

## **Ict Practices Of Banks: A Study Of Cooperative Banks In Belgaum, Karnataka**

**Dr. N Maruti Rao,**

Associate Professor,

PG Dept. of Business Administration, Rani Channamma University, Belagavi.

[maruti\\_mn@rediffmail.com](mailto:maruti_mn@rediffmail.com) Cell: 9880587205

**Mrs. Jyoti Biradar,**

Research Scholar,

PG Dept of Computer Science, Rani Channamma University, Belagavi.

**ABSTRACT:** Information and Communication Technology (ICT) is increasingly becoming an invaluable and powerful tool driving economic development of a nation. Corporate entities around the world are considering it as a powerful tool of improving customer service quality, reducing cost of operation, better management of risk and security, reaching global market, increasing productivity and enhancing competitiveness. Worldwide, banking sector had adopted ICT in all its areas of operations. Indian banking sector is not lagging behind in adoption of ICT. Indian Banking sector is front runner in adoption of ICT. The robust growth of Indian banking sector can be attributed to adoption of ICT. ICT had helped the Indian banking sector to offer value added as well as quality service to customers, reducing cost of operation, better management of risk and security and offering innovative products to customers. Indian commercial banks were able to adopt ICT and were successful in revolutionizing the banking sector. But, the Co-operative banking system in the country found to be lagging behind in adoption of ICT. This has encouraged the researchers to take up the present study. The key players in co-operative banking system in Belgaum city of Karnataka were selected as sample units. The study aims to find out the awareness level among management of Co-operative banks about the ICT practices do adopted by them. The study reveals that Co-operative Banks have computerized their branches. But, none of the bank had designed its website. The banks have also taken security measures by installing the CCTVs in their branches. It was found that the banks were offering Phone-in-link services such as Inquiry on product and services, Change of accounts address, Stop cheque instruction, Status inquires on remittance, bank balance, etc.

### **INTRODUCTION**

Banking sector is considered as backbone of economy of any country. The USA and Japan had achieved economic progress on account of robust growth in banking sector. The robust growth in banking sector is attributed to adoption of Information and Communication Technology by banks. Therefore, Information and Communication Technology (ICT) has become a key element in economic development and a backbone of banking sector. It was observed that the Co-operative banking system in the country found to be lagging behind in adoption of ICT. Information and Communication Technology offers opportunities for Co-operative banks to leapfrog earlier stages of development. It is also important to note that the co-operative banks need to adopt ICT practices, otherwise, they may fall further behind and the gap they have with the commercial banks could get wider. Therefore, the need of the hour is that Co-operative banking system in the country need to adopt ICT aggressively to benefit the urban as well as rural India. 60 percent of rural India even today depends on Co-operative banks for their banking needs. The Co-operative banks have responsibility of making rural customers a computer literate.

**KEY WORDS:** Information and Communication Technology, Co-operative Banks

### **REVIEW OF LITERATURE**

Md. Shahnur Azad Chowdhury and Md. Maruf Ullah conducted study on "Usage of Information Technology by the Commercial Banks Operating in Bangladesh-Current Situation and Its Future". The study reveals that additional investment in IT infrastructure may have no real benefits and may be more of a strategic necessity to stay even with the competition. The positive impact of IT on productivity is difficult to determine in net profit and asset (predominantly loans) increases. However banks can enhance productivity by increased spending on IT and better management of IT resources. Nagnga, Stephen Irura (2013), conducted a study on "Technology Adoption and the Banking Agency in Rural Kenya". According to him technology adoption in

developing countries are, by nature, problematic, characterized by poor business and governance conditions, low educational levels, and inappropriate infrastructure. Further, the researcher opined that rural banks in Kenya were offering variety of mobile and agency banking services, but very small proportion of customers who access it, actually use it. Oluwagbemi Oluwatolani examined the current trend in the application of IT in the banking industries in Nigeria. He opined that banking quality services can be enhanced via IT. The research further opined that the deployment of IT facilities in the Nigerian Banking industry has brought about fundamental changes in the content and quality of banking business in the country. Teresa L. Morisi in his research paper "Commercial banking transformed by computer technology" highlighted on importance of technology adoption in commercial banks. He is of the view that technology used by commercial banks had helped them to reduce costs and survive the competition. Consumer acceptance of ATM's and touchtone telephones to make financial transactions has allowed banks to reduce the number of costly transactions made with human tellers which had resulted in rise in real output, while providing more services with fewer employees. Yoonhee Tina Chang (2003) in his research paper entitled "Dynamics of Banking Technology Adoption: An Application to Internet Banking" examined the behavior of banks and consumers in the event of a new technology (internet banking) introduction. According to him, adoption of internet banking is influenced by sex, age, marital status, degree of exposure to internet banking, and the characteristics of the banks.

### **OBJECTIVES OF THE STUDY**

The study had been undertaken with the following objectives:

- 1) To find out the awareness level among staff of Co-operative banks about the ICT practices do adopted by commercial banks in the country.
- 2) To study ICT practices do adopted by Co-operative banks.
- 3) To know the reasons for adoption or non-adoption of ICT.

### **RESEARCH METHODOLOGY**

The data required for the study has been collected from secondary such as Business-line newspaper, website of sample banks, research reports and journals. The data was also collected from primary sources. The questionnaire was prepared and circulated to the top and middle level management of sample banks. Percentage method was used to analyze data.

### **RESULTS AND ANALYSIS**

The table-1 depicts that 71 percent of respondents of the Belgaum District Co-operative Bank were aware of availability of banking and communication technology in the market whereas 50 percent of respondents of Mahaveer Co-operative bank Ltd were unaware of the technology availability.

