

IMPACT OF RECENT TRENDS IN BANKING SECTOR WITH SPECIAL REFERENCE TO INDIAN SCENARIO

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Abstract:

The banking sector is undergoing of accepting digitization and cutting-edge technologies. To address the challenges posed by COVID-19, the industry has enthusiastically adopted digital technologies such as artificial intelligence and machine learning. RTGS, ECS, NEFT, ECS, ATM, EFT, Retail Banking, Debit and Credit Cards, and many more are examples of banking and financial sector innovations. With the rise of privatization, globalization, and liberalization in India, banks are focusing on R&D and implementing a variety of innovative ideas and technology.

Key Words: Impact, Banking, Trends, Indian, Digitalization, Scenario

Introduction:

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A technological advancement Banks play a critical role in economic growth. In India's banking sector, the number of consumers is increasing. By offering banks with innovative services. Banks' improvements are primarily aimed at increasing financial inclusion and delivering stability to rural areas by encouraging credit development, bringing banking services closer to customers, and saving them important time.

Banks have a higher number of open positions than other government agencies. In addition, with this sector's rapid growth, job opportunities are expanding. Because of the large number of retirements scheduled in the next 4-5 years, recruitment will improve.

India's economic climate is undergoing ground-breaking reforms. The financial sector, of which the banking industry is the most important actor, has also gone through a transformation. Today's banking industry is stronger and better prepared to withstand competitive challenges. While internationally accepted prudential regulations have been established, the Indian banking industry is increasingly moving towards implementing best practices in accounting, corporate governance, and risk management, with increased disclosures and openness. Interest rates have been deregulated, and the rigor of directed lending is being loosened.

The banking business has undergone considerable transformations in the 50 years since 1969. Banks have abandoned their old functions in favor of innovating, enhancing, and launching new sorts of services to meet their customers' evolving needs. Massive branch expansion in rural and underdeveloped areas, mobilization of savings, and diversification of credit facilities to either neglected areas such as the small scale industrial sector, agricultural, and other preferred areas such as the export sector have resulted in the broadening and deepening of the financial infrastructure, transferring the fundamental character of class banking to mass banking.

Literature Review:

Avasthi and Sharma (2001) examined how technological advances are changing the race of the banking industry in their study. Banks' retail banking delivery channels have been transformed by technology. It has also had an impact on bank markets. The study also looked into the difficulties that the banking industry and its regulators face.

B. Janki (2002) investigated how technology affects employee productivity. There is no doubt that technology will be used by Indian banks, particularly public sector banks, to improve operational

efficiency and customer service. The emphasis on technology will be greater than ever before in order to add value to customer services, develop new products, strengthen risk management, and so on. The study concludes that technology is the only tool available to them for achieving their objectives.

Bodie and Merton (2005) Financial innovation aids in the smooth operation of the system and improves overall efficiency by lowering costs and risk. Financial innovation, in general, has been a driving force in driving the financial system toward greater economic efficiency.

Mittal, R.K., and S. Dhingra (2007) investigated the role of technology in the banking sector. They examined the investment scenario in technology in Indian banks, but this study was conducted prior to the Information Technology Act, and technology in Indian banks was very low at the time. However, both researchers presented their points of view in a professional manner.

Research Methodology:

The research relies on secondary data. The information was gathered from banking books, magazines, research papers, RBI annual reports, and the internet.

Significance of the Study:

The current study is an attempt to conduct an analytical study of the E-Banking services provided by nationalized and private sector banks in Maharashtra. This study examines the current state of e-banking services provided by both nationalized and private sector banks in the Maharashtra, as well as their role in the banking sector. Banking via electronic channels has grown in popularity in recent years. E-banking enables the faster delivery of 11 banking services to a diverse range of customers. E-banking benefits both banks and their customers.

Research Problem or Statement:

The research is being conducted to investigate the E-banking services offered by selected nationalized and private sector banks in Maharashtra.

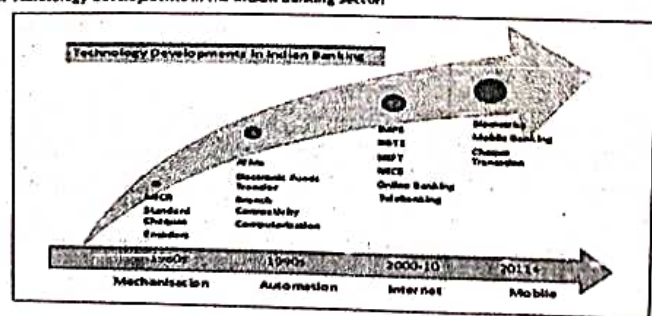
The research aims to find answers to questions about the recent trends in banking sectors in India and e-banking services provided by nationalized and private sector banks in Maharashtra, as well as to raise customer awareness about e-banking services such as RTGS, NEFT, IMPS, and internet banking.

Objectives of the Study:

- 1. To investigate recent trends and developments in the banking industry.
- 2. To present technological advancements in the Indian banking sector.
- 3. To research emerging banking technology trends.

