

## **A study on Cooperative Banks in India with special reference to leading Practices in the new age of technology**

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### **Abstract**

The systems of banks as well as financial institution are important part of the nation. The efficiency of these division is essential for the country to grow. With the beginning of digital expertise, banking and monetary services have under gone major changes in their operation. New trend are growing rapidly as consumers find it easier as well as more supple at the similar time. The advent of monetary technology has led to the opening of many technical advances in the business. All the most recent trends will reshape the financial and banking industry by bringing about changes in traditional forms. These changes are not without challenge, but consumers are very open to new initiatives and the government is showing huge support for these approaches. Unique technical solution and the capability to adapt quickly give company a competitive benefit. They are at the present developing as well as implementing latest technologies to go forward with disruptive strategies rather than disruptive. Emphasis is placed on using sophisticated technology to improve productivity and accessibility. The banking industry in India is designed to be an information center on the accomplishment of advanced technology like Machine Learning, Artificial Intelligence, Block Chain and Robotic procedure Automation that improve user knowledge by allowing bots to manage repetitive responsibilities without individual intervention. This paper seeks to acquire the latest technology in the banking sector in partnership

**Keywords- Cooperative Banking, Artificial Intelligence, Digital Technology, Machine Learning, Block chain and Robotics.**

## **Introduction**

India's economic environment is an example of ways to change illegal practices. The financial sector, in which the banking sector plays a key role, also experienced many fluctuations. Today, the banking sector develops strongly and can withstand competitive pressure. While internationally accepted strategic approaches have been adopted, with a high degree of openness and clearness, the Indian banking trade is progressively moving toward the adoption of corporate governance, accounting practices and better risk administration. The interests rate on capital withdrawal, while the interest rate on direct borrowing gradually decreases. Today we have a well-developed banking system with various banking divisions, public banks, foreign bank, old and new private equity banks, rural bank as well as foreign bank. Partnership with the Reserve Bank of India is the main source of the program. In the banking sector, there is unparalleled expansion and the diversification of the banking sector has been so spectacular that it is almost impossible to compare bank accounts anyplace in the globe.

In the past 41 year from 1969, great change have taken place in banking industry. bank have abandoned the old work and innovated, improved and launched new type of services to meet the promising wants of consumers. has resulted in increased financial depth. infrastructure and transform the basic ethos of elite banking into a multitude of banks. There have been new inventions and variations in operations of large commercial bank. a number of them are active in the area of consumer debt, credit card, commercial banking, mutual funds, leasing and more. Several bank have established subsidiary, mutual funds, and many more are in the process of doing subsequently. Some banks have already started business.

Indian banking past can be separated into three broad categories.

- **Phase I** (1786-1969) India's first bank phase with the introduction of many small banks.
- **Phase II** (1969-1991) Nationalization, Generalization and Growth
- **Phase III** (since 1991) Mitigation and Its Consequences

With Phase 3 transformation, the Indian banking division, as it is nowadays, has matured in terms of supply, product choice and accessibility, and bank have clear, solid, and apparent balance sheet. The main drivers of expansion were enlarged demand for in-store credit, the propagation of ATMs and payment card, the decline in APNs due to securitization, enhanced economic circumstances, diversification , rate of interest differentials, and policy change. Some trends such as increased competition, new product development and branding, increased emphasis on risk managing system, focus on technology emerge in the history In totaling, the impact of Base 2nd policies will be more costly for Indian banks, with additional financing needs and costly website creation and repair procedures. Large banks may be subject to profit constraints through the application of procedures

In 2009-10, the balance sheet growth of the Organized Commercial Banks (BSCs) slowed and assets and profitability slowed down. Profits of these banks decreased. Bank debt fell 16.6% in 200910 over a year but has shown signs of recovery since 2009, October and the start of the financial transition. Total bad assets (APM) which is considered the main profit margin of SCB, in total, increased from 2.25% in 2008-09 to 2.39% in 200910. Despite the exceptional effect of the worldwide financial crisis, Indian bank. impact resistant and remains stable and felt in the post-disaster age. Indian banks currently compare well with banks in the region on indicators such as expansion, prosperity and lending rates. Overall, banks have a history of improvement, enlargement and worth establishment. However, this

banking progress must continue to meet the growing investment demand in the expansion of banking services, due to low inflation compare to other market.

