**TECHNOLOGY AND THE BANKING SECTOR**

A peek into banking:

Banking is a sector that is responsible for handling cash credit, and other financial transactions. Banks are generally seen as safe and secure places to store and/or hoard credit and cash, irrelevant of whether they are in excess. Banks offer various accounts, certificates of deposit, and other forms of indication as a proof of storage, perhaps. Such deposits are used as lending money, or loans.

Banks are a major economical push in almost every country around the world. It provides the liquidity required by families and business organizations to invest in the future. Bank loans and credit involve institutions not having enough money in the first place to save up for an upcoming event, including fee payments and asset purchases. Companies are known to utilize loans to perform immediate hiring practices to build for future demand and expansion strategies.

Various governmental institutions have been established to overlook the banking sector in their respective countries. In the US, the Federal Deposit Insurance Corporation takes care of all banks in the country while India has established the Reserve Bank of India to watch over the nation’s banking sector. Banks are also well-known for their interest payments to deposits of money ,- the longer you let them hold your money, the more interest they are prone to pay you.

Currently, banks are not required to keep any percentage of the deposit on hand, albeit this may vary from country to country, depending on the reserve requirement rules set by the respective government institutions. Banks make money by charging higher interest rates on loans than they provide for deposits.

There are two major classifications when it comes to banks – commercial and retail. Commercial banks provide services to businesses and private individuals, while retail banks provide credit, deposit, and money management services to individuals and families alone. Other classifications include community banks that concentrate on the local market with personalized service provisions, Internet banks providing all kinds of services via the World Wide Web, and credit unions being owned by the customers that provide low-interest, personalized loans.

Higher-tier banking includes investment banking, used to find funding for corporations through initial public offerings (IPOs) on their stocks and/or bonds. They are also used to facilitate mergers and acquisitions. Well-known investment banks are behemoths, such as Goldman Sachs, Bank of America, and J P Morgan Chase.

Technology in banking:

The core of banking is the holding of financial assets – albeit it may have expanded far beyond the days of holding coins in exchange for notes of promise, that is where an entire sector was birthed. Banks are simple, for they hold assets for its clients, with a promise that it may be withdrawn should the depositor require the assets in return.

Banks leverage money deposited in their vaults as loans, earning money from the interest gap between loan payments and depositor’s interest. While it may not contain all of the money in its vaults, it does so on paper – and these papers are what drive the economy forward, pushing it to grow. The entire sector takes diversified risks by investing widely to prevent unexpected loan defaults from sinking the entire organization – they simply exchange one large problem for various other little problems.

And for such a diverse and enormous sector, technology is a reliable support, and a tool for aggressive expansion as well. Ever since the dawn of the age of information, technology has been growing faster than the knowledge of how to apply them. And out of such technical applications, the banking sector takes a huge chunk of them, applying almost every secure technology that we have today.

The era of the chatbots in the year of 2017 revolutionized how we view customer service. When it comes to banking, customers require a feeling of comfort and security, while trusting the bank enough to believe that they will be present to answer their fears. With the help of chatbots, banks can now instantly help anybody onboard and make important financial decisions, handle all complains and concerns personally. They can also up-sell and cross-sell their products, offer contextual loyalty incentives, and handle customer feedback with great thoroughness. And all of these are handled at mind-boggling speeds – the time it takes for your message to reach is almost the same as the time your service is implemented and executed.

Another implementation, in combination with chatbots and various other automated services, is artificial intelligence and advanced machine learning (AML). These neural-network enabled brains are seen as the future of service in banking, relying less on human errors while acting more human than plain old bots. AI has reached a critical tipping point and will be at the heart of a converging number of technological subjects like Data Science, IoT, OCR, and so on. This, in tandem with blockchain, will drive structural change in the ways that many financial operations are handled today. Over the next few years, vendors handling such technology will require deep domain expertise and understand the kinks to be able to deliver the digital part of the service – the requirements being a rare combination of technical capability and design thinking.

The banking sector has a lot to look forward to in the near future in terms of technological advancement – blockchain technology, for instance, is set to transform banking’s very foundations by decentralizing its services from the current central-authority method to a prevalent network of computers, an investment too cheap in the long run to not give into. Leveraging blockchain enables banks to enhance their payment and remittance processing, and their data-sharing procedures in collaboration within institutions.

Customer Relationship Management (CRM) and cybersecurity are set to transform the future of the sector, with resurging investments in CRM solutions increasing cash flows of organizations. They help to gain good returns to various institutions by offering convenient and attractively-designed services and solutions to customers. Security, on the other hand, is an indispensable part of the entire sector, being relied upon heavily to ensure that no money goes lost. Maintaining quality cybersecurity processes is getting much more difficult for banks, leading to customers dealing with fraudulent activities on a regular basis. Thwarting such problems requires preventative procedures in place, such as multiple layers of security, analytics and insights, and adaptive security measures.

The technological footprint:

Banking, as of today, cannot survive without technology. No matter how poorly-implemented, technological changes have opened our eyes to an easier, more convenient life. An era without technology will be the modern-day Stone Age, survived only by a few. Technology plays, and will continue to play, a huge role in almost all sectors across various industries, let alone banking. The removal of technology is akin to paralysing the services being offered by organizations, for technology has had such an impact on us as a whole.

Like it or not, there is more in store in the future of banking. Technology is set to play a major role in changing how financial services will work across the sector, making it easier for customers and more profitable for the providers of such services. The technological footprint is huge on various business models of banks and other such financial institutions, and will continue to be applied to all processes and other back-end operations. Technology has made its mark, and nothing can erase its impact now.