

## 12. Recent Trends in Banking Sector

Asst. Prof. Suryavanshi Pratibha N.

K. K. Wagh ACS & CS College Saraswati Nagar, Nashik.

---

### Abstract

Indian banking sector is playing very important role in economic development of country. Banking sectors growths depend upon the several services which is provided to customer. Growth of economy has several parts and banking sector is the one of the major part of it. Today's services provide by banks are also very rapidly enhancing growth of banking sector like Internet, Mobile banking, NEFT, RTGS. This will lead the Indian banking scenario and also help in economical growth of India.

**Key Words:** Banking Services, Mobile Banking, RTGS.

### I. Introduction

The banking system in India is extensively different from other Asian nations because of the country's unique geographic, social, and economic characteristics. India has a large number of population and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population but, at the same time, the country has a large reservoir of managerial and technologically advanced talents.

The available research on recent trends in banking mainly focuses on quantifying the updated technology used by people around the country in modern way in more secured manner. The present study examines not only the relationship of customer and banker but how dependant the customer is on new updated technology. The study can be immense for future to foresee the need of customer and the updation of technology.

### II. Objectives

1. To study the Recent Trend in Banking sector
2. To identify the problems of Recent trends in Banking

### III. Research Methodology

#### Secondary Data

The present research study uses the most recent available published secondary data. Secondary data is also collected from the various National and International Research

Journals which are related to Commerce, Management. Secondary data is also collected from various websites.

#### **IV. Recent Trends in Banking Sector**

##### **1. Automated Teller Machine (ATM)**

It is a computerized electronic machine that performs basic banking functions (such as handling check deposits or issuing cash withdrawals). ATM enables the customer to withdraw their money 24 hours a day. It can be used for payment of utility bills, fund transfer between account, balance inquiry etc.

##### **Benefits**

1. Anyone can withdraw cash at any time, day or night. The banks don't need to be open.
2. ATMs offer the convenience of multiple locations. Person can withdraw cash at any bank that is part of the system to which your ATM card is linked.
3. ATM card is protected by a PIN, keeping our money safe.
4. There is no need to fill out withdrawal and deposit slips as is required at the bank.
5. ATMs are faster than going to the bank—no long lines.
6. We can withdraw cash at ATMs in foreign countries.

##### **2. Electronic-fund transfer**

It is referred as electronic transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, via computer-based systems, without the direct intervention of bank staff.

Electronic funds transfer is a general banking system by which transactions, such as deposits or bill payments, are made electronically from a donor's bank account or credit card to your bank account. Using Electronic Funds Transfer we can also benefit from reduced paperwork and postage costs. 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.

##### **Benefits**

1. It is easy and convenient.
2. It is fast and secure.

It is efficient and less expensive than paper cheque payments and collections

### **3. Mobile Banking**

It is a service provided by a bank or other financial institution that allows its customers to perform financial transactions remotely using a mobile device such as a Smartphone .it is usually available on 24 hours basis.

Mobile banking is a term used for performing balance checks, account transactions, fund transfers, credit applications and other banking transactions through a mobile device such as a Smartphone

#### **Benefits**

In Mobile banking, the user can transfer funds from your bank account to another bank account with a Smartphone just with the help of the internet, from anywhere to everywhere.

It is available for 24 hours and easy and convenient mode for many Mobile users in the rural areas. Mobile Banking is said to be more secure and risk-free than online Internet Banking.

Banking user can transfer funds, and pay bills, checking account balance, study your recent transaction, block your ATM card, etc. Mobile Banking is cost-effective, and Banks offer this at less cost to the customer.

### **4. Real Time Gross Settlement (RTGS)**

**RTGS introduced in India since MARCH 2004. It is specialised fund transfer system from where the transfer of money takes place from one bank to other bank on real time** Settlement in "real time" means a payment transaction is not subjected to any waiting period, with transactions being settled as soon as they are processed.

#### **Benefits**

- An RTGS electronic fund transfer facilitates fund transfer on real time basis. In case of a holiday, the amount gets credited on the next working day.
- RTGS could also be done offline by submission of the remittance form at the bank branch of the remitter.
- RTGS avoids the cost involved in other instruments of fund transfer such as demand draft.