During 2010 to 2011, bank were able to develop their productivity and asset excellence. The pressure test has shown that the bank industry has always been resilient to inflation and shocking interest rates. However, there have been concerns about the stability of the banking division related to credit expansion in sector such as retail, infrastructure, NBFCs and the retail section, ongoing credit crunch, high demand for supply and reliance on short-term borrowing to support asset growth.

The global banking sector has become increasingly focused on strategies without major technological advances. This help them meet up consumer anticipation while protecting market share against rising competition. Innovate and develop new solutions that use data, superior analytic, digital technology, and latest platform to deliver mission-critical services. 2019 saw the banking industry innovate in various fields plus integrate the features and processes that were once the hallmarks of fin tech startups. bank and credit unions are rapidly innovating by providing direction, expanding their service, providing practical advice, rethinking distribution channel, consolidating payment and utilizing publicity.

An increasing number of regulators around the world are forcing banking companies to permit their consumers to securely share their data with foreign companies in an effort to develop services new financial services and improved competition in the banking trade. customers have extra liberty and control in their dealings with monetary service provider with account and payment information made obtainable through a safe application interface (API).

Open banking API foster improvement and teamwork, and lead to the evolution of a banking environment to improve the quality of life for consumers rather than just financial services. Because consumer consent is such an integral part of an open banking strategy, the topic of consumer value is increasingly highlighted, where companies come up with new solutions to become a consumer. win in the relationship. By allowing consumers to choose and manage their personal data, banking startups and credit unions could fall victim to your monetary service. The development of open banks will too force non-conventional financial firm to partner with conventional plus innovative banks.

### **Review of literature**

Dr. Nalla Bala 2017, focuses on the impact of reform and analysis in the Indian banking system. KM Sabeer 2020, studied the financial situation of Kerala Gramin Bank in Malappuram district in Kerala state. Juni Khyat 2020, a literature review on the impact of digitization on the financial performance of urban cooperative banks. Sandip Mallick 2020, explore any link between capital adequacy, management capacity and profitability in scheduled urban cooperative banks operating in India. Dr. Imtiyazuddin 2021, highlights various HRM issues facing public sector banks in India. There are several implications for human resource managers, policy makers, and human resource professionals. V. Shanujas 2021, providing the region with an understanding of the needs of co-banking customers' needs in the context of improving the basic skills needed to deliver services. Dr. Devyani 2021, review of existing corporate governance (CG) rules in India. He analyzes the corporate governance structure and practices at Bank of Baroda using a case study method. Timothy 2021, empirically examines knowledge management (KM) practices as moderators in the relationship between organizational culture and performance. Dr A Gowthaman 2020, Retention Tools and Resources Explained, RBI Governance for Commercial Banks, Next Generation Private Banks in India, Transforming the Way You Bank, Terms current status of new private banks from generation, employee retention rates of private banks and attrition rates, recent employee retention trends and attrition rates in banks New generation private, and document review.

## **Need and Significance of the study**

As country's banking sector undergoes main positive change, the country's bank are also changing. They invest seriously in digital technology to stay on par by key global competitor. though for the average person, digitizing banking services may mean digitizing payments and receipts, it also includes many other activities. Like any other business or organization, a bank as well has suppliers and customers. In recent years, banks have wisely improved their technology metrics to cater to both customers and suppliers. Given that situation, banks and other financial institution have confident the accomplishment of technology in approximately every banking function, be it credit score, CIBIL score, investment banking, lend. , borrow, private banking, consumer services plus lending, etc. improved employee productivity and improved consumer experience. With the digital economy booming, Indian banks that have not made significant investments in digitization now have a strong incentive to do so, coupled with growing government expectations that they are serving adequate for the growing digital community. Digitization also offers the opportunity to improve services, reduce costs, and retain and retain increasingly volatile customers. And this experience is not unique to India. This document basically tries to learn about the latest trends in the field of cooperative banking and how these developments are useful to society.

