



## Recent Trends In Indian Banking Sector

Dr. Ashok V. Ghorpade

Assistant Professor, Department of Economics,  
New Arts, Commerce & Science College, Parner. Dist.- Ahmednagar, Maharashtra.  
Corresponding Author: Dr. Ashok V. Ghorpade

DOI - 10.5281/zenodo.14873696

### Abstract:

The banking sector plays a vital role in the development of one country's economy. The growth of banking sector depends upon the services provided by them to the customers in various aspects. The growing trend of banking services is found significant after the new economic reforms in India. Today, India has a fairly well developed banking system with different classes of banks – public sector banks, foreign banks, private sector banks – both old and new generation, regional rural banks and co-operative banks with the Reserve Bank of India as the fountain Head of the system. Nowadays banking sector acts as a backbone of Indian economy which reflects as a supporter during the period of boom and recession. From 1991 various trends and developments in banking sector are credited. It also reflects the various reforms were caused to improve their services to satisfy the customers.

**Key Words:** Banking sector, ATM, Mobile Banking, Net Banking, Cash Deposit Machine recent trends and developments, NEFT, RTGS, UPI Banking, E-KYC etc.

### Introduction:

After adoption of LPG policy in india the many changes happen in every sector. The one of the reformation sector is banking sector. The Indian banking sector is undergoing a transformative shift driven by the rapid adoption of new technologies and regulatory changes due to adoption of the policy. In an era marked by digital innovation, the banking industry has embraced advancements that enhance customer experience, streamline operations, and ensure regulatory compliance. From internet banking and mobile banking to digital payments and block chain technology, the integration of e-technology has revolutionized traditional banking practices. One of the most significant changes in recent years is the widespread adoption of digital payment systems. The Unified Payments Interface (UPI), for instance, has become

a cornerstone of India's digital payment infrastructure, enabling seamless, real-time transactions across multiple banks. Similarly, the advent of mobile wallets and e-payment platforms like Paytm, Google Pay, and PhonePe has democratized Banking sector is the section of economy concerned to holding of financial assets for others, investing financial assets as authority to create more wealth and the regulation of those activities by government agencies. In India banking sector is always been one of the most preferred entrance to employment. Banking sector has the potential to account for over 7.7 of Gross Domestic Product (GDP) over 7,500 billion in market cap, and to provide over 1.5 million jobs.

Now a day's banks have diversified their activities and are giving into new products and services that include opportunities in credit cards,

consumer finance, wealth management, life insurance, general insurance, investment banking, mutual funds, pensions, fund regulations, stock broking services, custodian services, private equity etc. In India banking sector consists of 26 public sector banks, 20 private banks & 43 foreign banks along with 61 regional rural banks (RRB's) and more than 90,000 credit cooperatives. In currently Indian banking industry worth is rs.81 trillion. Now day's banks are working using of technology like internet, & mobile devices to carry out truncations and to communicate with customers directly.

**Objectives of Research:**

1. Explaining the types of banking sector.
2. To study the emerging trends in banking technology.
3. Role of banking sector in development of economy.
4. Recent trends in banking sector.
5. To examine recent trends and developments in banking sector

**Methodology:**

A completely second data has been used for this research paper. I have used the different sources such as books, articles & public investigations. various journals, magazines, websites, News paper, RBI and NPCI statistical data and government financial surveys & reports etc.

**Recent Trends in Banking Sector:****1. Electronic-Cheques:**

Electronic cheques works same as paper cheques but payment transaction can be done through digital format. XML document provide mechanism to authenticate parties to

make transactions. In e-cheques signatures are accompanied by bank – issued certificates which tie with signer's key to bank account. Nowadays it is very commonly using by everyone. many of transferring amount transaction can be done through electronic cheques. E-cheques make easy transfer of payments to customers which are easily available to make payment for online purchases. It reduces chance to cheque bouncing banks always give awareness about their account details when any transaction can be done.

**2. Real Time Gross Settlement (RTGS):**

Real time gross settlement is a fund transfer system. Settlement in "real time" means the transactions happen almost immediately "gross settlement" means transaction is settled one to one basis unlike national electronic fund transfer (NEFT). Where the transaction happen in bulk at a given point in time during the day. This is mainly used for transaction which high in value and need to be cleared immediately. Real-time gross settlement (RTGS) systems are specialist funds transfer systems where the transfer of money or securities [1] takes place from one bank to any other bank on a "real-time" and on a "gross" basis to avoid settlement risk. 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. "Gross settlement" means the transaction is settled on a one-to-one basis, without bundling or netting with any other transaction. "Settlement" means that once processed, payments are final and irrevocable.

**3. Electronic Fund Transfer (EFT):**

It is a system of transforming money from one bank account direct to another without any paper money charging hands. Direct deposits are one of the most widely used EFT program. It refers transfer of funds initiated through on electronic terminal, including credit cards, ATM, and point of sale transactions. It used for both credit transfer and debit transfer. Electronic fund transfer transactions are processed through the automated clearing house network. The growing popularity of EFT for online bill payment in paying the way for paperless universe where checks, stamps, envelops, and paper bills are obsolete. Through EFT administrative costs should be reduced, increase efficiency, simplified bookkeeping and greater security.

