

Core Banking Solutions and Changing Banking Trends Among Customers in the Global Economy- A Micro Study

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ABSTRACT

Conducting business through the internet by using digital computing technologies is most common in today's Global economy. Modern globalised Economy is also interpreted as Internet economy, Web Economy or Digital Economy by many. Banking sector played a major role in the rapid growth of Global economy by adopting novel and innovative technologies in their accession. Core Banking Solutions is one of such great innovative missions adopted by the bankers to effect transitions in the mindset and banking practices of customers. This paper is an attempt made to throw light on transitions in the banking practices of customers in the modern global economy brought about by Core Banking Solutions. This study is both empirical and descriptive in nature. 100 customers Mangalurucity of Dakshina Kannada District are surveyed with the help of a questionnaire to get primary data and secondary data is incorporated from text books, journals, newspapers and internet.

Key words: Core Banking Solutions, Innovative banking practices, transitions in customers' preferences, Current and future scenario of banking.

Introduction

Conducting business through the internet by using digital computing technologies is most common in today's Global economy. Modern globalised Economy is also interpreted as Internet economy, Web Economy or Digital Economy by many. Banking sector played a major role in the rapid growth of Global economy by adopting novel and innovative technologies in their accession. Core Banking Solutions is one of such great innovative missions adopted by the bankers to effect transitions in the mindset and banking practices of customers.

Highly sophisticated customers of today wish to carry out their banking transactions with unique experience. Every day they seek new and innovative technologies which fetch maximum benefits to them in terms of cost, time and efforts. In the global economy, in tune with the expectations of customers, bankers have changed their strategies and expanded their network everywhere by providing various customers touch points through the adoption of Core Banking technology. Due to the adoption of Core banking Solutions and due to the wide usage of various electronic devices like mobile phones, tablets, computers, i-pods etc, now banking is on the fingertips of customers. Customers are accustomed to the usage of many Core Banking channels like, ATMs, Mobile banking, Internet banking, UPI, etc. and bank visits of customers have been reduced drastically in recent times. Digital India campaign launched by Indian Prime Minister Sri NarendraModi on 1st July 2015, gave a great momentum to the process of digital banking in India. The process of digitalisation of banking transactions is being carried out at a rapid rate and is expected to create wonderful banking scenario resulting in the creation of ecstatic customers for the bankers. Nevertheless to state that, today millions of cashless transactions are carried out through Core Banking platform.

OBJETIVES OFSTUDY

- To observe and understand the services provided to the bank customers through Core Banking Solutions in the global economy.
- To ascertain the repercussions and contributions of Core Banking Solutions on the banking practices of customers.

- To throw light on the perceptions of customers about the role of Core Banking Solutions in the future banking scenario.

SIGNIFICANCE OF STUDY

Digitalisation of banking transactions through adoption of Core Banking Solutions is a massive step taken by the banks to ensure efficient and convenient banking to customers. Considering the role technologies are playing in the global economy, the study of the present and future repercussions of Core banking solutions on bank customers is the need of the day. Hence this study is undertaken.

LITERATURE SURVEY

Maithili R.P. Singh (2014), in her research paper on the topic “Innovative Business Practices in Banking Industry in India,” highlighted the innovative banking practices of recent times, by making a reference to the changing needs of customers. According to her, technology has made customers more demanding and has enhanced their expectation level. Traditional old products are no more in demand by the customers. Liberalisation, Privatization, and Globalisation policies of Indian Government have opened the gates of banking sector to all, resulting in cut throat competition among various banks. To survive in the banking field, bankers should embrace skills of innovation in their banking practices.

Clement Achimbaetal. (2014), in their research paper on “Innovation in Banking Industry: Achieving Customer satisfaction” examined the effect of innovative technologies on banking industry and found that without supportive technology maintenance of customers data base, monitoring and fulfilling their requirements is an impossibility. Through a case study approach, they justified that, there is a direct positive relationship between the usage of technology, customer satisfaction and profitability of banks.

G P Sharma and Harsha Sharma (2017) in their research paper on “Innovative banking practices by Indian banks: a study of State bank of India” opined that banking sector has undergone great transformation due to the adoption of information technology. Technology has brought banking services to those who were deprived of banking facilities and brought positive changes in their standard of living. According to them, today State Bank of India could attract more number of customers and occupy largest share among public sector banks in India, mainly due to the adoption of innovative technologies in its strategies.

W. Scott Frame, Larry Wall, and Lawrence J. White (2018), in their research paper “Technological Change and Financial Innovation in Banking: Some Implications for Fintech”

described the role of the financial system in the modern economy and how it contributes to the social welfare of people. Role of fintech innovations in bringing transformations in various aspects of banking were also highlighted by them.

Several research studies were made by eminent researchers and scholars on the concept of innovative banking technologies and its impact on the banking sector. But no studies were made in particular about the role of Core Banking Solutions and its impact on the Banking practices of customers. This is an attempt made in this context.

RESEARCH METHODOLOGY

This study is mainly empirical in nature. 100 customers of different banks of Mangaluru city of Dakshina Kannada District were surveyed with the help of a questionnaire to collect Primary data and Secondary data is included from Working papers, text books, the internet sources and Journals.