## **Objectives of the study**

1. To study leading technological practice followed in cooperative Banks
2. To examine current trend and development in Cooperative Banks.
3. To highlight the important features and benefits of latest technological practices in cooperative banks

## **Research Methodology**

This paper is theoretical in nature and taken into consideration the secondary data which is collected through various banking websites, government websites, banking journals, RBI

Bulletin, periodicals, newspapers, books and magazines and try to find out the latest technological trends prevailing in banking industry.

## **Findings and Discussion**

The banking and monetary service industry is converting in innovation to pave the way for the outlook of technology. Key trend driving these new processes include continuous digitalized renovation, partnerships with Fin Tech, and the growing role of robotics and artificial intelligence. Banks and financial institutions are also expected to define themselves as aging technology company as consumer preference, demographic and lifestyle modification.

### **Latest trends in technology in cooperative banking:**

- **Accelerate focus on digital transformation customer experience.** Banks are slashing branch spending to spend in digital self-help channel, as mobile banking plus internet use turn out to be more popular with consumers.
- **The appearance of Fin Tech company** a lot of bank seek to use the opportunity obtainable by digitalized technology, either through internal technology or in partnership with Fin Tech company. originally, these company were seen as competitor that took benefit of the inability of the BFS industry to successfully keep up with the technology.
- **Building a business savvy side** As customer demand and competition force bank to squeeze full digital integration, operational pressure force lender to cut expenses and uphold strong operating profits. While novel regulatory requirement and data guard legislation pose additional challenges to already expanded services, emerging technology such as

robotics and AI are helping bank manage these issues, This is more effective.

- **Revisiting the concept of money** Technologies like Block chain heralded a smooth transition, with the standard financial value accessible by the BFS business. Block chain is trembling the basics of traditional business model through peer-to-peer lending, smart contracts and digital expenses, eliminate consultants and speeding up key processes.
- **Transformation:** key to the industry's outlook While it is obvious that enlarged utilization of technology is common practice for bank, there is still a lot of uncertainty about homicides. To be efficient, bank and monetary institution must redefine themselves as emerging technology company in the monetary service industry, not vice versa. This means that BFS companies have to give up their non-core activities, keeping only companies that provide real diversity to consumers. Banks will also require to evaluate the basics that underpin their center operation as consumer preference, demographic and lifestyle modification.
- **Digital Performance** With the quick development of technology, digitalized service have become an integral fraction of banking as these institution have to adapt to changes. and introduce new features to facilitate the service. In India, the first stage of digital integration started in the 1980s, when information technology was used to carry out basic function like customer service, accounting, etc.
- **Unified Payments Interface (UPI)** UPI is a style that has emerge over the past few year that is changing the way we give and get money. Transaction



be able to completed in seconds using this visual connector. BHIM or Goggle Pay are two great ways to work among many other services that make it easy to pay even if you're low on cash.

- **Block chain** Block chain is a powerful technology in the development stage. Security is a big issue for digital services. Despite technological advances, fraudulent activity remains a challenge in the digital environment. Block chain is the reply to these confront. Since it works, there is no limit to any damage. This technology applies to computation, data structure, and cryptography.
- **Artificial intelligence (AI) robot.** a lot of private banks plus national bank have in progress using chat bots or artificial intelligence (AI) robots to assist customers. This practice is still in its infancy but is sure to change and affect the wide-ranging community in the near future. Chat bots are one of the up-and-coming styles that are said to be growing.
- **Fin Tech Companies** Fin tech are a truly disruptive power in the industry. Due to the changing nature of the Indian financial sector, many companies have become part of the ecosystem. Fin Tech companies are focused on developing technology solution that assist company manage the financial aspect of their trade, such as software, application, process, and business model. new. Fin Tech investment has grown significantly over the past decade, making it a multi-billion dollar business around the world.
- **Digitalized banking** Digital banks merely work with computer platforms handy by mobile phone, tablet and laptop. Digital banks only function on a paperless, branchless model and are likely to surpass the standard banking scheme in the future. These banks provide banks with high speed and low

transaction costs. These image bank are a great option for today's fast-paced globe.

### **Technological developments strengthening the banking industry**

The adoption of future technologies has given tremendous impetus to all banks and the financial sector. Simplified customer service and system upgrades involving immediate adoption of technology. India's banking sector aims to transform through the development of cutting-edge technology such as artificial intelligence, mechanism learning, block chain plus robotics.

