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## A STUDY ON TECHNOLOGICAL TRENDS OF INDIAN BANKING SECTOR

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### Abstract

The banking sector is the backbone of the Indian economy. These days, the Indian banking system is regarded as a well-developed and well regulated banking system throughout the world. Today the banking industry is stronger and capable of withstanding the pressures of competition. In today's era, technology support is incredibly necessary for the triple-crown functioning of the banking sector. While not IT and communication, we tend to cannot accept the success and growth of the industry and economy, it's enlarged the role of the banking sector within the Indian economy. This paper highlights the information technology in the Indian banking sector. This paper is descriptive. Secondary information square measures collected from numerous websites, reports, and journals.

Key words: Technology, Artificial Intelligence,

### Introduction:

Technology is constantly changing, and for banks it is difficult to keep up. Digital products and services that were once considered innovative are now common and are simply expected by customers and sometimes once-hot areas — like buy now, pay later — suddenly lose their luster.

Technology has never been more important for banks, and that goes for the largest global bank to the smallest unit. Increased competition from non-financial firms, ever-rising consumer expectations and new strategies based on embedded finance principles are shaping the way financial services are delivered.

Increasingly technologies that were the “future” just a few years ago, like APIs and cloud computing, are becoming commonplace. Others, like artificial intelligence, continue to be a top tech trend because the potential has so far not been tapped to a great extent.

In this regard, here some of the most important technologies banks must focus on now and for the foreseeable future, based on insights from leading financial technology analysts.

### Objectives of the Study:

The objective of the study is to present the technological trends in the present scenario.

### Methodology:

The study is descriptive and is based on secondary data. To achieve the above-stated purpose, the secondary data is used. The secondary data was also used from various web sources related to E-Banking, E-Commerce, Information Technology, Marketing, Banking, Finance, Commerce, etc.

### Analysis:

The banking industry has evolved from physical to digital, and now to hybrid banking models. Emerging technologies and the fintech companies that are using digital tools to transform the way we bank operates.

The use of the Aadhaar Card and video know-your-customer (KYC) along with card-less cash withdrawals, paperless customer on-boarding, ‘tap and pay’ through mobile are some of the technology-first tools that reflect acceleration in the digitization of banking in India.

The following are the growing and emerging ways in which fintech has brought more agility to banking and aided a versatile digital experience for users:

## Advanced Self-Service Capabilities

Nowhere the consumers had to wait for hours to reach the front of the queue, complete formalities, fill forms, access customer care for assistance at banks as in past. With fintech banking solutions, self-service capabilities provide customers with operational processes that were previously only available via a physical branch.

These services are not only limited to basics like checking account balances online or transferring money but others such as customers can open new accounts, opt for loans, and buy insurance—all, digitally.

This is helping customer with a choice to understand their financial position, learn about alternatives, and make better financial decisions for themselves and their families.

## Application Programming Interfaces (APIs)

A decade ago, the Reserve Bank of India (RBI) introduced NEFT and RTGS, followed by the National Payments Corporation of India (NPCI) introducing IMPS. This was followed by API-led banking. The way that works is simple:

- For banks to perform functions digitally and seamlessly, it is imperative to integrate their products and services with various third parties.
- To link both parties, they need APIs in the middle to communicate with each other.

In a nutshell, an API is the bridge that helps banks and third parties to connect safely and leverage each other's offerings in real-time.

An interesting example would be the money transfer requests sent by

mobile wallets and received by banks during a transaction, hence providing a low-effort and faster experience to the end-user.

Applying for a business loan, checking credit score, viewing balances all in one place, has been made possible due to APIs.

They allow banks and third-party companies to augment their strengths and complement each other, to provide great features and services to the customer in a better way than when they did it by themselves.

## Instant Payments

While most of India still preferred cash payments as late as the last decade, and point of sale or point-of-sale terminals had begun to see acceptance only around 2016, the rapid penetration of mobile internet services and demonetisation played a role in Indians' larger acceptance to digital payments.

Indian Government has since been providing people with incentives for opting to use online methods of making payments in the hope of making India more cash-light. KYC bottlenecks were tackled and fintech rose to innovate in the payments sector to bring in new technologies at a faster pace.

It now takes a few seconds for a payer and payee to send and receive funds, changing the way people spend and shop, increasing accountability.

## Voicebots

So far, we have seen banks launch their own chatbots that are designed to interact with customers meaningfully and address their frequent queries. With technological advancements, voicebots are likely to replace chatbots in the days to come. These voice assistants are aimed to enable consumers to interact with them using voice recognition technology backed by artificial intelligence and natural language processing.

What we have already seen in the form of voice-based searches on Google,

Netflix, and various other customer-centric platforms, is going to be married to banking as well. Imagine a scenario when the system asks you to generate a new passcode or pin or open a new account and you are able to do so without typing and instead using direct voice commands.

Iris, face and voice recognition as password and using other forms of biometric authentication, validation chip for cards, invisible payments, and thumb impression to validate payments are some other technology-led processes that are being actively built for banking in India.

### Neobanking

Neobanks are digital banks with no physical branches. They offer a wide array of banking and financial services such as instant loans, mutual funds, savings accounts, fixed deposits, lending products, among others, which can be easily accessed online, either through the website or a dedicated app in association with other licensed banks. This trend has picked up during the pandemic with many consumers looking for digital ways to bank.

### Conclusion:

Though the journey of digitization has taken decades, its acceleration has been exponential as mobile data plans became cheaper and the world faced the Covid-19 pandemic. It is now all set to offer organizations the opportunity to leverage technological capabilities and drive digital transformation across the financial value chain much more than just what we are now. The rapid pace of adoption may fundamentally change the cost structure of a financial institution and a completely new set of offerings to the customer that has never been seen before.

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