4. Fund transfer through RTGS involves comparatively lower remittance charges. Inward remittances are free of cost, while banks can charge a fee not exceeding Rs 30 for an outward remittance on transaction amount of Rs 2lac-5lac. For higher amounts, banks could charge a fee of Rs 55.
5. RTGS is a safe and secure fund transfer mechanism and avoids risk of loss associated with cheques and demand draft that are used for fund transfer.

### **5. E-cheque**

E-Cheque is an electronic document which substitutes the paper check for online transactions. Digital signatures (based on public key cryptography) replace handwritten signatures. The e-Cheque system is designed with message integrity, authentication and nonrepudiation features, strong enough to prevent fraud against the banks and their customers.

Payers and payees can be individuals, businesses, or financial institutions such as banks. E-Cheques are transferred directly from the payer to the payee, so that the timing and the Purpose of the payment is clear to the payee. The payer writes an E-Cheque by structuring an electronic document with the information

Legally required to be in a cheque and digitally signs it. The payee receives the E-Cheque over email or web, verifies the payer's digital signature, writes out a deposit and digitally Signs it. The payee's bank verifies the payer's and payees digital signatures, and then forwards the cheque for clearing and settlement. The payer's bank verifies the payer's digital signature and debits the payer's account.

### **Benefits**

1. Electronic mail (e-mail) that improves communication between individuals and the bank, within the bank, with the bank and external parties and between banks. The availability of online information provides bankers and customers with a powerful mode of communication.
2. Banks can provide the desired information and services online for the customers. Banking processes are made more efficient and cost effective by integrating other aspects of banking operations such as treasury management and financial control. If a banking function does not require physical interaction, it may derive the benefits of electronic banking.

3. Most current E-banking applications use the internet. The advantages of online banking are in providing convenience and flexibility for customers.
4. Online banking allows customers to get account balances at any time. Customers need not worry whether a cheque has been cleared or a deposit has been posted. At the click of a button, customers can easily check the status of their current, savings, and money-market accounts. Through online banking, banks can provide information of accounts instantly. For customers. Customers need not wait till month end for historical, mail statements.
5. Online banking gives the ability to pay bills electronically. Electronic payments can be credited the without any delay. Customers can also download account transactions online. It facilitates to import the transactions directly into typical PC programs at home or office.
6. The transfer of money between accounts is another powerful application of online banking. Online banking provides flexibility, by allowing the customer to access his finances from any part of the globe.

#### **6. Internet banking**

Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank

Internet banking software can provides personal and corporate banking services offering features such as viewing account balances, obtaining statements, checking recent transaction and making payments. Access is usually through a secure web site using a username and password, but security is a key consideration in internet banking and many banks also offer two factor authentications using a security token.

#### **Benefit**

1. If any customer of online banking is out of state or even out of the country and if any money problem arises there, so that customer can log on instantly to his/her online bank and take care of business.
2. In online banking its sites speeds generally execute and also confirm transactions quicker than any ATM processing speeds.

3. In Internet banking people can do their work without any paper work so it reduces costs for banks, and also all transactions can be done without any paper work, that is beneficial for banks and customer also.
4. E-banking or online banking is just different from traditional banking, because in traditional banking people have a limited time period to use any service but in online banking people can use all the services 24 hours in a day, it provides all time facilities, people can do it only by a mouse click. And there is no need to stand in queue now online banking customer can take advantage of all the services by their own electronic devises like PC or mobile and etc. All people want flexibility and Internet banking is trying to provide or offer them.
5. If people are travelling in any foreign country, they may have some difficulty in accessing their bank over the phone. As long as they have Internet banking, however, they can easily access their bank account from there.
6. If, any person apply for online banking he get a password. If he thought that his password is not strong enough, so he can change his online account password.
7. Some fake banks websites through fake emails can also trick you into navigate on that, and that steals your password and also your user name as you enter them. So it is necessary if you enter in any bank websites to access your account to verify carefully those sites.

## **V. Problems of E-Banking Services**

### **1. Difficulties in functioning of global technology**

There is a need to have an adequate level of infrastructure and human capacity building for their local requirements. In developing countries, many consumers either do not believe to the necessary infrastructure to be able to process e-payments.

