Faculty of Business Studies
Punjabi University, Patiala

Abstract

Indian Banking: Managing Transformation
Through
Information Technology – Problems & Prospects

Supervisor
Dr. M.S. Bedi
Former Head & Professor, PSMS
Punjabi University, Patiala

Co-Supervisor
Dr. R.K. Uppal
Associate Professor, Economics
DAV College, Malout (Pb.)

Submitted By
Rimpi Kaur
Regd. No. 818 BC (F) 98
C/O Lakhveer Engg. Works
Faridkot Road, Sadiq – 151203 (Punjab)
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Abstract
Cross-border flows and entry of new products have significant impact on domestic banking sector, forcing banks to adjust the product mix and operations in order to compete in the global environment where the IT Act, 2000 have also gained a new dimension in banking industry and created a transformation in the mindset, business processes, capital structure and human resource development. The study empirically analyzes the role of IT in banks’ performance and clearly indicates that new private sector banks have leveraged information technology effectively in taking away the customers from public sector banks with significant improvement in revenue, potential customer base, efficiency. In fact, inherent rigidities in public sector banks pose serious challenges and widened the gap between partially and fully IT using banks’ overall efficiency. The study concludes that ebanking serves with better efficiency, reduced costs and have bright future with more satisfied customers and employees. Among e-channels, mobile banking and internet banking are contributing significantly to enrich the efficiency while others have mixed effect. The findings and recommendations of the study will be helpful for the banking industry, more particularly for partially IT-oriented banks to transform a number of services, delivery channels as per the customer requirements. The technology holds the key to future success of Indian banks as India could leap-frog into internet banking quicker than the United States provided Indian banks grab the opportunity.

Key Words: Bank Transformation, E-delivery Channels, Efficiency, Customers and Employee Perceptions