Lesson 2

1/ IMPORTANCE OF IT :

1.   Online Banking Platforms: IT enables the creation and maintenance of online banking platforms and mobile applications that allow customers to perform various transactions and access banking services conveniently from their computers, smartphones, or tablets.

2.   Digital Payment Solutions: IT enables the development of secure digital payment solutions, such as mobile wallets, contactless payments, and online payment gateways, which have revolutionized the way customers make transactions.

3.   Data Security and Fraud Prevention: IT ensures the implementation of robust security measures to protect sensitive cus

Customer Relationship Management (CRM): IT systems facilitate the effective management of customer relationships through data analysis, personalized marketing, and customer support. This allows banks to offer tailored services and improve customer satisfaction.

5.   Data Analytics: IT enables banks to gather and analyze vast amounts of data, helping them gain insights into customer behavior, spending patterns, and market trends. These insights can be utilized to develop better products and services.

6.   Automation and Efficiency: IT allows banks to automate various processes, such as loan approvals, account openings, and account management, reducing the need for manual intervention and improving operational efficiency.

7.   Remote Banking Services: IT enables customers to access banking services from anywhere at any time, even in remote areas, through internet connectivity and mobile networks.

2/ Impact of IT on Privacy and Confidentiality of Data:

Data being stored in the computers, is now being displayed when required on through internet banking mobile banking, ATM's etc. all this has given rise to the issues of privacy and confidentially of data are:

- The data processing capabilities of the computer, particularly the rapid throughput, integration, and retrieval capabilities, give rise to doubts in the minds of individuals as to whether the privacy of the individuals is being eroded.

- So long as the individual data items are available only to those directly concerned, everything seems to be in proper place, but the incidence of data being cross referenced to create detailed individual dossiers gives rise to privacy problems.
- Customers feel threatened about the inadequacy of privacy being maintained by the banks with regard to their transactions and link at computerized systems with suspicion.

3/ **Role of IT in Banking Sector**

1- Information Technology has significantly increased the operational effectiveness of banks. Automation has greatly decreased manual labour, minimised errors, and increased overall productivity for regular jobs including account administration, transaction processing, and document verification.

2- information technology has revolutionized customer interactions and experiences in the banking sector. Internet banking, mobile banking applications, and digital payment solutions have empowered customers with round-the-clock access to their accounts, enabling transactions, bill payments, and fund transfers at their convenience. Furthermore, IT has facilitated the development of personalized services by analyzing customer data, allowing banks to offer tailored products and recommendations, thereby strengthening customer relationships and satisfaction.

3- IT has contributed to enhancing the security and risk management practices in the banking sector. Advanced security measures, including encryption, biometric authentication, and real-time fraud detection systems, have been integrated into banking systems to protect customer data and prevent unauthorized access.

4- The adoption of emerging technologies, such as artificial intelligence, blockchain, and big data analytics, presents immense opportunities for the banking sector.

4/ **Impact of IT on the Service Quality:**

The most visible impact of technology is reflected in the way the banks respond strategically for making its effective use for efficient service delivery. This impact on service quality can be summed up as below:

- With automation, service no longer remains a marketing edge with the large banks only. Small and relatively new banks with limited network of branches become better placed to compete with the established banks, by integrating IT in their operations.
- The technology has commoditizing some of the financial services.
- The technology on one hand serves as a powerful tool for customer servicing, on the other hand, it itself results in depersonalizing of the banking services. This has an adverse effect on relationship banking. A decade of computerization can probably never substitute a simple or a warm handshake.
- In order to reduce service delivery cost, banks need to automate routine customer inquiries through self-service channels. To do this they need to invest in call centers, kiosks, ATM's and Internet Banking today require IT infrastructure integrated with their business strategy to be customer centric.