

Chapter - 08

IMPACT OF DISRUPTIVE TECHNOLOGIES ON THE WORKFORCE OF INDIAN BANKING SECTOR

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ABSTRACT

This report consists of the different impacts and changes that have been brought on by the introduction of different types of disruptive technologies in the banking sector of India. Traditionally the banking industry has been a labor intensive industry with slow moving work speed and many delayed projects. Many banking instruments were not even available to the public for use . Banking was also considered as an industry for the rich and wealthy. But times have changed drastically and we have witnessed a broad spectrum of changes in banking and because of that the change in workforce is also pretty evident. The use of specialized softwares and internet technologies brought with itself huge disruptions in the banking sector and which brought about changes in the workforce that was employed in this industry as well.

Banks embrace new technology in order to enhance processes, reduce costs, and create value-added services. While technological investment is unavoidable, banks must be prepared to prioritize the difficulties of implementing new technology. The technological advancements that the banking industry is undergoing is posing considerable problems to the workforce.

The biggest Disruptive Technologies currently in the market are Blockchain, Fintech, Artificial Intelligence, Big Data, Cloud Computing and have already grasped a substantial marketshare and are looking to become the future pioneers in Banking.

INTRODUCTION

The Indian banking sector has enormous potential and opportunities thanks to technological advancements. Increasing technological changes and the entry of institutions not into banking into the financial space, such as fintech, bigtechs, have left no room for banks in India to prohibit or stay away from new innovations. Given the high amount of technology changes in Indian banking, assessing the advantage of technology in the profit making and performance of Indian banks is difficult. Customers' banking service requirements have been simplified as a result of the technology-driven value proposition. Customers' demand for different channel of services has grown in recent years.

Despite the fact that Indian banks' digital footprint is expanding rapidly, customers tend to give more heed human contact over machine interaction. Although technology is regarded as a great method of introducing innovation to the customers, customers are more interested in security and personalized services than in technology. As Indian banking enters a new age in which investment in different kinds of technologies is a new reality, banks must raise awareness about all the new technologies and assist customers in adapting to the new journey with personalized services with a human touch.

The new generation of financial technology startups is unbundling the banking model, facilitating banking services and providing a smooth customer interface. Banks are embracing new technology and reinventing customer service in order to achieve sustainable growth and compete. The technological transformation has resulted in a gradual shift away from brick-and-mortar systems and toward technology-enabled services that require less human intervention. The question now is whether, while the positive aspects of technological innovations are evident, the banking industry is growing with technological developments or is it also affected by disruptions.

LITERATURE REVIEW

- 1. The Empirical Economics Letters, 18(3): (March 2019) Disruptive Technologies and its Effect on the Workforce in Banks: A Framework of Assessment for Mitigation**

Study done by : Neha Chhabra Roy, T. Viswanathan

This report was a major source of information as well as direction for me in this study. The topic of this report is quite similar to mine and hence it became a key source of facts and figures for my report. This report was made keeping in mind the key factors which are bringing about a change in the workforce of Indian banking sector and how much to these factors affect the practical banking environment. The study was conducted on 40 bank professionals who had been in the industry for more than a period of 5 years . The study consisted of qualitative risk factors and how these would affect the workforce directly or indirectly. The personal risk was converted into a well-designed and administered primary survey using a structured questionnaire that addresses the severity of each factor on a scale of 1 (very low) to 5 (extremely high) (Very High). Judgmental sampling was used to send a questionnaire to 10 different banks (5 public sector and 5 private sector banks) operating across India between September 2017 and February 2018; banks were identified based on their market capitalization and asset base considered for this study.

The study gave the result that the top three prominent risk areas have come out as skill-based pay, compensation, career planning and adaptability to change based on respondents responses.

2. Prajnan, Vol. XLVIII, No. 4, 2019-20 : Dynamics of Technological Evolution in Indian Banking

Study Done by: Bibekananda Panda, Sara Joy

This study is made to explain why technology is important and how it is being used in Indian banking, the way various technologies have evolved in Indian banking, the major drivers of technology.

This study is a deeper dive in the topic that The Indian banking sector has enormous potential and opportunities thanks to technological advancements. Heavy changes in technology and the entry institutions which are not into the financial space, such as fintechs, bigtechs are leaving no room for Banks in India to stop or resist changes in technology anymore. Given the high level of technology changes in Banks in India, assessing the advantage of the new technologies to profits in Indian Banks is difficult. Customers' banking service requirements have been simplified as a result of the technology-driven value proposition. Despite the fact that Indian banks' digital footprint is expanding rapidly, customers like human touch above machine interaction. Although technology is regarded as a good way to make customers know about innovation, customers are more interested in security and personalised services than in technology.

