

A STUDY ON LATEST TRENDS OF INDIAN BANKING SYSTEM

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ABSTRACT

The banking sector is the lifeline of any modern economy. Banks are playing a very significant and prominent role in the socio-economic progress of India since independence. In recent years, Indian Banking Industry has undergone rapid changes which have boosted our economic growth. The banks have been innovating, improving and coming out with new types of services to cater to the emerging needs of the customers – online funds transfer facilities, debit/credit cards, mobile banking, electronic clearing services to name a few. The launch of these new products and services have greatly increased the efficiency of our banks.

INTRODUCTION

The Indian banking sector has been immensely benefited from the implementation of superior technology during the recent past. Productivity enhancement, innovative products, speedy transactions, seamless transfer of funds, real time information system and efficient risk management are some of the advantages derived through the technology. Indian Banking Sector is the midst of an IT revolution. Technological infrastructure has become an indispensable part of the reforms process in the banking system, with the development of sophisticated instrument and innovations in market practice. In this paper we are going to study the recent trends in the Indian banking sector which are making it more effective.

OBJECTIVES OF THE STUDY

1. To examine recent trends and development in Indian banking sector.
2. To explain the recent trends in changing banking scenario.
3. To explain how digitalization has impacted speed and accuracy of banking transactions which in turn is the key to customer satisfaction.

METHODOLOGY OF STUDY

This study is based on the secondary source of data. The secondary sources of data are books on banking, RBI reports, research papers and newspapers article.

LIMITATIONS

As the necessary research material has been gathered from secondary powers, the limitations associated with the use of secondary data might have crept into the present study. The data used might suffer from biasness and the quality and integrity may be difficult to ensure.

ONLINE SERVICES

The entire Indian banking system is undergoing transformation in a technology driven environment. The online banking, also called internet banking in common everyday language is an electronic payment system which enables customers of a bank to perform a wide range of transactions on the bank's website.

ELECTRONIC FUNDS TRANSFER SYSTEM (EFTS)

Under this system, money can be transferred from one account to another electronically without indulging in cheque or cash. Electronic fund transfer system are used for salary payments, debit on credit transfers, loan payment utility bill payments or other payments. It is a time saving, secured, convenient and cost effective method of transferring money.

REAL TIME GROSS SETTLEMENT (RTGS)

It is a funds transfer system under which transfer of funds takes place from one bank to another on a 'Real Time' and 'Gross Basis'. Settlement on real time Means there is no waiting period. The transaction is settled as soon as it is processed. 'Gross settlement means the transaction is made on one to one basis without bunching with any other transaction. This is the fastest possible system for transfer of money through the banking system.

NATIONAL ELECTRONIC FUNDS TRANSFER (NEFT)

NEFT is a countrywide system by which an individual, firm or company can electrically transfer funds from any bank branch to another individual, firm or company having an account with any other bank branch in the country. The funds transfer takes place at a particular period of time. All transfer are held till that time. In other work, NEFT transactions are settled in batches.

IMMEDIATE PAYMENT SERVICE (IMPS)

IMPS is another real-time 24x7 interbanks electronic fund transfer service capable of processing person to person, person to account and person to merchant remittance via mobile, internet and ATMs. So, IMPS is the fund transfer mode that has the best features of both RTGS and NEFT IMPS is available 24/7, 365 days which makes it highly flexible and dependable.

AUTOMATIC TELLER MACHINE (ATM)

ATM is an automatic machine. A customer can withdraw or deposit money with the help of this machine by inserting his/her ATM Card and typing his/her personal identity number (PIN). The ATM operates for all the 24 hours. ATMs have begun to assume the role of mini bank kiosks making the need for a visit to a bank branch almost negligible.

DEBIT CARD

A person can get a debit card by depositing money in the bank. The card holder can make immediate payment for the goods purchased or services availed with the help of debit card availed provided the seller has terminal facility. When the customer presents his debit card the terminal automatically transfers money from the buyer's account to the seller's account. Debit card can also be used to withdraw money from the ATM.

CREDIT CARD

Anybody having good reputation can obtain a credit card from a bank. A person need not have money in his bank to get a credit card. Rather it is a type of overdraft facility, the card holder can buy goods with the help of credit card. He keeps on depositing cash in accordance with the agreement with the issuing bank.

ONLINE PAYMENTS

When we purchase goods and services online, we pay for them using an electronic medium. This mode of payment, without cash or cheque, is called an e-commerce payment system and is also known as online or electronic payment systems.

The growing use of internet-based banking and shopping has seen the growth of various online payment systems and technology has been developed to increase, improve and provide secure e-payment transactions. Paperless e-commerce payments have revolutionized the payment processing by reducing paper work, transaction cost and personnel cost.

Unified Payment Interface (UPI) has been started by National Payment Corporation of India (NPCI) which provides access to all Payment Service Providers (PSPs), right from banks, Fintechs, payment banks etc. Today banks, telecommunication companies, mobile wallets, e-commerce and technology entities and payment banks are part of the online payment system.

MOBILE BANKING

Mobile Banking services are provided by banks that allow its customers to conduct banking transactions remotely using a mobile phone. With the help of mobile banking, a person can pay bills, transfer funds, check account balance and much more.

Mobile Banking's main advantage is that it is very cost effective, user friendly and extremely secure.

FINDINGS OF THE STUDY

The use of Information Technology has re-defined and re-engineered banking in present times. It can be fairly predicted that in future banking will offer more sophisticated services to the customers with continuous innovations in products and process. There is a paradigm shift from the 'seller's market' to 'buyer's market' in the industry and that has compelled bankers to change their approach from 'conventional banking' to 'convenience banking' and 'mass banking' to 'class banking'

CONCLUSION:

All of the above advances and trends in Indian Banking Sector demonstrate that Indian Banks are shifting towards contemporary banking, which is altering the face of conventional banking in the Indian economy. They are using information technology for the banking industry and providing their consumers anytime and anywhere banking, besides giving their consumers technology based banking goods and services.

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