E BANKING INNOVATIONS: TRENDS IN INDIA

SHILPI KHANDELWAL
Assistant Professor/ Research Scholar
Singhania University, Pacher Bari, Jhunjhunu
shilpiapex@gmail.com

ABSTRACT

The tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations. With the development of information technology, the world has become a global village and it has brought a revolution in the banking industry. The banks appear to be on fast track for IT based products and services. Bank customers are becoming very demanding and it is the extensive use of technology that enables banks to satisfy adequately the requirement of customers. Technology has become the fuel for rapid change. IT is no longer considered as mere transaction processing or confined to management information system. The wind of liberalization, globalization, and privatization has opened new vistas in the banking industry in the generation of an intensely competitive environment. The post-liberalized banking industry in India has been witnessing a discernible shift from the sellers’ to the buyers’ market. Further the banking sector reforms and introduction of E-banking has made very structural changes in service quality, managerial decisions, operational performance, profitability and productivity of the banks. E-banking is one of the emerging trends in the Indian banking and is playing a unique role in strengthening the banking sector and improving service quality. It has enabled the banks to handle the payments electronically and inter-bank settlement faster and in large volumes. There is increase in customer satisfaction level, reduction in cost of banking operations, increased productivity and as such there is a tremendous scope for Indian banks to enlarge their E-banking services which could enhance their competitiveness. Further, new technology has rapidly altered the traditional ways of doing banking business. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking; to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers. This paper looks into long term future trends in E-banking by providing a literature review and analysis of future studies. The future trends include long spanning megatrends in addition to shorter term forecasts of the forthcoming phenomena. Based on the analysis, some key trends are recognized based on their potential impact on banking services. The key trends are analyzed and discussed for their impact on future E-banking services. Finally, we draw some conclusions of the main development directions in E-banking.

Keywords: E-banking, Consumers, Trends, Innovations, Technology
INTRODUCTION

The last decade has witnessed a drastic change in the economic and banking environment all over the world. With the economic and financial sector reforms introduced in the country since early 1990s, the operating environment for banks in India has also undergone a rapid change. The process of deregulation and reforms in the Indian banking system resulted in the creation of an efficient and competitive banking system. Deregulation has opened up new vistas for banks to increase their revenues by diversifying into universal banking, investment banking, bank assurance, mortgage financing, depository services, securitization, personal banking etc. An inevitable result of globalization is that it increases the soundness of financial system as a whole and facilitates global competition. At the same time, liberalization has opened the turf to new players and brought greater competition among banks. To survive in this competition, the information and communication technology significantly contributed to the exponential growth and profit of financial institutions worldwide. Technology is the key to move towards providing integrated banking services to customers. Indian banks have been late starter in the adoption of technology for automation of processes and the integrated banking services. But with the global adoption of technology, Indian banking is also at the threshold of paradigm shift due to the latest changes. There are various factors which have played vital role in the Indian banking sector for adoption of technology. Firstly, the economic