Recent Trends in Indian Banking Sector:

Snapshot of Technology Developments in the Indian Banking Sector:

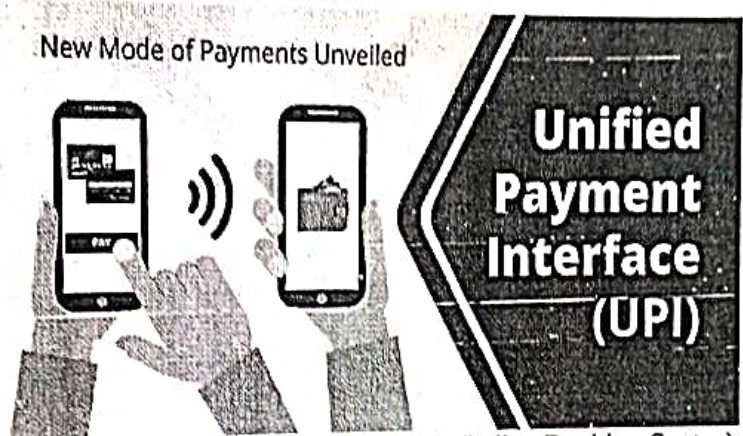


(Fig 1.1 Technological Developments in Indian Banking Sector)
(Source: www.forbesindia.com)

1. **Digitization:** With the rapid advancement of technology, digital services have become an essential aspect of banking operations, as institutions have needed to keep up with the changes and provide innovations that make services more convenient. The first phase of digitization in India began in the 1980s, when information technology was employed to fulfill fundamental

... such as customer service, bookkeeping, and other administrative tasks. To improve the customer experience, fundamental banking systems were gradually adopted. The most significant change occurred in the 1990s, when India's market was liberalized and opened up to the rest of the globe. The establishment of private and multinational banks accelerated technological advancements in the banking industry. Customers can access banking services from anywhere thanks to features like online banking, IMPS (Immediate Payment Service), RTGS (Real Time Gross Settlement), and Telebanking.

2. **Mobile Banking:** Even though digital services were introduced about a decade ago, they were only available through desktop computers, requiring the customer to be at home or at a location with a computer and internet connection. However, with the widespread use of smartphones, users have expressed a desire to use their phones to access banking services.
3. **Unified Payment Interface (UPI):** UPI is a new trend that has revolutionized the way we pay and receive money in the previous few years. This interface allows for transactions to be completed in a matter of seconds. Google Pay and BHIM (Government of India) are two key interfaces among a slew of others that make it simple to pay even if you don't have any cash on hand.



(Fig 1.2 New Modes of Payments in Indian Banking Sector)
(Source: www.infrasofttech.com)

4. **Block Chain:** Block chain is a powerful technology that is still in its early stages of development. When it comes to digital services, security is a crucial consideration. Despite technological advancements, fraud activities in the digital sphere continue to be a problem. The answer to these problems is block chain. There is no room for any malpractices in it, just as the way it runs. Computer science, data structures, and cryptography are all used in the technology.
5. **Artificial Intelligence (AI) Robots:** Many private and public banks have begun to deploy chatbot or artificial intelligence (AI) robots to help with customer service. The practice is currently in its early stages, but it will undoubtedly develop and become more widely known in the near future. Chatbot are an emerging trend that is expected to grow in popularity.
6. **Fintech Businesses:** Fintech, or financial technology, is a game-changing force in the industry. Many companies have arisen as key parts of this ecosystem as a result of changing landscapes in the Indian financial sector. Fintech firms specialize in producing technology solutions that aid businesses in managing their financial operations, such as new software, applications, processes, and business models. Fintech investments have skyrocketed in the last decade, making it a multibillion-dollar business on a global scale.
7. **E-Cheque:** Nowadays, we hear terms like e-governance, e-mail, e-commerce, and e-tail. Similarly, in the United States, a new technology is being developed for the introduction of e-cheques, which will eventually replace paper cheques. The Negotiable Instruments Act in India has previously been revised to include truncated cheque and E-cheque instruments as a forerunner to the adoption of e-cheque.
8. **Point of Sale:** A POS terminal is a computer terminal that connects to a bank's computerized customer information files through the internet and uses a magnetically encoded plastic

transaction card to identify the customer to the computer. During a transaction, the computer debits the customer's account and credits the retailer's account for the amount of the purchase.

- Tele Banking: Tele Banking allows customers to conduct all non-cash banking transactions over the phone. For basic enquiries and transactions, an Automatic Voice Recorder is employed. Manned phone terminals are used for complex enquiries and transactions.
10. **EDI:** Electronic Data Interchange (EDI) is the electronic interchange of business documents between trading partners in a standard, computer-processed, universally recognized format, such as purchase orders, invoices, shipping notices, and receiving advices. Financial data and payments can also be transmitted electronically using EDI.
 11. **Demat Account:** For electronic storage, India used the de-mat technique. According to the Depository Act of 1996, shares and securities must be maintained electronically to avoid the problems connected with as per shares. The Demat system was implemented. Every investor should be registered in order to invest in stocks and securities. Instead of obtaining physical possession of certificates, investors open a Demat account. Stockbrokers can set up a Demat account for you. It is possible to store it electronically. For the purpose of purchasing and transferring shares, as well as the sales procedure. Two types of passwords are required to access the de-mat account.

Conclusion:

While operating as an essential driver of economic growth and intertwining numerous parts of the financial sector, the Indian banking system will continue to increase in size and complexity. As a result, the future of Indian banking is predicated not only on internal dynamics fueled by sustained returns, but also on global financial sector changes. During the return phase, the Indian banking industry has demonstrated remarkable resilience. Returns from the second generation will be critical in further improving the system. Banking has been redefined and re-engineered as a result of the use of information technology, and it is certain that the future of banking will provide clients with more sophisticated services as a result of ongoing product and process improvements.

As a result, the industry has shifted from a seller's market to a buyer's market, causing bankers to adjust their approaches from "traditional banking to convenience banking" and "mass banking to class banking." The move has also made it easier for the average person to bank for a range of demands and requirements. Adoption of more stringent prudential norms and higher capital standards, as well as improved risk management systems, adoption of internationally accepted accounting practices, and increased disclosures and transparency, will ensure that the Indian banking industry keeps up with other developed banking systems.

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