THE POTENTIAL IMPACTS OF VIRTUAL REALITY ON THE BANKING INDUSTRY

by

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# **INTRODUCTION:**

The dynamics of changes taking place in the socio-economic space defines need for organized development, understood as striving innovative solutions. 46% of the global population is an Internet user and around 31% claims that they fall under the category of active users. Therefore, it is almost impossible to omit and deny the potential of computer in any rationally built corporate strategy. Virtual reality is one of the modern and advanced solutions successively modified and adapted in the banking industry. (Kostin, 2018)

It seems like every industry from healthcare sector to video games developer is seeking for innovative and adaptive ways to incorporate some kind of virtual reality program in their daily systems. Some people consider that virtual banking started with the Automatic teller machine (ATM). While others define home banking and telephone banking as another form of virtual banking. (M Singh, 2018). Therefore, a virtual bank can be described as a “bank with no branch”, whereas the virtual banking is the providence of banking services electronic media like telephone, ATM, internet, and personal computers. The aim of this piece of writing is the presentation of virtual reality’s concept in banking industry. (K Pajak, 2016)

It proves that competitive advantage is generated by virtual reality’s implementation in the banking sector. Moreover, it is an effort to prove the potential impacts of Virtual reality on banking industry. It seems that the coming years will be a great challenge for banking sector. The concept of virtual reality connects to technology which makes possible interaction between digital world and users. (S Parise PJ Guinan, 2016). Virtually reality is becoming a part of the modern world, offering a list of applications to the users. Virtual reality is the fundament of new wave of computing power that incorporates sensors, the cloud, artificial intelligence, big data, and wearable. (G Baptista).

# **DISCUSSION:**

Virtual reality is an artificial environment which is received through sights and sounds offered by computer, in which a person’s actions to some extent decide what befalls in the environment. In order to put back a client’s existing world with the digital one, VR obstructs the client’s natural surroundings. In virtual reality technology the user is not present at the location. There is no see-through capability and the user cannot physically move in the environment. (marin, 2018).

Virtual reality comprises on immersion, imagination, and interaction. The present level of technological development uses visual, motor, and sound effects to create proper virtual environment. It gives the sense of real scene. These days virtual reality is hot topic in banking industry with the development of innovation labs and artificial intelligence. VR has the prospective and potential to change the way of interaction between the businesses and the clients. Immersion i.e. the jump in the virtual world is getting more and more importance and popularity. The virtual reality systems are able to create virtual environments. (S Weise, 2016). The potentials of virtual reality depend on simulations of events by using specialized equipment. Citibank and Wells Fargo are using virtual reality to develop and strengthen customer relationships with the brand. The traditional bank branch system is in state of changeover. Offices are flinching or closing down as the digital tools are being introduced to endorse both advisor and transactional role. (M Singh, 2018).

By the implementation of virtual banking the need of physical existence within the banking sector will be reduced and which will result in less hiring of manpower in the banking industry. This will eventually leads to cut in the costs of employee management and their salaries. By introducing virtual banking expenses can be lowered down to a remarkable level. (I Brun, 2016). This new banking system can replace hundreds of employees and which will in return result in low expenses of the bank and increase in business effectiveness. The amount required for the purchase of equipment of virtual reality service is much less than the ones which are needed for bank building site, its equipment, and other requirements. As a result, the technology will reduce the business cost which includes salaries, maintenance, and operational costs which are constantly on an increasing ever rising boom. (E Poppe, 2017).

The use VR gives the customer a feeling of confidence that his banking transactions will become faster and convenient. This associated evaluation indicates that how significant it is to that person to have the banking transaction got completed faster and with convenience. (K Pajak, 2016). This attitude towards VR is dependent on the beliefs of ease of use, relative advantage, results demonstrability, compatibility and perceived risk. With the convenience provided by the bank sectors by the virtue of VR, the customers now perform their transactions at the spot and time of their own choice. But this kind of banking is useful for those customers only who are technically competent. (K Pajak, 2016)

VR is taking the relation of customer and bank to the next level. The traditional banking system can be changed in a significant way and can apply digital solutions in the sector. It is a fact that VR is a requirement of group of customers now as it provides ease to perform routine and daily life events. Just by downloading the bank app in mobile or other device, one can simply perform the activities which are tiring to done otherwise. (M Singh, 2018). With the help of mobile bank application one can get rid of standing in long queues for the submission of utility bills. This can be done now just by few clicks. Similarly, it is not needed now to visit a banking to transfer the cash from one account to the other. This can be now simply done with the help of bank app who are providing this facility. So here it can be said that virtual banking is also helping us in time management and is saving our valuable energies. In this age of digitalization and automation, implementation of this technology is becoming a need. (Kostin, 2018).

Video conferencing is also a source of connection between the customer and bank representative used by many branches of the banks. Video conferencing gives efficiency, eradicating the need to travel to different branches of the banks. Even with video conferencing product details are difficult to showcase, present, and explain clearly through the available online camera. (K Pajak, 2016). These shortcomings of video conferencing can also be solved by the help of virtual reality. With the advanced technology, a head set or projection device can be used to project the required visual holograms on any physical space, such as office, home or any other space defined by the valuable customer. (M Singh, 2018).

# **CONCLUSION:**

Without any doubt, Virtual reality represents technology of future. The idea of VR makes it possible for the immersion to utilize human senses with an intend of total consolidation with the virtual world. Virtual reality constitutes the new quality in banking industry and in human activity. The use of Internet is constantly growing and hence there is a call to evolve banking industry to satisfy the needs of Internet users. (S Weise, 2016). Virtual reality technologies are functional and affordable for the banking sector, which wants to meet the growing and increasing demands and requirements of the customers. Implementation of virtual reality can cut down the expenses of banking sector in great way. The equipment for virtual reality is not very much expensive and can perform the job of hundreds of employees in very effective and efficient way. (marin, 2018).

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