reforms introduced by the government almost fifteen years back which resulted in opening up of new vistas for banks outside the world. Government relaxed rules and regulations, and simplified the processes for the FII to make investment in the banking and various sectors. This resulted in inflow of large funds in the economy thereby improving the economy as a whole and banking sector in particular. Due to this reason, banks need to provide such services, which satisfy the urge of foreign investors. Secondly, as a part of reforms Indian banking was opened for private sector by which old and new private sector came into limelight. They gave a big boost to technology and created a platform to use it for backside and front-side operations. When they started adopting it, this put a tremendous pressure on the nationalized and public sector banks. With the result of such healthy and competitive environment, overall banking system became more work prone, efficient and technology savvy. Thirdly, for the economic development of a country, infrastructure plays a vital role. In the last few years, with the development of telecom sector, communication infrastructure, BPOs, the entire country became a single hub of transmitting the information and the major cities got connected with one another, which helped in the reduction of total cost. This had directly helped banks. During the same period banks were busy in connecting their branches with centralized database and core banking solution by offering anywhere, anytime services. Fourthly, Indian software industry has also impacted the Indian banking sector. To provide excellent services to the customers, banks need to have web based portals, wide area network (WAN), local area network, internet, etc. and all these services are provided by the software industry to Indian banking at reasonable prices and at the right time. Fifthly, most of the banks in public as well as private sector have technology thrust from RBI to adopt the changes in order to improve the operational efficiencies, security measures, risk reduction and quality up-gradation. After liberalization RBI made several changes in the basic structure of banking sector and laid down numerous guidelines on electronic banking, fund transfer, core banking solution, payment system, clearing services, and internet banking. So, it becomes necessary for the banks to adapt sweeping changes in technology. Further, Indian Banking Association (IBA) has helped banks to create a forum to discuss various issues on computerization and automation of processes which
further resolve the problem of adaptation. This change somehow affects the human resources of the banks as there is a change in their working hours, processing time and IBA created a very convenient environment to resolve the issue directly. Last but not the least one is the role played by Central Vigilance Commission for the facilitation of branch computerization by issuing the directive measures for speeding the branch computerization process. This issue was directly related to improve the vigilance administration in the banks. This helps in improving the automation process and to take strict action for the banks, wherever required. All the above factors led to transformation in the Indian banking sector, and with the advancement and adoption of technology a lot of changes have been made in payment system and banking system as a whole. This evolution has transformed the way banks deliver their services using technologies and electronic modes. Now banks can reach their customers anywhere, anytime; and customers are able to get instant access to their accounts from any corner of the globe anytime. With increasing competition the customers are also becoming more demanding. To meet customers’ expectations banks will have to offer wide range of services like ATM’s, telephone banking, mobile banking etc. by upgrading their branches. The key to attract and retain the customers lies in efficient customer service including customized and value added products to meet various needs of individual customers as well as to meet the diverse needs of customers.

