let Technology Pass You By, ABA Banking Journal, Box 986, Omaha, NE, p.73
2. Reixach A.A.(2001): The effect of Information and Communication Technologies on the Banking Sector and the payment System.
3. Infosys Finacle (2012), Infosys Limited, Thought Paper - Banking in India: Evolution in Technology.
4. Chavan J. (2013), Internet Banking Benefits and Challenges in an emerging economy, International Journal of Research in Business Management (IJRBM), Vol. 1, Issue 1, June 2013, pp:19-26.
5. Eisawi D.A., Sekhon H., and Tanna S. (2012), Innovation as a Determinant for Service Excellence in Banking, International Journal of e-Education, e-Business, e-Management and e-Learning, Vol. 2, No. 4.
6. Vasantha S. (2014), An Empirical Study on Role of ICT in Banking Sector, International Journal of Multidisciplinary and Current Research, April 2014, pp: 336-340.
7. Vaithilingm S., Nair M., and Samudram M. (2006), Key drivers for soundness of the banking sector: lessons for developing countries, Journal of Global Business and Technology, Volume 2, Number 1, Spring 2006.
8. Kadam S.A., Yelikar B.V. (2013), Evolution of ICT use in Indian banking Domain, International Journal of Research in Engineering & Advanced Technology, Volume 1, Issue 4, Aug-Sept, 2013.
9. Rajan S.S., Reddy K.L.N. and Pandit V. (2011), Efficiency and Productivity Growth in Indian Banking, Centre for Development Economics, Department of Economics, Delhi School of Economics, Working Paper No. 199, July 2011.
10. Orhan (1997): The impact of information and communication technologies on society. Journal of international affairs December 1997-February 1998 Volume II No.4
11. Munusamy, Jayaraman; De Run, Ernest Cyril; Chelliah, Shankar; Annamalah, Sanmugam. Adoption of Retail ICT Banking: A Study of Demographic Factors. Journal of ICT Banking & Commerce. Dec2012, Vol. 17 Issue 3, Special section PP:1-14.
12. Onay, Ceylan; Ozsoz, Emre. The Impact of ICT-Banking on Brick and Mortar Branches: The Case of Turkey. Journal of Financial Services Research. Oct2013, Vol. 44 Issue 2, p187-204.
13. Patsiotis, Athanasios G; Webber, Don J; Hughes, Tim. ICT shopping and ICT banking in sequence: An explanatory case study. Journal of Financial Services Marketing. Dec2013, Vol. 18 Issue 4, p285-300.
14. Yousafzai, shumaila (2012), A literature review of theoretical models of ICT banking adoption at the individual level. Journal of Financial Services Marketing p. 215-226.
15. Sharma, S. & Singh, R. (2011). Factors Influencing ICT Banking: An Empirical Investigation. IUP Journal of Bank Management, Vol. 10 Issue 4, pp.71-80.
16. Brücher, H., L. Scherngell, (2003). "Change management in e-government." Fachzeitschrift des CC e-Gov der Berner FH: 11-1

Appendix

TABLE – B:

S. No	Statement	SA%	A%	U%	D%	SD%	
1	Technology implementation is one of the core policies of my bank.	57.5	42.5	0	0	0	100
2	Information technology has positively impacted the performance of my bank.	41	43.5	4	7	4.5	100
3	Information technology enables my bank to deliver quality services to me as a customer.	36.5	63.5	0	0	0	100
4	The frequency of visiting the banks has reduced post technology implementation in my bank.	37	46	1	15	1	100
5	Through ICT implementation, banks are transferring the control to its end users.	14	48	20	17	1	100
6	The operating manuals were given to the customers to operate on offered technology.	5	28.5	15.5	29	22	100
7	Customers have technical competency and knowledge to operate the Technology.	25.5	52	11	9	2.5	100
8	Frequent technology updates hamper my working on banking facilities.	11.5	32	1	55.5	0	100
9	There is adequate security control over operations of technology in my bank.	38	45	8	9	0	100
10	I would like to avail more/added services from my technology enabled bank?	41	59	0	0	0	100
11	My bank constantly updates the banking procedures with use of IT / ICT.	25.5	51	23.5	0	0	100
12	I would like to continue my association if ICT services are dropped by my bank.	10	19	19	23	29	100