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## **APPLICATION OF ICT IN BANKING AND ITS IMPACT ON CONSUMER PRACTICES**

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### **ABSTRACT**

To better understand how consumers' attitudes toward banks may be impacted and how client satisfaction can be increased by an in-depth understanding of ICT implemented in various banking solutions, this article focuses on ICT. This research paper examines the literature on ICT applied in diverse financial services. Using a simple sampling technique and a series of questions, this study examined how clients use ICT solutions in banking in aspects of customer satisfaction and loyalty after gathering data from 100 participants selected at random from six major financial institutions in the Mumbai area. According to the findings, ICT infrastructure has a significant impact on consumer behaviour. Online banking comes with both threats and opportunities for customers. As a result, bankers are in charge of determining and meeting their customers' demands in light of the most critical features of an e-banking service.

***Keywords:** Information and Communication Technology (ICT), banking industry, customer practices, customer satisfaction*

### **INTRODUCTION**

Integrated communication and technology (ICT) spans everything from radio and television to mobile phones and computer networks to satellite systems. As well as this, it also incorporates services like video conferencing and online learning. It is often referred to as ICT. In the banking industry, information technology has been a major success. Wireless technology's increased flexibility and power may be used by banking firms in order to better serve their clients. Businesses now use ICT to speed up transactions in a variety of fields, from financial



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services to retail to telecommunications. Because it is widely understood and used across a wide range of sectors, this technology-business hybrid is becoming more common in today's marketplace. Today's banking industry relies heavily on information and communications technology (ICT), which is essential to a well-functioning economy. Globalization, competition, and innovation have had a tremendous influence on the banking business. In the banking business, ICT has revolutionised the way banks function and the way customers are served. Focus on customer service is critical for banks' worldwide success and keeping up with global growth. It is essential for banks to expand their investment in and emphasis on IT services to reduce operating costs. Customers should expect better service; broader outreach; more time efficiency; and more value-added goods and services when they use an ICT network. Banking markets that are flexible and user-friendly have a significant influence on the development and expansion of ICT. Customers' pleasure and client service offering are crucial to long-term aims of customer retention, growth, and market share increase for banks. Many studies have been done on the influence of ICT on banking industry performance and service quality. However, the scope of consumer conflicts is confined to a few sectors.

According to Shiorkey JH and Sushanta K. Mallick (2006), banks are thriving because of technology innovation; online banking has become a major focus in the greater digital revolution. In order to generate revenue, improve customer service, simplify pricing, and manage risk, organisations must employ technology-intensive solutions. Because of advances in information technology-related goods including e-banking, contactless banking, capital represents, and trading, banks have been able to deliver a larger variety of services to consumers while using less human resources. Customers in India now have 24-hour access to their money because to ATMs (Automated Teller Machines), reversing a long-standing trend away from conventional banking toward channel-based banking. The introduction of the bank card, which eliminated the need for physical currency for transactions, kicked off a domino effect across the financial industry. Many modern methods, such as the Internet or a mobile phone, allow customers to rapidly access their bank accounts. Banks are now able to provide fast service while maintaining their integrity.



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According to Oluwagbemi Oluwatolani, Abah Joshua, and Achimugu Philip (2011), current trends in Nigerian banking's use of ICT reveal how technology has boosted the quality of banking. According to the study's authors, improvements in Nigerian banking's IT capabilities have resulted in significant shifts in the nature and accuracy of financial transactions nationwide. A literature research and on-the-ground observations have helped Nigerian banks fundamentally rethink their procedures via the use of information technology. According to their study, there are three sorts of factors that influence the usage and spread of information technology gadgets. Additionally, it's important to consider the kinds and extents of new technology adoption, as well as the influence of IT device adoption on the bank's operations.

To better understand the influence of ICT on a bank's operational performance, researchers Alhaji Abubakar Aliyu and Rosmaini Bin Hj Tasmin (2012) conducted an examination of prior studies. According to their research, they concluded that banks had been effective in providing high levels of customer service through the online delivery method, in conjunction with operational cost reduction and profit earning. It is clear from the study's findings that improving banking's use of information and communication technology (ICT) is essential in this quickly changing business environment.

Consumers' and financial institutions' adoption of mobile banking is examined by Rahmath Safeena, Hema Date, Abdullah Kammani, and Nisar Hundewale (2012) who look at factors such as user pleasure, enabling circumstances of usage, end user awareness of m-banking, and perceived risk. Customer awareness, perceptions of value and risk are shown to be the most significant predictors of mobile banking uptake in this research.

Tanzanian banks have been examined by Basweti Ogachi Kevin, Masese Chuma Benard, and Dr. Martin Onsiro Ronald (2013) on IT technology adoption in Tanzanian banks. Increased investment in technological infrastructure and lower taxes on information and communications technology (ICT) equipment are all necessary if the general population is to begin using online banking.