Predicting future development directions is of interest to society in general. However, forecasting forthcoming events and development directions is elusive, as the certainty of predictions is relatively low. Despite this, there are many studies focusing on analysing future trends with different methods. In addition to predicting shorter term development trends, future research deals with forecasting future states of long spanning and significant events and phenomena, as well as, their consequences. The future trends have differing impacts on society, economy, environment, business, etc. on both local, regional and global levels. These long range future development directions are called megatrends. The term was popularised by Naisbitt (1982), when he proposed ten major trends for the 1980s outlining the wide spanning transformation from industrial to information society. This transformation is now apparent in most industries, services and banking included. In fact, banking has been in the forefront of information society. To sum up, future trends have huge impacts on global and national economies and will lead to technological and structural changes in most business areas, service industries included. Service businesses have been experiencing extensive transformations both at macro and micro levels (Sigala & Christou, 2006). Banking industry is no exception feeling the impacts of future trends. The industry has gone through drastic changes in recent decades, mainly due to deregulation, opening up of global and regional markets, development in ICT technology, and, last, but not least, due to consumers adopting the use of digital networks. The expansion of electronic home banking is definitely one of the most influential drivers in the restructuring of banking services. The previous dependence on large networks of branch offices has been replaced by digital services. As consumes are increasingly using internet to purchase products and services, they need convenient, safe and familiar payment and banking services. Due to increase of mobile devices, this trend of digital self-services in banking, irrespective of time and place, can be expected to continue. This paper looks into future trends shaping the societies by first reviewing megatrends and other future oriented studies. Secondly, we recognize the key future trends from the viewpoint of banking services. The selected services are then reviewed and analyzed particularly for their impact on banking, financial and payment services to recognize the requirements for future banking services.
Global megatrends are predominant global forces that have their foundations in the past, are shaped by present actions and will transform the future (Singh et al, 2009). The impact area of megatrends is wide, including geo-political and social development, cultural issues, economic trends, and technology environment. They also influence consumers every day in different regions, social classes and ages (Florin et al. 2007). As future development directions are uncertain to a high degree, they cannot be sufficiently predicted with e.g. statistical methods of analysing trends. For example, by analysing recent years, we can observe that use of electronic banking has increased continuously. If we assume this development to continue, we can predict the usage to double within a decade. This approach fails to take into account any limitations, specific drivers and enables, as well as, the stage of development in the growth curve. Accordingly, statistical trends should be used only at short term forecasting, and longer spanning studies use other methods, such as development of alternative scenarios. Future trends can be analyzed at global level, or they can focus on e.g. one industry. Typically global level megatrends consist of smaller trends together describing a more general development direction (Aburdene, 2007). There is lack of generally accepted terminology in future studies, and several terms used are overlapping. However, megatrend is generally accepted to be a trend extending over long time, even several generations, and with extensive impacts on society and environment. Typical examples include climate change, technology development, population growth, change in the population pyramid in developed countries, etc. Some researchers have divided long-term trends into metatrends, gigatrends and megatrends. These seem to be somewhat overlapping. A factor affecting the analysis of trends is their complexity. They involve intricate and multi-step interactions between a large number of factors. Consequently, this increases the difficulty of forecasting the impacts of trends. Particularly difficult seems to be predicting the time table of trends. For example, societies can be at different stages of a recognised trend. Naisbitt’s trend of transformation from industrial to information society is a representative example. North America and Europe can be maintained to be already dominantly at information society stage, while Asian countries, particularly China, has in a very rapid pace evolved from agricultural to industrial stage. India has partly evolved into information society stage, due to its ICT service industry, while also building industrial capacity. These regional trends also have impact on each other, as the growth of manufacturing industries in Asia affects the decline of manufacturing in Europe, and may also drive the information and service society development. Metatrends are change processes that are conceptually and theoretically only taking form, but when realised will change trends, megatrends, and even gigatrends. Gigatrends are even longer term development directions, and are the “basic reasons” which change very slowly. Trend is an expected development direction based on extension of today’s pace of development. Wild cards are trends that have not been recognised yet, but which may have great impact on future. Wild cards may be found to be observing weak signals, which are incomplete and fragmented data from which relevant foresight information might be inferred. To summarise, there are different types of future trends focusing on shorter or longer terms analysis of forthcoming events and development directions. In this study, we use all types of trends for recognising the key future development directions from banking service viewpoint. Consequently, such major megatrends as climate change with no direct impact on banking services are omitted.
LITERATURE REVIEW

