IMPLEMENTATION OF ICT SKILLS FOR THE STUDENTS OF THEIR EMPLOYMENT IN SKILL BASED JOBS

Volume 1

Edited By :
Dr.M.V.Sathiyabama | Dr.R.Vidwakalyani
Dr.B.Indira Priyadharshini | Dr.T.Kiruthika | Ms.M.Ragaprabha

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BANKING BEFORE ICT Vs BANKING WITH ICT

Dr.P. Archanaa
Assistant Professor, PG Department of Commerce CA
Nallamuthu Gounder Mahalingam College, Pollachi

ABSTRACT

Banking plays an important role in handling the financial sector of the world. Every country has a central control on its monetary actions. Ancient way of banking was like a barter system. Slowly the goldsmiths started lending money. After that the banking was started in the early decades of 18th century in India. Now the banking has got a tremendous change according to the changes happened in the world. When the world moved towards the technology implementation, the banking sector also started slowly improving towards the technology. Now a bank customer, transfers money through online, makes many online payments such as EB bill, mobile recharge, DTH recharge, and e-ticket booking. This article is about the Banking before the implementation of ICT and how the banking is at present after the implementation of ICT.

Keywords: e-banking, online payments, ICT, banking sector, finance.

Introduction

Banking sector plays an important role in financial stability and the economy of a country. Most of the countries have institutionalized a system known as fractional reserve banking. Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers in the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as Automated Clearing House (ACH).Wire transfers or telegraphic transfer, EFTPOS, and automated teller machines (ATMs). Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as bank notes and bonds. Banks lend money by making advances to customers on current accounts, by making instalment loans, and by investing in marketable debt securities and other forms of money lending. Banks provide different payment services, and a bank account is considered indispensable by most businesses and individuals. Non-banks that provide payment services such as remittance companies are normally not considered as an adequate substitute for a bank account. Banks issue new money when they make loans. In contemporary banking systems, regulators set a minimum level of reserve funds that banks must hold against the deposit liabilities created by the funding of these loans, in order to ensure that the banks can meet demands for payment of such deposits. These reserves can be acquired through the acceptance of new deposits, sale of other assets, or borrowing from other banks including the central bank.

Banking Sector Before Implementation of ICT

The first bank that was started in India was the Bank of Hindustan. The other one was The General Bank of India (1786). The largest bank and the oldest bank still in existence is the State Bank of India.

Before the implementation of Technology in banking, the banking industry faced lot of challenges. They were not able to satisfy the customer's wants. Customer's had to wait in long queue for depositing, withdrawing or transferring, putting entry in the pass book and for many of their queries. There were many manual errors also. So, it was difficult for the customer's to maintain their bank accounts. This was the reason that many of the public didn't open account in banks. Slowly the banking sector began its technology implementation.

Automation in the banking sector began early with computerization of key functions across departments. Advanced ledger posting machines were introduced to automate account-related functions that formed the core of banking operations those days. Over the years, banks slowly moved to improve customer service through branch automation. Banks were able to connect disparate branches, automate back-office functions and facilitate information sharing, without disrupting banking functions. The "Single Window Service" facilities delivered all banking services at a single counter; significantly reducing transaction processing times.

Although slow to adopt, the banking sector embraced the IT revolution to develop interbank connectivity. The multi-channel banking approach placed emphasis on building a centralized data infrastructure which consolidated databases across banks into a single large database. The system was crucial in improving services and lowering costs of service providers allowing banks to explore multiple delivery channels such as automatic teller machine (ATM), net-banking, telebanking, and mobile banking. Introduction of ATMs radically transformed banking relationship between the customer and bank. The user-friendly technology complemented a bank's branch functionalities making it accessible to customers who no longer required to enter a bank for basic financial transactions. Banks benefited by introducing a new customer service interface that significantly reduced operations cost.

Banking Sector After Implementation of ICT

The process of financial innovation advanced enormously in the first decade of the 21st century, and banks explored other profitable financial instruments, diversifying banks' business and this had a positive impact on the economic wellness of the banking industry. This decade marked the beginning of the era in which the distinction between different financial institutions, banking, and non-banking is gradually vanishing. Technological advances during the decade shifted the way banks operate from traditional branch banking to internet and e-banking.

Banks are aware of customer's need for new services and plan to make them available. IT has increased the level of competition and forced them to integrate the new technologies in order to satisfy their customers. They have already developed and implemented a certain number of solutions. The following are the few technologies that are offered by the banks: Self enquiry facility, telebanking, e-banking, mobile banking, debit card and credit cards, ATMs for withdrawals, and cash depositing machines.

Through E-banking services, customers sit at their home and pay their EB bills, online purchases, transfers fund to anyone anywhere. Whatever the transactions made in bank, the customers are getting an SMS immediately, which gives the customers a satisfied and secured thought. The banks are now in a position to compete with each other, to attract customers through their services by making the banking services as user friendly.

Conclusion

Banking concept was introduced during 18th century. When the years pass by the need for banking arose. Public started moving towards banks for saving their money and borrow money to satisfy their needs. The banks also slowly started to satisfy the wants of their customers. Now the banking sector has proved its secured way of handling the money through implementation of technologies.

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