Thematics Journal of Geography

ISSN:2277-2995
Vol-8-Issue-12-December-2019

Impact on Resent Trends in Indian Banking Sector

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ABSTRACT

The traditional functions of banking are limited to accept deposits and to give loans and advances. Today banking is known as innovative banking. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries, customer services and customer satisfaction are their prime work. Current banking sector has come up with a lot of initiatives that oriented to providing a better customer services with the help of new technologies. Banking sector mirrors the larger economy its linkages to all sectors make it proxy for what is happening in the economy as a whole. Indian banking sector today has the same sense of excitement and opportunity that is evidence in the Indian Economy.

1. INTRIDUCTION

The going developments in the global markets offers so many opportunities to the banking sector. In the competitive banking word improvement day by day in customer services is the most useful tool for their better growth. Bank offers so many changes to access their banking and other services. Banks plays an important role in the economic development of developing countries. Economic development involves investment in various sectors of the economy. The banks collects savings for investment in various projects. In normal banking the banks perform agency services for their customers and helps economic development of the country. The purchase and sales securities, shares, make payments, receive subscription funds and collect utility bills for the Government department. There for banks save time and energy of busy peoples. Bank arranges foreign exchange for the business transactions with other countries. Banking sector are not simply collecting funds but also serve as a guide to the customer about the investment of their money.

PRESENT SCENARIO

Today role of banking industry is very important as one of the leading and mostly essential service sector. India is the largest economy in the world having more than 110 crore population. Today in India the service sector is contributing half of the Indian GDP and the banking is most popular service sector in India. The significant role of banking industry is essential to speed up the social economic development.

ISSN:2277-2995
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TABLE NO 1
PROGRESS OF INDIAN BANKING

S. NO.	TYPE OF BANKS	BRANCHES
01	Nationalised banks	39376
02	State banks	16062
03	Old private sector banks	4673
04	New private sector banks	4204
05	Foreign banks	2934
	Total	**64608**

Source: www.rbi.website

The present banking scenario provides a lot of opportunities as well as facing lot of challenges also. In the past few years we observed that there was lot of down and up trends in banking sector due to the global finance crisis. In India it has not major affected but in America still the economy is under the pressure of economic crisis. India is being fundamentally strong supported by concrete economic policies, decisions and implementations by the Indian Government i.e. Prime Minister Dr. Manmohan Singh. Banking sector are not major affected but definitely there was reflection on the share market.

To improve major areas of banking sector Govt. of India. RBI, Ministry of finance have made several notable efforts. Many of leading banks operating in market have made use of the changed rules and regulations such as CRR, Interest Rates Special offers to the customers such as to open account in zero balance. Now days almost all banks entered into all areas of banking services. As a result of innovation banking products are a reality now. Even saving accounts have become subject of innovation. Due to liberalization, Privatization and Globalization, Indian banks going global and many global banks setting up shops in India. The Indian banking system is set to involve into a totally new level. It will help the banking.

System to grow in strength going into future. Due to liberalization banks are operating on reduced spread main focus is highlighted on consumerism and how to customers linked and remain attached with the bank. Therefore banks are entered these days in non banking products such insurance in which area there are tremendous opportunities.

TOP 10 TRENDS IN BANKING IN 2016

The banking industry today is in a state of Flux, with multiple technology, regulatory and demographic factors cutting across the length and breadth of the value chain. These factors are impacting the way banks conduct their business, as the traditional banking methods are not enough to meet increasing customer experience, expectations and improve profitability.

- Trend - 1: Non - Traditional Players are increasingly Disrupting Profitable banking frontiers.
- Trend - 2: Banks Continue toe focus on innovation investments to retain and enhance competitive differentiation.
- Trend - 3: As cyber Threats increase, banks are investing in security systems.
- Trend - 4: Banks are increasingly using cloud services for core Business Activities.

ISSN:2277-2995
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- Trend - 5: Banks will continue to Leverage Digital Technologies to enhance customer experience.
- Trend - 6: Banks are investing in modern core banking solutions to transforms legacy systems.
- Trend - 7: Banks and non-banks are focusing on distributed ledgers as a Transformational opportunity.
- Trend - 8: Banks are working to fully integrate risk management and compliance practices.
- Trend - 9: Banks are embracing advanced analytics in addition to traditional business intelligence solutions.
- Trend - 10: Banks are focusing on financial inclusion & awareness for business growth & customer Engagement.

NOWI HIGHLIGHTTHE EMERGING TRENDS IN INDIAN BANKING SECTOR

RECENT TRENDS IN BANKING
AUTOMATIC TELLER MACHINE (ATM)

Automatic Teller Machine is the most popular devise in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a devise that allows customer who has an ATM card to perform routine banking transactions without interacting with a human teller. In addition to cash withdrawal, ATMs can be used for payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc.

TELE BANKING

Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this devise Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.

ELECTRONIC CLEARING SERVICE (ECS)

Electronic Clearing Service is a retail payment system that can be used to make bulk payments/receipts of a similar nature especially where each individual payment is of a repetitive nature and of relatively smaller amount. This facility is meant for companies and government departments to make/receive large volumes of payments rather than for funds transfers by individuals.

ELECTRONIC FUNDS TRANSFER (EFT)

Electronic Funds Transfer (EFT) is a system whereby anyone who wants to make payment to another person/company etc. can approach his bank and make cash payment or give instructions/authorization to transfer funds directly from his own account to the bank account of the receiver/beneficiary. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name etc. Should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster. RBI is the service provider of EFT.

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REAL TIME GROSS SETTLEMENT (RTGS)

Real Time Gross Settlement system, introduced in India since March 2004, is a system through which electronics instructions can be given by banks to transfer funds from their account to the account of another bank. The RTGS system is maintained and operated by the RBI and provides a means of efficient and faster funds transfer among banks facilitating their financial operations. As the name suggests, funds transfer between banks takes place on a 'Real Time' basis. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours.

POINT OF SALE TERMINAL

Point of Sale Terminal is a computer terminal that is linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer. During a transaction, the customer's account is debited and the retailer's account is credited by the computer for the amount of purchase. We have highlighted above some of the new emerging trends. Now I highlights the opportunities that new trends brings in the growth and development of banking sector in our country

OPPORTUNITIES

1) INTERNET BANKING

It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale, such up scaling could include banks launching separate internet banking services apart from traditional banking services.

2) RETAIL LENDING

Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc., Retail lending has also helped in risks dispersal and in enhancing the earnings of banks with better recovery rates.

3) RURAL AREA CUSTOMERS

Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.

4) OFFERING VARIOUS CHANNELS

Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc to increase the banking business.

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5) GOOD CUSTOMER SERVICES

Good customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks.

6) INDIAN CUSTOMERS

The biggest opportunity for the Indian banking sector today is the Indian customers. The Indian customers now seek to fulfil his lifestyle aspirations at a younger age with an optimal combination of equity and debt to finance consumption and asset creation. He represents across cities, towns and villages i.e. in rural areas. Consumer goods companies are already tapping this potential it is for the banks to make the most of the opportunity to deliver solutions to this market.

7) OTHER OPPORTUNITIES

There are many other opportunities in future in the field of Indian banking sector e.g. to enter new business and new markets, To develop new ways of working, To improve efficiency, To deliver high level of customer services.

2. CONCLUSION

Finally the banking sector will need to master a new business model by building management and customer services. Banks should contribute intensive efforts to render better services to their customer, Nationalized and commercial banks should overcome the challenges and to get advantage of opportunities in changing banking scenario.

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