Impact of E-delivery Channels on Recent Bank Transformation in India

RAJINDER KUMAR UPPAL*

Abstract
The present study analyzed the impact of e-delivery channels on the productivity of various banking groups in the pre-and-post, e-banking period which is responsible for the recent bank transformation. In order to know the impact of e-delivery channels on the productivity of various bank groups in two time periods, the study used correlation and regression analysis methods in the pre-and post-banking period. A human productivity index and an IT index have been developed. In the study period, the time period is deliberately divided into two parts, the pre-e-banking period (1996-97 to 2000-01) and the post-banking period (2001-02 to 2019-2020). The study concludes that the human productivity index of various bank groups is positively correlated and statistically there is a significant difference in a group's performance in two periods. The substantial improvement in productivity is evidence of the Bank's transformation.

JEL Code: G21; G28; G32; G33
Keywords: Bank Transformation; Human Capital; IT Index; Bank Group; Productivity; India

I. Introduction
SINCE THE BEGINNING OF economic liberalization in the early 1990s, India’s banking sector has experienced unprecedented growth and quality improvements. Initially offering only plan vanilla banking services, banks have gradually transformed themselves into universal banks. With ATMs, Internet banking, mobile banking, and social banking, banking is now available anywhere. Globalization and the entry of new products have a significant impact on the domestic banking sector, forcing banks to adjust the product mix and operations to compete in the global environment where the IT Act of 2000 has also gained a new dimension and created a

1 Presented at IIF International Research Conference & Award Summit, November-December 2021
* Professor in Economics, Baba Farid College of Management and Technology, Bathinda, Uppal Street, W-1, Gill Road, Near PUDA Colony, Malout, Punjab, 152107, INDIA

Submitted October 2021; Accepted July 2022
4.6 Policy Implications

The major policy implication of this research is that in the emerging competition, public sector banks immediately adopt all the time savvy and cost-effective technologies otherwise, they will lose their potential customers and there will be less place for them in the market. They have started to adopt new technology but still more technology adoption is needed by the hour. The public sector banks should not consider IT as a threat rather it should be considered motivation for them.

V. Conclusion

The post-e-banking period is steadier, with notable gains in employee and branch productivity with a major impact on Group IV, which is obsessed with technological advancement and proficient management of innovation. The post-e-banking era substantiates the augmentation of productivity of all banks, but partially IT-oriented banks are more diverse, and this is mainly due to a wider branch network and poor IT infrastructure. IT with other facets is a decisive artifact of transformation, where banks' productivity is a little evidence. IT index shows an upward trend as an industry. Among all e-channels, mobile banking has a strong effect on productivity followed by internet banking. A positive correlation of IT with productivity anticipates future scope for further technological developments. As a whole, it can be concluded that the post-e-banking period has improved productivity excellently through the increased use of IT, specifically mobile banking and internet banking. The use of information technology contributes to improving productivity further by increasing business and reducing establishment expenditures. The substantial improvement in productivity is evidence of the Bank's transformation.

References


© Indian Institute of Finance


© Indian Institute of Finance