HYPOTHESES

I. Core banking channels and innovative banking practices in the Global economy

H0: Core Banking channels have not brought innovative banking practices in the Global Economy

H1: Core Banking channels have brought innovative banking practices in the Global Economy

II. Core banking channels and future trends in banking sector

H0: There is no significant degree of relationship between gender of the respondents and their perception regarding contribution of CBS towards innovative changes in the future banking sector.

H1: There is a significant degree of relationship between gender of the Respondents and their perception regarding contribution of CBS towards innovative changes in the future banking sector.

DATA ANALYSIS:

To get meaningful information from the data collected from 100 customers of Mangaluru city of Dakshina Kannada District, Data analysis is carried out by using SPSS 20 version. Percentage, Mean, Standard deviation and Chi square tests are used for the analysis and interpretation of results.

Table 1: Demographic profile of Respondents

Demographic factors	Classification	Number of Respondents	Percentage
Gender	Male	44	44
	Female	56	56
Age group	20 to 30 years	36	36
	30 to 40 years	24	24
	40 to 50 years	22	22
	50 years to 60 years	18	18
Monthly Family income	Less than Rs.20,000	06	06
	Rs. 20,000 to Rs.40,000	28	28
	Rs.40,000 to Rs.60,000	24	24
	Rs.60,000 to Rs.80,000	34	34
	Rs.80,000 and above	08	08
Educational qualification	SSLC	14	14
	PUC	10	10
	Graduation	56	56
	Post-Graduation	12	12
	Professional qualification	8	8

Source: Primary data

Table 1 show that information is collected from both female and male customers of different age groups having different educational qualifications and different amount of monthly family income groups to study their current banking practices and the impact of Core banking channels on them. Information is also collected about their perceptions regarding future banking practices.

Table 2: Distribution of respondents on the basis of their perception regarding Contribution of Core Banking channels in brining innovative banking practices in the Global economy

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree	Mean/SD	%Mean
Core Banking channels have brought innovative banking practices in the Global economy	00 (0%)	00 (0%)	04 (04%)	52 (52%)	44 (44%)	4.46 ±.58796	89.2%

Source: primary data

Testing of Hypothesis

I. Core banking channels and innovative banking practices in the Global economy

H0: Core Banking channels have not brought innovative banking practices in the Global Economy

H1: Core Banking channels have brought innovative banking practices in the Global Economy

From table 2, it is very clear that no respondents strongly disagree and no respondents disagree, 4 percent of respondents neither agree nor disagree, while 52 percent of the respondents agree and 44 percent of respondents strongly agree that Core banking channels have brought innovative banking practices in the Global economy. The percentage mean shows that 89.2 percent (Mean and Standard Deviation 4.46 ±.58796) respondents strongly opine that Core banking channels have brought innovative banking practices in the Global economy as it falls in the category of 81percent to 100 percent. **Hence null hypothesis is rejected and alternative hypothesis is justified. We therefore conclude that Core banking channels have brought innovative banking practices in the Global Economy.**

Table 3: Perceptions of respondents about the repercussions and contributions of Core banking channels on the banking sector in the Global economy

Sl No	Statements	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree	Mean/ SD	% Mean
1	CBS ensures more transparency in transactions.	00 (0%)	00 (0%)	08 (16%)	30 (60%)	12 (24%)	4.0800 ± .63374	81.6%
2	Banking process is faster than before and more reliable.	00 (0%)	00 (0%)	10 (20%)	15 (30%)	25 (50%)	4.3000± .78895	86%
3	Usage and adoption of Technology like CBS also lead to competition among the banks which eventually resulted in better services to customers	00 (0%)	00 (0%)	8 (16%)	28 (56%)	14 (28%)	4.12 ± .65900	82.4%
4	Customers can perform every banking transaction without physically stepping into a bank branch.	00 (0%)	00 (0%)	06 (12%)	24 (48%)	20 (40%)	4.28 ±.67128	85.6%
5	A host of innovative initiatives revolving around fund transfers, investment advice, and know your customer (KYC) documentation, are being replaced by technologically advanced systems.	00 (0%)	00 (0%)	01 (16%)	34 (68%)	15 (16%)	4.28 ±.49652	85.6%

6	A number of digital platforms have enabled retail banks to attract customers on different shopping portals via mobile apps and social media platforms.	00 (0%)	00 (0%)	00 (0%)	33 (66%)	17 (34%)	4.3400 ±.47852	86.8%
7	The progress of technology and the development of worldwide networks have significantly reduced the cost of global funds transfer.	00 (0%)	00 (0%)	11 (22%)	20 (40%)	19 (38%)	4.16 ±.76559	83.2%
8	CBS resulted in handsome growth in the business and profitability of banks by ensuring customers ecstasy	00 (0%)	00 (0%)	14 (28%)	19 (38%)	17 (34%)	4.0600 ±.79308	81.2%

Source: Primary data

Table 3 shows Mean, Standard deviation and Percentage mean calculated on the perceptions of respondents about therepercussions of Core banking channels on the banking sector in the Global economy. Percentage mean on each factor falls in the category of 81percent to 100percent which clearly shows that respondents strongly opines that CBS is responsible for bringing massive changes in the banking practices of customers and bankers. Mean and Standard deviation presented in table 3 on various factors also justify the same.