It is evident from the table 2 that all the surveyed sample banks had computerized their branches and had internet connectivity. 57 percent of the respondents expressed that CCTV technology was adopted their banks. 42 percent of respondents have reported that the banks were offering Phone-in-link services and adopted Enterprise Risk management tool. None of the bank surveyed had developed their website. Belgaum District Urban Co-operative Bank is offering the ATM, SMS alerts and mobile banking services to its customers. But, majority of respondents of the BDUCB were unaware about these services except ATM service. Majority of respondents of the sampled bank were unaware about the tele-banking services offered by their bank. They are also unaware of the human sources management software adopted by their banks. None of the respondents of the sampled banks were aware of Online Banking, Electronic fund transfer, online demand draft, Credit cards, online account opening facility, E-passbook and Biometric ATM services as the banks were not offering such services.

The table 3 reveals that major reasons for non-adoption of ICT by co-operative banks in Belgaum city include: Customer treat services offered by bank as Convenience banking, high cost of technology, limited geographical area and limited business operations. 47 respondents felt that they were unaware of ICT available in the market hence they had not thought of adopting the ICT. The respondents opined that shortage of skilled labour and fear of security threats were not the prime reasons for non-adoption of ICT by banks.

### **CONCLUSION**

- [1] The study reveals that except the employees and management team of Belgaum District Co-operative Bank, other sample banks respondents were not much aware of availability of banking and communication technology in the market.

- [2] The banks have computerized their branches and were having internet connectivity. But, none of the bank had designed its website. The banks have also taken security measures by installing the CCTVs in their branches. It was found that the banks were offering Phone-in-link services such as Inquiry on product and services, Change of accounts address, Stop cheque instruction, Status inquires on remittance, bank balance, etc.
- [3] Belgaum District Urban Co-operative Bank is offering the ATM, SMS alerts and mobile banking services to its customers. But, majority of respondents of the BDUCB were unaware about these services except ATM service.
- [4] Majority of respondents of the sampled bank were unaware about the tele-banking services offered by their bank.
- [5] None of the respondents of the sampled banks were aware of Online Banking, Electronic fund transfer, online demand draft, Credit cards, online account opening facility, E-passbook and Biometric ATM services as the banks were not offering such services.
- [6] The study revealed that high cost of technology, limited geographical area and limited business operations; Convenience banking was the prime reasons for non-adoption of ICT by banks.

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**TABLE-1: AWARENESS LEVEL ABOUT AVAILABILITY OF ICT AMONG RESPONDENTS**

Co-operative Bank	Top Level Management		Middle Level Management		Total Strength	No. of Resp.	%
	Total Strength	No. of Resp.	Total Strength	No. of Resp.			
Belgaum District Urban Co-Operative Bank	15	10	20	15	35	25	71.43
Shree Basaveshwar Co-Operative Bank	10	5	10	8	20	13	65
Jijamatha Mahila Urbn Co-operative Bank Ltd	10	5	18	12	28	17	60.71
Mahaveer Co-Operative Bank Ltd.	06	2	08	5	14	07	50
<b>TOTAL</b>	41	22	56	40	97	62	63.92

Source: Filed Work

**TABLE-2: ICT PRACTICES DO ADOPTED BY CO-OPERATIVE BANKS**

ICT Practices	Belgaum District Urban Co-Operative Bank	Shree Basaveshwar Co-Operative Bank	Jijamatha Mahila Urbn Co-operative Bank Ltd	Mahaveer Co-Operative Bank Ltd.	Total No. of Resp.	%
Computerization of branch	35	20	28	14	97	100
Internet Facilities	35	20	28	14	97	100

Bank Website	-	-	-	-	-	-
SMS Alert	06	-	-	-	6	6.19
Automated Teller machine (ATM)	35	-	-	-	35	36.08
Point of sales service	-	-	-	-	-	-
Online Banking	-	-	-	-	-	-
Electronic fund transfer	-	-	-	-	-	-
Online demand draft	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Mobile banking	09	-	-	-	9	9.28
Banking Kiosk	02	-	-	-	2	2.06
Online account opening facility	-	-	-	-	-	-
Tele banking	10	05	04	02	21	21.65
Phone-in-link services	19	09	10	03	41	42.27
E-passbook	-	-	-	-	-	-
Biometric ATM	-	-	-	-	-	-
Enterprise Risk mgt.	15	10	10	06	41	42.27
Human Resource Mgt. software	08	06	05	02	21	21.65
CCTV	35	20	-	-	55	56.7

Source: Filed Work

**TABL-3: REASONS FOR NON-ADOPTION OF TECHNOLOGY**

<b>Reasons for not-adopting technology</b>	<b>Belgaum District Urban Co-Operative Bank</b>	<b>Shree Basaveshwar Co-Operative Bank</b>	<b>Jijamatha Mahila Urbn Co-operative Bank Ltd</b>	<b>Mahaveer Co-Operative Bank Ltd.</b>	<b>Total No. of Resp.</b>	<b>%</b>
Lack of knowledge about technology availability	07	14	16	09	46	47.42
High cost of technology	13	18	23	12	66	68.04
Limited business operations	02	17	26	14	59	60.82
Limited geographical area	02	19	28	14	63	64.95
Customer treat services offered by bank as Convenience banking	06	20	28	14	68	70.1
Shortage of skilled human resource	11	09	13	05	38	39.17
Fear of security threats	04	06	08	03	21	21.65

Source: Filed Work