- **Data Statistics:** nowadays, achievement is achieved by driving clever consumer interactions depend on business-driven data understanding. Technology and digital are transforming the BFSI industry by turning it into real-time data for informed decision making, competitive advantage and improved consumer insights – a stage through which consumers and third-party service provider can attach to deliver an end-user experience. The API banking stage is intended to work with APIs that exist among the bank's use plus advance information offered by the bank itself or its third-party associates. This allow bank to take advantage of entirely new business models and exploit conditions such as wage increases and testing of new block chain-like technologies at a lower cost. The API also helps banks to validate their systems in the future.
- **Cyber security:** The banking industry handles personal and sensitive information, making it an attractive target for cybercriminals. With the spread of technology in the BFSI industry, the dangers of the Internet are also emerging. Banks are getting faster and faster as they tackle

cyber security. Over time, they are using advanced analytics, real-time tracking, and biometric data and behavioral analytics software to notice threat and prevent them from troublesome system. They also use anti-hacking tools that offer network-level protection to detect anomalies and potential cyber attacks.

- **Cloud Computing:** Another technological breakthrough in the banking trade is Cloud Computing. The cloud is an important device for the service release model and enable bank to capture new trade opportunity plus access new service delivery channel. By using cloud-based service, bank can reduce figures storage cost by saving money and operating cost, while ensure the safety of customer statistics. Cloud computing also promotes secure online costs, digitalized cash transfer, wallet payment, and more. efforts to develop new financial services and increase competition in the banking sector.
- **Commitment to physical and digital distribution** More and more traditional financial services companies only offer digital banking services as more resources shift to digitalized channel and also face high price of conventional branch network. From just building digitalized bank to collect deposit, by digitalized forums, invest and expert service, banks and financial companies are focusing on customer experience and volume. growing customers
- **AI determined Prediction Banking** One of the majority exhilarating new features of 2019 is extrapolative banking. For the first time, the banking sector integrates all external and internal data and creates real-time customer speculative profiles.

- **Customers have more control over their data** Before and today, banks, credit unions and credit bureaus sell and share financial information about consumers without knowing it. consumer consent or permission while data collectors collect information with no consent of the monetary service provider. However, these practices will disappear. A significant number of customer bank financial records have controls that allow customers to choose which third-party companies can admittance their data as well as how. This is because large banks use such apps with built-in checks.
- **Card less ATM service** For the first point in the globe, Dhofar Bank in Oman has introduced a card less ATM bank service that allow consumers to easily perform ATM dealings by means of a mobile phone number.
- **Data and Personalization Systems** Advances in technology allow banks to analyze and classify more data about their customers. In 2021, more banks will start leveraging this data to deliver the personalized experiences customers expect. Data and personalization will become a new battlefield for incumbent banks and their competitors.
- **E- Payment and Settlement System:** India's payment and settlement system is primarily for financial transactions. In India, several payment systems are used for both gross and net settlements.
- ✓ **RTGS Full RTGS** is a real-time aggregate payment system. A transfer system that transfer funds from one bank to a different on a “real-time” plus “total basis”.

'Real-time' mean that payment is processed when an instruction is received, and 'total settlement' means that funds are transferred individually or in a fixed amount.

- ✓ The ECS Electronic Settlement System is an electronic method of transferring funds from one bank account to another. This is used for big trades. Used by institutions or governments to pay dividends, interest, wages, and pensions.
  
- ✓ Electronic Data exchange Facilitates the computerized switch of electronic credentials (eg, buy orders, down payment). Shipment notices, nonhuman or human-readable (paper or electronic documents).

**Digital banking has many advantages such as:**

- **Improved accountability:** Because every transaction is documented and simple to track, dealings become transparent. With clearness comes answerability. These two factors combine to make a safe and protected banking room for people in the nation.
  
- **Improving tax revenue:** Digital transactions help control tax evasion and avoidance. Since each operation is electronically track, the potential for income manipulation and tax avoidance is greatly condensed. Improved tax collection means improved country expansion.
  
