

# Chapter 10


## Future of Banking From IT Decentralization and Deglobalisation: An Analysis of Its Possibilities

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### **ABSTRACT**

*The banking sector is transforming, with traditional banking focusing on personalization and quality of relationships, while digital banking focuses on simplicity of products. However, traditional banking must embrace technology to survive and compete. Technology has improved customer service, built trust, and created higher returns on investment. The future of banking lies in IT decentralization and deglobalization, which offer vast opportunities for effective customer service, timely product management, faster service delivery, information and risk management. The chapter covers IT infrastructure and decentralization in the Indian context, highlighting the paradigm shift and opportunities for financial institutions. Decentralizing IT can bring innovation, transformation, and customer agility, making traditional banking a competitor in the race. The chapter highlights the past, present, and future of IT decentralization in the Indian banking industry, emphasizing the role of new technologies like AI, blockchain in automation, integration, and global financial sector growth.*

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## **INTRODUCTION**

The banking sector is currently experiencing a significant transformation characterized by a dynamic interaction between conventional and digital methods. Both traditional banking, which prioritizes personalization, and digital banking, which prioritizes product simplicity, has a shared reliance on technology. The authors would like to state the coverage (scope) and the methodology used in framing this study. While this chapter will emphasize on the fundamental differences between traditional and digital banking, it will also highlight the emphasis on personal relationships in banking and of the product centric approach used in digital banking. In spite of these disparities, research indicates that technology serves as an indispensable conduit, facilitating the survival, competitiveness, and market penetration of conventional banks. In this article, we explore the ways in which technology has enabled banks to improve customer service, and thus the overall experience of their clients. Technology adoption promotes confidence and yields a significant return on investment. The discourse further encompasses the pivotal significance of information management, risk assessment, and the efficiency and convenience of service provision in influencing consumer contentment. This study would also cover the future of the banking business and how IT decentralization and deglobalization will play a big part in that. This chapter talks about the chances that financial institutions have ahead of them and stresses the importance of finding a balance between old-fashioned values and new technologies. A conceptual information on Indian banking sector's IT infrastructure is also highlighted here and there to look into the problems and chances banks face when they try to use autonomous IT systems. The authors conducted a thorough examination of the literature on globalization, deglobalization, and decentralization, as well as their meanings and benefits and drawbacks, trends, and recent events in the financial industry with regard to technology-driven operations. The ultimate objective of the study is to explore the transformation of banking industry from age old traditional banking to a highly decentralized digitized banking, highlighting opportunities and challenges, and the role of banks in embracing this shift. The chapter explores IT decentralization's role in fostering innovation and transformation in the financial sector, focusing on the Indian banking industry and its historical context. It also discusses the impact of emerging technologies like AI and block chain on automation and growth in the global financial sector. The chapter is meticulously crafted in terms of its intellectual and thematic elements. The writers have endeavored to sustain the readers' interest by avoiding an excessive focus on data and instead emphasizing the pertinent findings derived from the literature review and data analysis.

### **Traditional vs. Digital**

Here is a concise explanation of the distinctions between traditional and digital in the context of banking:

1. **Personal Relationships:** Traditional banks have traditionally established trust by direct, in person encounters. Customers would physically visit nearby branches and interact with bank personnel to access a range of services. Today, we call it as relationship banking, which is characterized by the provision of personalized services tailored to individual financial needs, goals, and preferences.
2. **Branch Networks:** Traditional banks allocate significant resources to establish and maintain physical branch networks. India, for instance, witnessed a substantial increase in branches from 8321 in 1969 to 162904 in 2023 as mentioned in an RBI report (Business Line, 2023).

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