In this section we review and analyze different future trend studies for finding the most pertinent trends from e-banking services viewpoints. The convenience sample of future trend studies consists of future spanning studies made from several different viewpoints to form a holistic view on future trends in banking area. The goal has been to avoid the inevitable bias toward banking, if only “banking services” oriented studies would have been reviewed. This approach provides a more profound and generalizable background for analysing future banking service needs. Next we review the literature of future trend studies for recognizing the main trends connected or influencing banking and payment services.

Naisbitt 1982
- Shift from an industrial to information society
- Shift from forced technology-push to technology pull
- Shift from predominantly national economies towards a global one
- Shift from short-term perspectives towards long-term perspectives
- Shift from centralized towards de-centralized and flatter structures
- Shift from institutional help and services towards self-reliance and self-help
- Shift from representative to participatory democracy
- Shift from hierarchies to networking

Naisbitt and Aburdene, 1990
- Booming global economy
- Renaissance of the interest in arts
- Emergence of free markets in socialist economies
- Increasing similarities in global lifestyles combined with increasing cultural nationalism
- Privatization of the welfare state
- Increasing influence of Pacific Rim countries
- Rise of women in leadership positions and roles
- Rise and progress of biotechnologies

Lee & Lee 2002, Lee & al., 2007
- Globalization
- Digitalization
- Deregulation and privatization
- Changing demographics
- Changing industry mix
- Convergence wave in media
- Commoditization of processes
- Increasing importance of emerging economies
- From the quality-thinking to speed-thinking
Gagnon and Chu, 2005
- Resurgence of intermediaries
- Customer value drivers fragment
- Information exposes all
- Dominant mega-retailers enjoy virtuous cycle to improve competitive positions
- Polarization of market place to mega players with "good enough" value with low price, and differentiated specialists for niche segments
- Partnering becomes pervasive
- Companies drive growth by applying distinct business models in each part of their business to deliver the greatest value to explicitly defined groups of customers

Aburdene, 2007
- Increasing power of spirituality
- Dawn of conscious capitalism
- Leading from the middle
- Spirituality in business
- Values-driven consumers
- Wave of conscious solutions
- Socially responsible investment boom

TNS, 2008
- Group buying by consumers
- Social network shopping websites and group purchasing
- Sales and product info to mobile based on location
- Biometric payment by fingerprints
- Shopping by mobile phone

Nurmi and Hietanen, 2008
- Growth of Asia in economy
- Involvement of globalization and localization
- Importance of sustainable growth
- Borderless regions, e.g. EU
- Continued growth of energy use in transportation

Pantzar, 2009
- ICT is becoming ubiquitous and is creating new kinds of timeplace dependencies and independencies
- Traditional time-patterns of consumption will change toward 24 hour society for 7 days a week and 365 days a year
- Many of old consumption and time patterns dominate regardless of the possibility of time independent services, e.g. in home banking
Singh & et. al, 2009
- Globalization, including cultural multipolarity, cultural flow due to interconnection in digital media
- Globalization of workforce due to integration of economies and emergence of the BRIC countries
- Rise of networks, including proliferation of information technologies and vastly increasing connectiveness
- Convergence due to amalgamation of technologies, grid and ubiquitous computing
- Open innovation, innovations increasingly cross disciplines and boundaries, customers as co-producers

Deloitte, 2009
- Open information flows incl. blogs, chats, web 2.0
- Direct delivery chain to consumers
- Advanced devices providing sound and picture in decision making situation
- Increased trust to e-commerce and payment systems
- Growing risks in payments drive e.g. SEPA
- Personal information use in purchasing
- Freedom from store locations
- Decline of traditional markets from 2015 onwards due to e-shopping and growth of direct buying which will have 20% market share by 2020
- Growth of mobile devices
- Multiple channels in use by consumers- -multichannel trade will grow to 30-40% of volume

Ahola and Palkamo, 2009
- Scarcity as innovation driver
- New consumer movements impact consumption
- Global logistics will cut down costs and enable truly global retail
- Wireless technology enables time and place independent consumptions

Ahvenainen & al. 2009
- Population growth, however industrialized and non-industrial or newly industrialized countries are in different situations
- Economic growth during the last 50 years, however systemic change in global economy may have impact
- Continuous technology development in ”Moore law-type” dimensions
- Faster pace of changes with global reach
- Urbanization, e.g. in China 300 million people will be urban within next decades same pace is expected in many developing nations
- Global economy has created a complex network of dependencies
- Polarization of societies
- Multi-polar world due to growth of Asia
- Globalization 3.0 – growth of local production – blurred boundaries of manufacturing and logistics with global manufacturing corridors
Gracht and Darkow, 2010

- Companies global networks and relationships become the enabler for competitiveness
- Demand for convenience, promptness, and flexibility turn logistics into success factor
- Small specialized logistics service providers are merged into global networks
- Personal fabricators for local production
- Developing countries narrowing the gap to industrial nations in many industrial sectors
- Consumers demand convenience, simplicity, promptness, and flexibility
- Differing demands in densely populated areas compared depopulated, rural regions
- Service providers need to make decisions based upon global ethical standards and independently from national, cultural, and ethnical interests
- Knowledge expansion and the focus on knowledge generation, processing, and dissemination have led to relocation of production activities and novel international division of labour
- Biometric identification may become a standard identification technology
- The area-wide utilization of e-business has led to direct sales contacts between end customers and producers, with consequent displacement of wholesale and retail middlemen.