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T. T. Alabar and R. J. Agema (2014) studied the influence of ICT on customer satisfaction in the Nigerian banking business. Empirical research is used to determine if the present condition of ICT and consumer satisfaction in the sector are linked. There are many suggestions for strengthening ICT-based infrastructure and technologies, increasing efforts to catch up with global operational data and demonstrating a high degree of dependability, attention, and legitimacy while using ICT in their operations according to these guidelines.

Saranya J, Anitha K, and Dr. S. Vasantha (2014) showed the use of ICT in banking. Accordingly, customer interest in ICT banking may be summarised into four broad categories: simplicity of use; trust; safety; and accessibility.

Researchers Vandana Tandon Khanna and Neha Gupta (2015) investigated that when it comes to offering financial goods and services, the use of technology by public sector banks (PSBs) is seen as a positive by Indian customers. In order to better understand how PSBs' novel delivery channels are perceived by customers, they conducted a research on the following five categories: appropriateness, dependability and affordability; user acceptability and connection. There was a consensus that the most significant aspects were legality and protection, cost, user usability, and accessibility. Researchers observed that the demographics of a community have a significant influence on features such as the adoption of technology, safety, availability, usability, and accessibility.

On the basis of research undertaken by Dr. Vimala (2015), the effect of IT deployment on Bank of India customers was examined in detail. As a more particular example, she looked at how the use of information technology impacts BOI's customers and the bank's whole customer base and globalisation in terms of performance, efficiency and competitiveness. The use of information technology has enhanced customer satisfaction, operational efficiency, transaction times, competitive advantages, lowered operating costs, and the deployment of speedy service delivery.



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When it comes to the quality of e-services that customers get, researchers Ankita Sharma and Akansha Kansal (2015) looked at the impact that e-banking has on customer behaviour. In order to determine whether banks have been able to satisfy clients while both saving costs and boosting revenue via the use of the online delivery channel, they examined current academic literature on the effect of e-banking on bank profitability.

Amit Shankar and Puja Kumara (2016) analyse Indian customers' willingness to use mobile banking (m-banking) services. In addition, this research sought to identify which characteristics had a significant impact on m-banking uptake. In India, eight factors drove the adoption of m-banking. An array of factors were taken into account, including user awareness, utility, usability, interoperability with other platforms (like m-banking), social impact (such as social conditioning), data protection and privacy risk, individual efficacy, and financial costs. This study examined all of these factors. Studies suggest that the usefulness of a mobile banking service has the greatest impact on its uptake. Contrary to popular belief, the impact on society has been shown to be the least significant of all the factors.

The objectives of the study are

- To understand the ICT applications in various banking services
- To analyse customer perceptions towards ICT related banking services
- To examine customer practices towards ICT related banking services
- To study customer satisfaction towards ICT applications

## **METHOD**

The process of collecting, analysing, and interpreting data in order to solve an issue is known as research methodology. This study is descriptive and collects data using both primary and secondary sources. The descriptive research approach is used to learn about the services that



banks give to their customers and to determine their degree of satisfaction. This strategy is often used in survey research design and is particularly effective in characterising consumer behaviour features. Primary data was acquired from 100 bank clients of six major banks in the Mumbai area, since Mumbai is India's financial hub, and so the population for this research is properly justified. A convenient sampling approach was used to choose the 100 respondents. For this research, a questionnaire with closed-ended questions was utilised to collect primary data, while secondary data was gathered from journals, magazines, and online portals of the selected banks. The percentage approach and factor analysis with SPSS20 were utilised as statistical methods in this study.

This research used a descriptive approach, with 100 clients drawn at random from six major banks in the Mumbai area (*as per the report generated by RBI*). Customers' demographic characteristics are presented below.

**Table 1. Demographics of the respondents**

Demographics	Title	Frequency	Percentage	Valid percentage	Cumulative percentage
<b>Gender</b>	Male	70	70	70	100
	Female	30	30	30	30
<b>Age</b>	< 30	35	35	35	35
	30 - 40	32	32	32	67
	40 - 50	27	27	27	94
	> 50	6	6	6	100
<b>Education</b>	Metric	17	17	17	17
	UG	35	35	35	92
	PG	2	2	2	94
	PhD	6	6	6	100
	Other	17	17	17	17



<b>Primary bank</b>	Axis	19	19	19	19
	HDFC	14	14	14	33
	ICICI	14	14	14	100
	Kotak Mahindra	16	16	16	70
	SBI	21	21	21	54
	Yes Bank	16	16	16	86
<b>Employment</b>	Student	33	33	33	33
	Service	37	37	37	70
	Business	19	19	19	89
	Others	11	11	11	100
<b>Marital status</b>	Married	52	52	52	100
	Unmarried	48	48	48	48
<b>Income</b>	< 50000	55	55	55	55
	50000 - 100000	38	38	38	93
	> 100000	7	7	7	100
<b>Account type</b>	Current	21	21	21	21
	Savings	79	79	79	100