#### **4. National Electronic Fund Transfer (NEFT):**

National Electronic Funds Transfer is an electronic funds transfer system maintained by the Reserve Bank of India. Started in November 2005, the setup was established and maintained by Institute for Development and Research in Banking Technology. The limit under NEFT is 200000 Per day it means that every person opted upto this limit only the Neft system levy some percentage of commisiion on every amount of transaction. Both facilities are maintained by the RBI (Reserve Bank of India). The facilities can be used to transfer money only within India.

#### **5. Automated Teller Machine (ATM):**

The first ATM founded in 1988. As per World Bank, India had 20.95 ATMs per 100,000 adults in 2019, a low figure compared to other nations. The distribution of ATMs within India is

highly unbalanced, with metros having 53 ATMs per one lakh population, and the rural areas having a meagre nine ATMs per one lakh population. ATM is an electronic machine, which is operated by the customer himself to make deposits, withdrawals and other financial transactions. ATM is a step in improvement in customer service. ATM facility is available to the customer 24 hours a day. The customer is issued an ATM card. This is a plastic card, which bears the customer's name. This card is magnetically coded and can be read by this machine. Each cardholder is provided with a secret personal identification number (PIN). When the customer wants to use the card, he hasto insert his plastic card in the slot of the machine. After the card is a recognized by the machine, the customer enters his personal identification number.

#### **6. Cash Deposit Machine (CDM):**

The first cash deposit machine (CDM) of State Bank of India (SBI) was inaugurated in Mangalore city. Cash withdrawal is the basic service rendered by the bank branches. The cash payment is made by the cashier or teller of the cash dispenses is an alternate to time saving. The operations by this machine are cheaper than manual operations and this machine is cheaper and fast than that of ATM. The customer is provided with a plastic card, which is magnetically coated. After completing the formalities, the machine allows the machine the transactions for required amount. The Cash Deposit Machine, better known as Automated Deposit cum Withdrawal Machine is an ATM like machine that allows you to deposit cash directly into your account using the ATM cum debit card. You can use this machine

to instantly credit your account without visiting the branch.

### **7. Debit and Credit Cards**

Debit card is also known as plastic money which is substitute to cash withdrawal, which may help to reduce time and money of the account holder. Debit and credit cards have caught on as a method of cashless trading. A debit card is considered by many to be safer because you are transacting with money in your account. The risk with a credit card is overspending. Debit and credit cards can be used to make purchases online as well as over-the-counter at a store. Credit card facility is facility which not affect the balance of bank account. It means even if in account the balance is zero the account holder can avail the facility of purchase at any time.

### **8. Internet Banking:**

Internet banking enables a customer to do banking transactions through the bank's website on the Internet. It is a system of accessing accounts and general information on bank products and services through a computer while sitting in its office or home. This is also called virtual banking. It is more or less bringing the bank to your computer. In traditional banking one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts etc. but internet banking has changed the way of banking. Now everyone can operate all these type of transactions on his computer through website of bank. All such transactions are encrypted, using sophisticated multi-layered security architecture, including firewalls and filters. One can be rest assured that one's transactions are secure and confidential.

### **9. Unified Payment Interface (UPI):**

UPI stands for Unified Payment Interface. UPI has changed the way we transact. At the core of a UPIs functionality is the fact that our mobile numbers are registered with our respective banks and linked to our accounts. A virtual payment address helps to send or receive money without entering any bank related information. Merchants would need to have a current account to receive UPI payments. UPI applications that are currently popular are BHIM, PhonePe, Google Pay/ Tez, ICICI Pocket, and SBI Pay.

### **10. Electronic Clearance Service (ECS):**

ECS stands for Electronic Clearance Service. It is a convenient method to make bulk payments, especially to pay off your utility services, equated monthly installments, and for financial institutions to disburse payments like pensions, salaries, or dividend interest. ECS can be used for both debit as well as credit services. Authorisation has to be provided to your bank for periodic debits or credits to be made. It is a safe method because instructions can be given regarding maximum sum to debit, validity period for the said mandate, or purpose of the transaction.

### **Conclusion:**

An upgradation of technology banks are playing vital role in economic development. Banking sector in India is resulting with increased growth in customers. By providing innovative facilities of banks. The changes made by banks are mostly focused on financial inclusion for expansion into rural areas and bringing stability by boosting credit growth making banking services near to

the customer directly and reducing customer valuable time. Due the advancement in technological changes in banking sector time and money saving affects on customer. Due to recent technological changes affects the availability of 24\*7 to the customer anywhere, this affects on banking sector. All above facility reduce clerical work and paper work of the employee, which is safer than traditional one. All the people including rural as well as urban areas connecting closer to the banks. This facility mostly usefull in rural areas whrere transport facility is not available.

**Suggestions:**

1. Indian population is vast as compare to population this facility is limited, so this facility may increase in future.
2. To Concentrate on Cyber Crime, the laws regarding cyber crime may introduce in future.
3. In Rural areas where middle class peoples reside required the skill to adopt this facility so the training to them is require from bank side.
4. The fraud Complaint from customer side is fastly taken into action from bank side, provision required.

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