Forrester, 2010

- Next-generation business intelligence takes shape, combining real-time access with pervasiveness, agility, and self-service
- SaaS and cloud-based platforms become standard
- Apps and business processes go mobile on powerful devices and faster networks
- Telepresence gains widespread use
- Customer community platforms integrate with business apps
- Apps and business processes go mobile on powerful devices and faster networks

Ovaskainen and Tinnilä, 2011

- Globalization and widening markets
- Integration of technologies and business processes
- Evolution of business models
- Increasing role of services and change of demand structures
- Need for multi-channel solutions and channel management
- Increasing role of cooperative networks and partnerships
- Structural changes in business
- Increasing knowledge-intensity

Based on the literature review, we have recognized some topical areas connected with important future trends, with wide ranging impacts on societies, business, service business and banking services. The change in population age structure is a dominant trend in India, with wide ranging impacts on many businesses. This will affect consumption habits and businesses need to adapt to these changes. Another population related trend is urbanization, which is particularly important in many newly industrialized countries, such as China. Furthermore, the pace of societies is increasingly toward round-the-clock consumption and use of services. This trend is accelerated
by digital networks and digitalization of many services. In digital networks the costs remain the same if the service is available 24-hours a day, while in more traditional services the cost may significantly rise. Connected to digitalization is increased ICT pervasiveness, which means that most services are dependent entirely on ICT technology. Many novel services are enabled by technology and consumers use the services irrespective of time and place. Consumers enjoy increase in power toward companies due to increased information in digital networks. As huge amount of information about products and services are available to everyone, consumers can more easily make decisions based on their own preferences. As the use of internet has grown to a stage when most consumers use it actively, it has also become a major channel for shopping. E-commerce, whether business-to-business (B2B) or between consumers (consumer-to-consumer, C2C) uses multiple channels, including traditional, internet and mobile channels, as well as, requires payment, identification and banking services. Finally, the globalization of many previously national or regional businesses has resulted in structural changes and relocation of manufacturing and service operations. The growth of China as industrial centre, and India as key player in software services are good examples. Consequently, the key future trends analyzed in more detail for their impacts on E banking services in India are as following.

1. Demographic factors
2. Need for innovative personalized services
3. Round the clock services
4. Convergence of Mobile and Online Technologies
5. Data Management
7. Tablet Banking
8. Personal Finance Management: an opportunity
9. Online sales
10. Security the biggest challenge
11. Channel Integration

ANALYSIS OF THE RELEVANT TRENDS & THEIR IMPACT ON E BANKING SERVICES IN INDIA

This section provides a review of selected future trends and analysis of their potential impacts. The selection criteria for the key future trends was their impact on E banking services, and therefore trends with few recognised impacts were omitted. The impacts can be direct or indirect, where direct impacts are typically more straightforward and more easily recognised. For example, rising labour costs force banks to adapt digital self-services. The indirect impacts are more complex, such as e.g. urbanisation has profound impact on purchasing patterns and service use of consumers.

DEMOGRAPHIC FACTORS

In India the population of youth (between the age of 14-29) is the largest youth population globally, which is around 27% of the total 1.2 billion. Furthermore, adding the age group of 30-44, the proportion is 47%. Apart from the huge size of this segment, they are among those who are the early adopters of latest technology and new services, which presents a huge opportunity for e/m-banking service providers. This trend will have profound impact on consumer behaviour and will drive the development of services to this customer segment.
NEED FOR INNOVATIVE PERSONALIZED SERVICES