- **Wider range of banking service:** In the earlier period banking service were seen merely for the well-to-do and knowledgeable working group. Rural India, which makes up a large fraction of the people, does not have sufficient access to bank service. However, the situation has changed radically in recent years. Rural and urban customers, who are new to banking, also use digitalized expenses to a

large amount. It has been a very exhilarating journey for the Indian financial system as even a little roadside seller now has a bank account and accept payments via digitalized wallet.

- **Expediency:** The expediency of digitalized banking is remarkable. expenses and receipt be able to made in one click from anywhere with a completely secure gateway. In addition, in addition to revenue and expenses, additional digital technology have facilitated bank fulfillment as well as streamlined the service delivery procedure.
- **Startup Age:** Indian startups in just 4 month in 2021 have raise around 7.8 billion, in spite of the second wave of COVID19.

With many startups emerging and rising every day, it is normal and important for bank, which often finance these startups, to also turn into dependent on technology. Indian Government has taken several step and measure to make banking experience better and more available. With a growth route that looks hopeful, Indian bank, both private as well as public, understand the significance of using digital technology like RPA, artificial intelligence, mechanism learning. These technology unlock up new potential.

Financial institutions, including banks, should re-evaluate their digital strategies to see if they can meet future needs. Furthermore, it is also important to define a roadmap to challenge such technological disruption. In particular, transaction banks are shifting their focus from digital investments, moving from primarily internal to external. In addition to technical skills, banks are now paying more attention than ever to the needs of their customers.

### **Future viewpoint**

Today everyone believes that technology will clutch the key to the expectations of banking. achievement in banking industry nowadays would not have been probable without the IT

revolution. As a result, the key is that when operating in the current environment, banks must fully understand the factors that trigger change and thereby find an appropriate starting point for change. While technology adoption in banks continue at a rapid speed, the attentiveness is more pronounced in metro lines plus urban area. The advantages of information expertise have not up till now penetrated into the ordinary people living in their countryside. More and more programs and software in regional language can be introduce to draw additional people from deprived areas. Standard-based messaging system are expected to be more and more deployed to process cross-platform connections. Excess human resources due to the utilization of computers must be used to market innovative programs and bank must form a "brain" of experts in the field and experts in technology.

## **Conclusion**

Our growing reliance on technology has yielded positive results and is a key factor in our struggle to keep our business growing and achieving high levels of productivity. However, despite our best efforts, many companies are suffering huge loss and are below the force of the epidemic. It's tough not to evaluate the global disturbance cause by the COVID19 outbreak to the Lehman Brother disaster of 2008 and the chain of events that began. At the time, the crisis changed the economic system, requiring a radical change in the way business and governance. Even previous to the epidemic hit, India's banking scheme was facing systemic problems, such as increasing inflation (NPA) and a global recession. The horrifying threats are real and disturbing. In the existing phone banks involved in cloud acquisition, there are flexible option to decide from Hybrid cloud one, offer low investment costs as well as location security. With the arrival of improved cloud protection, banks may even consider public cloud sites as effective and lasting option. We have also observed trends in favor of inserting block chain into bank. The shared block chain infrastructure ensures the authenticity of information, making it easier for banks to detect fraud and get rid of risk.

With the possible potential to decrease operational expenses as enhancing efficiency, block chain would be a game changer in the near prospect. As customers explore and simplify their favorite banking systems, we expect significant improvements in the open space of banks. API Bank has accelerated processing times, reduced market cycles, and improved responsiveness and decision making. All open banking channels will ultimately lead to public data usage and socio economic development. AI-powered financial model have established their worth over the past time. But they be not immune to conflict. the majority of them are inspired by the fact that the AI-compatible models are actually black box with no space for exposure.

Accountable and trusted AI would enable bank to support principles and governance, while minimizing model risk, and performing operations more efficiently. The banking trade in India is slowly evolving from a monolithic fortress. bank's facilities in 2021 will be very different from the old facilities. As customer knowledge grows in the industry, new generation banks need money and greater responsiveness.

Adopting simple and flexible structures for small tasks will be essential to achieve this. The construction of banks in 2021 will be very different from previous to stay spirited and safe, professional management is essential. new era banking system will focus on digital infrastructure to improve services for consumers.