### **2. Customer pleasure**

In today's competitive world, pleasure of customers is a major challenge for the banking sector because customers have other choices in various types of services provided by banks.

### **3. Availability of Personnel services**

In present times, banks are to provide numerous services like social banking with monetary possibilities, selective up gradation, computerization and modern mechanization, superior customer services, efficient executive culture, internal direction and control, sufficient

ability, strong organization culture etc. Therefore, banks must be capable to give complete service to the customers who come with hope.

#### **4. Competition**

The nationalized banks and commercial banks have the competition from foreign and private sector banks. Competition in banking sector brings a variety of challenges before the banks such as product positioning, new ideas and channels, new market trends, cross selling and at operational needs to be manage, property and hold risk. Banks are restricting their administrative cost by converting manpower into machine power i.e. banks are decreasing manual powers and doing maximum work done through machine power. Skilled and specialized man power is to be utilized.

#### **5. Handling Technology**

Developing the right technology, deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high service and efficiency standards while maintaining cost effective. Early adopters of technology acquire significant cut-throat advances. Handling technology is therefore, a key challenge for the Indian banking sector

#### **6. Customer Awareness**

Awareness among consumers about the e-banking facilities is still at lower side in Indian scenario. Banks are not able to spread proper information about the use, & the facility of internet banking. Less awareness of new technologies is among one of the most barrier in the development of e-banking.

#### **7. Less Internet access**

The internet banking channel has evolved over the years. The knowledge and availability of internet is still a one of the biggest challenges that prevails in Indian context. So the access of internet and information related to internet are major hurdles.

#### **8. The faith Factor**

Faith is the biggest problem to online banking for most of the customers. Conventional banking is favoured by the customers because of lack of trust on the online Security. They have a observation that online operation is risky due to which frauds can take Place.

#### **11. Suggestion**

The following suggestions are recommended for enhancing e-banking / internet banking services of banks to the customers

1. Banks should take necessary steps to create awareness among rural people about the advantages of e-banking / internet banking services available in the banks.
2. The e-banking / internet banking system should be enhanced to make the online enquiry and online payment much easier to the customers.
3. Public sector banks should improve their e-banking / internet banking services to compete with their private sector counterparts.
4. Most of the customers have not availed of the e-banking / internet banking services because they do not trust the internet channel presuming it as complicated. So banks may set up a team of personnel to train the customers to get acquainted with internet channel
5. The bank customers have perceived the risk of getting wrong information from e-banking / internet banking services. These illusions should be removed from the minds of the customers by bank people as these factors are the barriers for most of the customers for not adopting these services.
6. Though e-banking / internet banking is convenient and easy to use, customers are afraid of adopting these services because they think that using these "services are difficult and complicated". So, on-site training can be provided to the bank customers who intend to use e-banking / internet banking services.

## VII. Conclusion

E-Banking has transformed not only the banking relationships but transformed the whole banking industry. The e-banking, therefore taken as a mandate by the banks rather than just an additional feature in most of the developed nations, as it is the economical medium to cater the banking customers. Today banking is not restricted to the traditional physical branch system, where banking staff need to be there personally for enabling banking transactions. But still there is strong requirement of customer- awareness regarding e-banking facility prevails in India and it can served through proper scanning and analysis of the market. Through e-banking, customers can process any banking transaction without even visiting bank branch at any time anywhere and this is known as "anywhere banking". Providing e-banking is no more considered as an additional feature of a banking institution, but now it is became an essential feature of a bank.

### References

1. Mishra, A. A. (2009). A study on customer satisfaction in Indian retail banking. IUP Journal of Management Research
2. Shodhganga.inflibnet.ac.in
3. www.edunote.com
4. S. Praveen Kumar, J. Pavithra Professor, Asst. Professor, Department Of Management Studies Recent Trends In Banking Sector ,International Journal of Pure and Applied Mathematics.
5. M. Sujatha, N.V Haritha , P. SaiSreeja, A Stdy On Recent Trends Of Banking Sector In India. Assistant professor, Department of Management Studies, Gates Institute of Technology, Gooty (Indai) ,P.G Student, Department of Management Studies, Gates Institute of Technology, Gooty (India)
6. <http://www.microfinanceopportunities.org/>
7. [www. goodreturns.in](http://www.goodreturns.in)