Bank customers are today more informed than ever before and have a high level of confidence in choosing products and service providers for themselves. As a result of the recent crisis and the reduced trust in banks, customers are now much more willing to purchase products and services from various banks than they were in the past, and are consequently banking with multiple providers. Managing different banking relationships and comparing products and services between different providers is becoming easier for customers through direct channels, Internet blogs, and forums, and social networks. Consequently, customers have increased the number of their banking relationships. At the same time, the use of self service and direct channels has become a top priority for the majority of banking customers. This trend is accompanied by the customers’ need for better and more personalized services. In addition, customers have become more price-sensitive as indicated by the change in customer reactions to pricing strategies for banking products and services. As a result of this changing customer behaviour, banks need to offer innovative and more personalized services investing in the digital channels in order to attract and retain customers. Only by doing so can they gain a competitive edge in the fight for new customers and win back the trust of their existing customers.

ROUND THE CLOCK SERVICES

Services are increasingly used irrespective of time and place. The expansion of opening hours of virtual services is impacting also more traditional services, as consumers expect service round-the-clock, or even “24/7/365”. The basic difference between digital and traditional services is the cost structure. Digital services are heavily biased toward development and implementation costs, as ICT systems need to be installed and customized. However, operating costs are very low. Traditional services have higher labour costs, and particularly work outside regular office hours is costly. There seems to be no single reason for the changing and expanding consumption rhythms, and among consumer researchers there has been much discussion about the changing daily rhythms of consumers and society in general. The phenomenon is apparent in many cases, as the longer opening hours of shops and markets show. The introduction of digital networks itself expands the availability of services from the limitations set by traditional office hours. Consequently, consumers and businesses now require services all day and year round with subsequent impact on operations. Supporting services, which from customer viewpoint include also banking services, need to be up and running all the time. Consumers are buying products, ordering and reserving services, such as travel tickets when they want and need to the 24/7-services to do this. Thus, banking and payment services need to keep pace with the requirements (Adapa, 2011). Consumer researchers have found several trends that can be regarded as drivers and results of 24/7 service use. Among the main drivers are (Pantzar, 2010) irregularity of time use, fragmentation of time use and overlapping time use. All these trends are to be found in the daily life of consumers, but also create demands for service providers. The consumers are using services when they want (irregularity), they are using them in a more fragmented way by making, e.g. payments in several occasions during the day, instead of batching. One of the main impacts on banking services is the fact that everyday routines are shifting to new places, i.e. new times of day and week. Consumers have adopted electronic home banking, and use evenings and weekends to manage their routine payments. This brings pressures to banks that have no typically been open during evenings and weekends. For example Pantzar (2010) has analyzed the rhythms of daily life in internet banking sessions. The shift from use of banking services from week days to weekends is obvious. Also different customer segments may have very differing peaks service usage.

CONVERGENCE OF MOBILE AND ONLINE TECHNOLOGIES

Mobile banking started as a novelty, something only techies and first adopters felt comfortable using. But as smartphones have skyrocketed in popularity over the past few years, mobile banking adoption has increased along with it. Initially, many banks' mobile offerings consisted of their online banking model ported to an iPhone or Android device. As mobile has grown into a maturing channel,
however, banks and their vendor partners have produced richer mobile offerings that take advantage of its unique capabilities. And the rise of the tablet gives financial institutions another unique interface through which to interact with consumers.

While banks are embracing the mobile channel and continuing to support the old standby of online banking -- they are not integrating the technologies used to build e-banking solutions. But that will begin to change in near future. We'll hopefully see banks continue to develop solutions for these multiple channels but using a single set of technology to do so. A cohesive set of technologies, will make mobile app and online development easier for banks to manage. As banks continue to search for efficiencies and consolidate operations, the convergence of mobile and online technologies looks to be a prime opportunity to do so in future.

DATA MANAGEMENT

Both to increase efficiency and ensure regulatory compliance, banks need better methods of gathering and reporting data. Most banks struggle with multiple back-office systems and siloed information. To address these issues in earnest, there will be a large investment in new and improved business process management tools in the year ahead, experts say. Data integration will help banks obtain a more accurate view of their customers. Marketers often talk about breaking through data silos to look at data holistically and gain a more complete view of consumers' habits, and now banks will look to do the same. These big trends, and the move for strategic cost reduction, map very clearly to bigger Business Process Management investment.