3. International Journal of Mechanical Engineering and Technology (IJMET) Volume 8, Issue 9, September 2017, pp. 510-515 Impact of Disruptive Technology on Indian Banking Sector

Study Done by: S. Visalakshmi, Dr. R. Ratneswary V. Rasiah

This study was a great reference to the aspect of assessing the changes that are brought by technology in the market of finance, whether or not they are a way to enable or disrupt the old models of banking. This study discusses the impact of all the different forms of disruptive technologies individually and also the key changes that they bring with them.

The arrival of disruptive technology causes extraordinary changes in the banking service sector. These developments are altering the type of competition in the business of bank services. Even though the instance that e-marketplaces have taken over the majority of the playing field, client-facing forms still exist.

Banking competition has an impact on economic development because banks play an important role in financing the economy. But, some non-desirable consequences of competition in banks, such as taking a lot of risk by banks, which may jeopardize

financial stability. To deal with increased pressure, banks have changed using information technology.

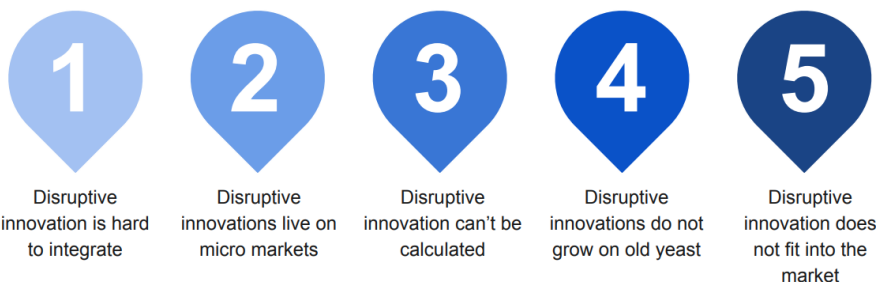
However, deploying all of this new methods is costly, though the benefits are endless. Furthermore, technologies which disrupt now provide an opportunity to solve long-standing issues such as a lack of financial inclusion. As a result, it is guaranteed that technology will keep continuing to revolutionize banking in the future by providing more complex services to clients through constant product and process innovation.

RESEARCH METHODOLOGY

OBJECTIVE

The objective behind doing this research report is to define the specific ways that the different kinds of disruptive technologies have affected the banking sector in our country and what are the specific ways in which it is visible in how the workforce employed in this sector is operating considering these changes. This report is hence a small guide for the readers to understand this scenario and understand the importance of being able to cope up with the upcoming technology disruptions as those who are unable to do so are often seen suffering huge losses as well as loosing big market shares in which they were previously very successful. Those who are able to cope up and also test out new technologies before their rivals are seen becoming successful and achieving big market shares because of the technology they offer which is desirable for the new age of customers who have very high expectations and have high demands.

Five traits of innovations that you need to know to survive banking disruption



HYPOTHESIS

- Disruptive Technologies are imminent and banks must be ready to take measures to incorporate these technologies in their present work environment.
- Inability to incorporate or ignorance of these technologies lead to huge losses in investments and customer strength for the banks.
- Workforce of banks need to be trained and educated on the new standards and technologies in order to enable them to cope up with the disruptive environment created by these technologies.
- Workforce of banks have a time incorporating these technologies as they are new and they disrupt the already established systems in place.

TYPE OF RESEARCH

The research type that I used for this report was secondary research. The reason being that my topic is focused on how disruptive technologies effect the banking workforce in India and in order to obtain primary research from these specific individuals good contacts and a lot of time is required which was not possible for me.

The other point being that it is important to cover all different kinds of technologies whether or not they are being used by the banks that that I have access to and hence secondary research becomes more useful as it enabled me to gain information on many new disruptive technologies and also provided me with the views, advantages, and hardships being faced by the workforce of banks through help of different webpages and different reports by experts in the matter.

FINDINGS

The present biggest Disruptive technologies in the banking industry are as follows:

1. Digital Currencies and blockchain
2. Fintech Innovations
3. Artificial Intelligence
4. Big Data
5. Cloud Computing

The various challenges being faced by the Banking Workforce in India are as follows:

1. Lack of Skill
2. Adaptability of the Workers to change
 - Adequacy
 - How prepared are the People
3. Work Management
4. Career Planning
5. Performance Management Support
6. Exposure to Training
7. Skill Transformation

CONCLUSION

In conclusion I would like to say that disruptive technologies affect the work environment and the work lives of the workforce in a variety of different ways . Some of which are are good and the others are not so fruitful. But the importance of occurrence of these disruptive technologies supersedes all these factors as only through innovation and constant change can the world progress forward. These disruptions are hence very necessary as they are the building blocks of the future generations and also help the people in achieving their respective tasks in a much easier and smooth manner.

BIBLIOGRAPHY

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