Table 4: Gender-wise Opinion of respondents regarding the contribution of CBS towards

Bringing innovative changes in the banking sector in future in the Global economy

Gender	Opinions of respondents regarding the contribution of CBS towards bringing innovative changes in the banking sector in future in the Global economy			Pearson Chi- square value
	Neither agree nor disagree	Agree	Strongly agree	
Male	00	14(31.81 %)	30(68.18%)	15.329
Female	03(5.35%)	45(80.36%)	08(14.29%)	

Source: primary data

Testing of Hypothesis:

II. Core banking channels and future trends in banking sector

H0: There is no significant degree of relationship between gender of the respondents and their perception regarding contribution of CBS towards innovative changes in the future banking sector.

H1: There is a significant degree of relationship between gender of the of the Respondents and their perception regarding contribution of CBS towards innovative changes in the future banking sector.

Table 4 reveals that the calculated value of chi square is 15.329 which are greater than the table value that is 13.816 in the 0.001 level of significance in the chi-square table, so we reject null hypothesis and accept the alternative hypothesis. Table 4 also reveals that, among the Male respondents surveyed, majority (68.18 percent) respondents strongly agree, while among the Female respondents only 14.29 percent strongly agree and among male respondents, 31.81 percent agree, while among female respondents, majority(80.36 percent) of respondents agree that Core Banking Solutions contribute towards changes in the future banking sector. It implies that, Male respondents strongly agree, while female students just agree that Core Banking solutions will continue to play an important role in future banking

sector. **We therefore conclude that there is a significant difference in the opinion of male and female respondents regarding contribution of CBS towards innovative changes in the future banking sector.**

FINDINGS

- The percentage mean shows that 89.2 percent (Mean and Standard Deviation $4.46 \pm .58796$) respondents strongly opine that Core banking channels have brought innovative banking practices in the Global economy as it falls in the category of 81percent to 100 percent.
- CBS ensures more transparency in transactions. The percentage mean obtained from the surveyed data is 81.6 percent (Mean and Standard Deviation $4.0800 \pm .63374$) which is a clear indication of this fact.
- Banking process is faster than before and more reliable. Percentage mean obtained from the surveyed data is 86 percent (Mean and Standard Deviation $4.3000 \pm .78895$).
- Usage and adoption of Technology like CBS also lead to competition among the banks which eventually resulted in better services to customers. Percentage mean 82.4 percent (Mean and Standard Deviation $4.12 \pm .65900$)
- Customers can perform every banking transaction without physically stepping into a bank branch. Percentage mean obtained was 85.6 percent (Mean and Standard Deviation $4.28 \pm .49652$).
- A host of innovative initiatives revolving around fund transfers, investment advice, and know yourCustomer (KYC) documentation, are being replaced by technologically advanced systems. Percentage mean obtained from the surveyed data is 85.6 percent (Mean and Standard Deviation $4.28 \pm .49652$).
- A number of digital platforms have enabled retail banks to attract customers on different shopping portals via mobile apps and social media platforms. Percentage mean, 86.8 percent (Mean and Standard Deviation $4.3400 \pm .47852$)
- The progress of technology and the development of worldwide networks have significantly reduced the cost of global funds transfer. Percentage mean 83.2 percent (Mean and Standard Deviation $4.16 \pm .76559$)

- CBS resulted in handsome growth in the business and profitability of banks by ensuring Ecstasy to customers. Percentage mean is 81.2 percent (Mean and Standard Deviation $4.0600 \pm .79308$)
- There is a significant difference in the opinion of male and female respondents regarding contribution of CBS towards innovative changes in the future banking sector.

SUGGESTIONS

CBS has no doubt brought innovative banking channels which offer a variety of benefits to meet the requirements of customers, but due to security issues; many are hesitant to make use of these channels. Internet fraud, cyber-crime incidents discourage customers' interest in e-banking. Breakdown of computer, internet connectivity problems are the most common problems faced by the customers. There is a need to create confidence in the mind of the customers by ensuring more security to customers' accounts. Technology infrastructure should be strengthened. Internet connectivity also should be increased. Moreover, people should come out of the prejudice in their mind that, their accounts are at risk when they use internet for operating their accounts.

CONCLUSION

Reshaped operating models of today's bankers are the outcome of adoption of innovative technologies in their organisation set up. Compulsory adoption of Core Banking Solutions by the bankers has made possible anywhere banking at any time, 24 hours of a day around the globe. In fact CBS has made it possible to reap the benefits of globalisation by facilitating payments across the countries and around the globe with least efforts by ensuring peak convenience to the users. Days are changing, people are changing, systems of trading are changing, method of operations are changing, mind-set of people are changing, and today change is inevitable everywhere. Changes are the end results of innovations. Hence bankers should deploy their time efforts and money on innovations so as adapt themselves with the changing demands and expectations of customers, if they have to survive and mark a place in the banking field.

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