MESSAGING : NEW TOOL OF COMMUNICATION

The abandonment of email for anything sensitive already has begun, and the shift to total reliance on message centers -- dedicated web portals designed for secure communication between a bank and its customers -- looks to be here to stay. The move to message centres will be beneficial on several fronts. Many organizations currently employ third-party and joint marketing campaigns that have made unified messaging difficult. They also continue to send emails with the actual messages in the body of the email or include cryptic links. These practices make it difficult for end users to differentiate between a legitimate email and a phishing email, so they will have to change.

TABLET BANKING

Tablet banking is still a young channel, but it is rife with potential. As with initial mobile forays, it may take banks some period of trial and error to determine how to build the best banking experience for the tablet environment. But most experts agree that the potential for a great tablet banking user experience, especially with the rich interface tablets offer, is nearly unlimited.

In fact, researchers believes that as banks realize the opportunity that the tablet format offers, they will begin to redesign their online banking experience to be more like their tablet banking offerings. The current state of tablet banking, being very immature, usually take what we have online and just put it into the tablet banking app. but it the other way around. The tablet offers the richest interface out there. Customers now expect a customizable, personalized experience on their terms. The "tabletization" of online banking and the advent of cutting-edge mobile technologies, such as mobile remote deposit capture, speak to the evolving bank user experience. This user experience trend is becoming more mainstream.
PERSONAL FINANCE MANAGEMENT: AN OPPORTUNITY

Personal finance management has been here for several years, but only few banks have started offering this type of service. But now banks seem to be willing to implement PFM since the importance of the online channel is skyrocketing, it is vital for banks to differentiate themselves on the online channel. PFM helps banks to get to know their customers better and we should not forget about the sales opportunity provided by PFM. Banks have 1 or 2 years from now to make a quick move and start offering PFM. If they do so, they will gain an advantage on the market. If they delay implementing PFM, the market will force them to do so.

ONLINE SALES

There will be no bank in coming days that can ignore the online channel as a sales channel. The portal (and microsite network) is responsible for customer acquisitions, while internet banking and mobile banking are great channels for cross sales.

Internet bank is the ideal channel for sales and communication purposes: customers are fully identified here, and they visit this channel on a regular basis. Selling online however, is not only an issue for the electronic channel: this affects all areas in the bank from the product development to the internal processes. Successful acquisition requires streamlined customer origination processes (including branchless account opening) while successful cross-sales depends on personal and pre-approved (if applicable) offerings.

SECURITY THE BIGGEST CHALLENGE

Mobile devices are becoming nearly ubiquitous. Many industry experts and talking heads already have proclaimed the "death of the PC" as consumers increasingly spend their time on their smartphones and tablets, including for their banking needs. But as more people conduct their banking on mobile devices, these devices also will become the growing focus of hackers and fraudsters, who are always on the hunt for ripe targets. Meanwhile, some experts say mobile devices are more prone to security breaches since they are a relatively nascent technology; plus, many people don't think of them as the little computers they are, and don't exercise the security precautions they would with, say, their laptop computers.

An Ernst & Young report released in November 2011 on the current state of security threats noted that consumers who access sensitive data, such as banking information, on mobile devices at wi-fi hotspots are more susceptible to hacks. Many bank employees believe only consumers are targeted by phishing scams; many are unaware that they themselves are targeted by attackers trying to compromise the organization, and they may be unprepared to recognize truly targeted phishing attacks from advanced attackers. This is in line with a November report issued by Ernst & Young that found employees within organizations and businesses are increasingly the targets of hackers rather than individual consumers.