## RESULT AND DISCUSSION

The questionnaire consisted of 10 questions related to ICT and consumer practices in relation to ICT services provided by their respective banks. The data collected were as follows:



**Table 2. Questionnaire and findings (n = 100)**

Sr no	Questions	Yes	No
1	Are you aware of the banks' internet banking services?	91	9
2	Do you feel secure revealing your personal information on the internet?	62	38
3	Are you pleased with the digital services provided by your bank?	77	23
4	Are you aware of the numerous advantages of digital banking?	83	17
5	Are you aware of all the ways available to safeguard your transaction?	19	81
6	Is your bank educating you on the online banking options available?	54	46
7	Would you rather use online banking than visit your bank occasionally?	93	7
8	Do you consider Internet Banking to be convenient?	80	20
9	Do you think that transparency is an advantage of Internet banking?	62	38
10	Do you consider speed to be an advantage of Internet banking?	96	4

In general, the majority of those who responded to the study were aware that they could access online banking services via their internet banking accounts. In terms of total client base, private banks have surpassed the State Bank of India (SBI). The greatest customer base, on the other hand, is held by public sector financial institutions. According to the survey results, however, 38 percent of respondents believe that sharing personal information is not safe and may be accessed by others. Interesting to note that, although the vast majority of respondents are satisfied with the services provided by their specific bank, the remainder respondents believe that the supply of services has room to develop. Furthermore, the vast majority of participants are aware of the advantages of using the internet to conduct their financial transactions. Despite their growing familiarity with online banking, many respondents were ignorant of the bank's software and protocols for safeguarding each and every action they carried out on the system. The great majority of those who took part in the research believed that they had not been adequately taught on the advantages of internet





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banking, according to the findings. The vast majority of those who responded said that they preferred online banking to their present banking arrangement. As a result, it seems as if the future of online banking is rather promising.

## CONCLUSION

A rising number of people are using personal computers to access and manage their financial information. Many individuals select it since it is very important. Personal financial transactions are increasingly reliant on computer technology. Internet corporations are a safe and simple way to perform financial transactions at any time of day or night, seven days a week. Online banking transactions may be more convenient for users of financial organisations. People choose digital banking because they want to handle their own money rather than depend on others to complete complex transactions or make investment decisions. The fact that they maintain all of their financial information in one place suggests that they like the convenience of doing so. Before making a selection, it is important to consider how simple the facilities are to use. Internet banking that is user-friendly is vital.

Most banks now provide a free checking account as well as online transaction capabilities as part of their financial products and services. Customers may be rewarded for using digital banking services in order for the bank to get an edge over the competition. According to the results, information and communication technology (ICT) has supplied companies and consumers with the data they need to make informed investment decisions. Furthermore, technology developments enable banks to provide new products, operate more efficiently, expand geographically, and stay competitive. Better quality and product offerings are delivered through a more efficient and productive banking organisation.

Banks all across the world are turning to information and communications technology (ICT) as a vital survival strategy. With a few mouse clicks, consumers may now obtain financial services at considerably lower prices, as well as a diverse range. E-banking is a necessary in today's dynamic business world, and no country can ignore it. With the introduction of



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technology into banking, the Information Age and the commoditization of financial services were born. The capacity to supply part or all banking services through the Internet while preserving support for existing infrastructure is becoming more crucial to financial organisations as they plan for the long run. Electronic banking is reshaping business connections, and the most lucrative financial institutions will be those who can considerably increase the quality of their customer interactions.

Banks have traditionally been seen as forerunners in the use of technology to increase production and efficiency. Both internally and externally, technology is changing the way banks connect with their clients. As a result of the application of modern technology, an investment has resulted in improved goods and supply chain, with a specific emphasis on the customer interaction. More expenditures are also more useful as a result of development and diversification. The low cost of electronic banking has been a crucial factor in the technology's fast adoption. Despite the advantages, there are dangers associated with electronic banking, such as credit risks, possible hazards, intra- and inter-risk, and operational risks. Banks must have a sufficient disaster recovery plan and a comprehensive risk management mechanism in place for the benefit of the whole financial system. Because of the internet, those in the financial industry have access to a broad variety of options. Established banks are in a unique position to take control in the online banking area due to their exposure to cutting-edge technology and high brand recognition. Banks should not just put their current services online in order to retain customers. Banks must instead strive to capitalise on their customers' many online financial services connections.

According to the study's results, the deployment of ICT applications in the financial services sector has a significant impact on client satisfaction. During the preceding decade, the information and communication technology sector saw substantial development. Automated devices have made substantial use of information and communications technology in their quest for survival, worldwide relevance, client retention, and long-term growth. To avoid



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internet banking becoming a waste of clients' time and money, the financial industry must move rapidly to adopt adjustments.

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