CHANNEL INTEGRATION

The days when a customer would walk into a branch to fulfill all of his or her banking needs are long gone. If a customer starts a loan application online and doesn't have time to complete it, that customer then expects to be able to come into a branch on the way home from work to finish it. However, in too many cases the same customer often will be asked to start the process all over again in the branch, due to a lack of channel integration. Banks will need to better manage the seamless integration of online, offline and mobile channels in 2013 and beyond.
Many industry experts say we are moving to a post-channel world where the customer is the central and sole channel. Customers must now be at the centre of IT strategies, instead of a core platform or any specific channel technology.

Infrastructure is becoming a tapestry of decentralized delivery services. The channel isn't important anymore; it's all about the customer and thinking about how the customer is coming to you. Seamless channel integration is critical and every other bank should be striving for it.

CONCLUSIONS

This study looks into future trends shaping the world around us. Understanding the behind-the-scenes factors and drivers that influence changes in environment, society, business and consumers is crucial to researchers and managers. Instead focusing on short term changes only, we need to be able to recognize the far reaching development directions that may have the power to transform industries. This can be done by analyzing future trends of different types. Although definite answers to time tables of change, or exact shape of future, cannot be got, it is still worth while getting an insight to future directions. This kind of foresight allows e.g. better planning of personalized services, banking services not excluded.

This paper has looked into future trends by reviewing and analyzing the literature focusing on studies of the future. The future trends include long spanning megatrends in addition to shorter term forecast of the forthcoming phenomena. Based on the analysis, some key trends are recognized and selected based on their potential impact on banking services. While banking services have already transformed greatly during the last decades from branch office focused service companies offering personal service toward network-based digitalized self-services, there are still changes to be expected. Among the key trends recognized are changes in population pyramids and the increase of young population in India. Their growing share will have an impact on most services from grocery shopping to payment and banking services.

In order to address the changing customers needs, preferences, and behaviour, banks need to develop customer-centric structures and to build new capabilities for the “pull” customer across all generations and banking channels. The availability of innovative, technology-led banking services is a top priority for the banking customer of the future. Thus, in this environment technology led innovation can become a significant differentiating factor for banks. They can create opportunities to improve their customer value proposition, i.e., to fulfill the demand for simplicity, self-control, mobility, personalized service, and consistency of customer experience for each customer segment across various channels.

However internet banks were mainly designed for transactions and not for a sales and communication platform. In order to fulfill this new role and shield the online channel with better sales and communication capabilities, the user experience of internet banks should be improved; it should be increased to the level of web shops, online booking systems. Because the visitors are educated and indulged on these type of portals and they expect the same level of user experience from their banks. This is a huge but unavoidable challenge for banks for the coming year if they want to use this channel for sales and communication purposes.

Banks should focus on self-service to grow the bottom line by encouraging customers to embrace cost-saving practices, such e-statements and online bill pay & offer consumers rewards for embracing self-service channels. Direct access to banking services “here and now,” e.g., real-time customer support functionality with a bank advisor through chat and sms. Enhanced customer experience wherever the customer is located. Personalized services enabled by insights
into individual customer and peer-group preferences and matching their needs to banking products and services using customer analytics. Consistent offering of customer relevant products and services across all channels. More personalized services through integrated cross-channel customer data analytics. Innovative services through the creation of new Internet platforms and market places. Banks should strive for increased customer enablement, leading to greater trust through Internet information pull services.

Therefore, banks need to establish a customer-centric infrastructure and build and improve capabilities for the “pull” customers using innovative technologies and tactics. Integrating Internet and mobile channels into this customer-centric infrastructure will be a key success factor for banks in the future. Some features identified for innovative technology are:

- **Branch Technology:** Increase relevance of branch services to the customer through channel integration
- **Internet Technology:** Offer innovative Internet banking services for the self-directed customer.
- **Mobile Technology:** Introduce mobile banking services for the mobile customer.
- **Business Intelligence (BI) Technology:** Customize and personalize products and services across all channels to enhance the customer experience

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