



## An Study on Progress and new Trends of Indian banking company

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### **Abstract:**

*Indian Banking Industry Is Considered To Be Fundamentally Strong Which Is Spearheaded By Reserve Bank Of India. In India Banks May Be Classified As Public Sector Banks, Private Sector Banks, Regional Rural Banks, Co-Operative Banks And So On. The Industry Has Seen Unprecedented Growth And Diversification Over A Period Of Years. Across The World, The Assets Of The Banks Will Include Financial Sector Assets, It Can Be Considered As Close To 70%. In Case Of Emerging Markets This Is Comparatively Less. It Is Estimated That In Most Of The Emerging Markets Mostly Domestic Banks Would Dominate The Business Of Banking. The Banking Industry Has Experienced A Series Of Significant Transformations In The Last Few Decades. Among The Most Important Of Them Is The Change In The Type Of Organizations That Dominate The Landscape. Since The Eighties, Banks Have Increased The Scope And Scale Of Their Activities And Several Banks Have Become Very Large Institutions With A Presence In Multiple Regions Of The Country. The Paper Examines The Trends And Progress Of Indian Banking Industry.*

**Keywords: Indian Banking Sector, Nationalization of Banks, New Trends & Progress**

### **Introduction:**

The banks collect 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. 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. The going developments in the global markets offer 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. Jan Dhan Yojana of Government of India is considered to be a huge big success which has facilitated in opening more than 10 million bank accounts across India and now all common benefits to the masses will pass through these accounts which are widely known as DBT (Direct Benefit Transfer).

### **Objectives of the Study:**

1. To explain the New trends in changing banking Company.

2. To understand the nature and development of banking sector in Indian Scenario
3. To record the reforms that have taken place in the Indian Banking Sector
4. To study the new trends and Progress taken in the Indian Banking Sector

**Methodology of Study:**

This study is based on the secondary source of data.

Secondary data: The secondary sources of data are banking books, annual reports RBI, internet (websites) and research papers etc.

**New trends:**

Building up an organizational architecture that generates intellectual capital has been a huge challenge for banks and financial institutions. It is even more so today, when we are undergoing a period of the most rapid acceleration of what is alluded to as „creative destruction“ in the history of the financial sector. In the process of creative destruction, new constructs emerge. It is here that ‘new generation’ managers may have a role more demanding than that of the managers of yesteryears. A role which calls for more than just ‘probity and prudence’ which characterized the banker of yesteryears and increasingly focuses on managing ‘competing imperatives’.

**Banking Company in India:**

Across the globe Indian Banking Sector is considered to be the oldest one and when it comes to stock markets, banks are considered to be the important bets on any bourse. There are many investors whose portfolios are loaded with Banking Stocks. At the same time there are

investors who are averse of Banking Stocks because they tend to believe these stocks would give moderate returns in the long run. The Indian Banking System is the integration of both Public and Private Sector Banks. In addition to this the system also has foreign banks, regional rural banks and cooperative banks.

**Highlight the New Trends in Indian Banking Company:**

- **Tele Banking:** Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this device Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.
- **IRDAI to RBC:** IRDAI (Insurance Regulatory and Development Authority of India) is the apex authority which is regulating the Insurance sector in India. Now, IRDAI has decided to move towards RISK BASED CAPITAL regime to protect the interests of policy holders in a better way.
- **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.

- **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
- **Liquidity Boost:** Reserve Bank of India has increased Statutory Liquid Ratio under the Basel-III norms. This has resulted in 2 percentage increase in treasury holdings of the banks. This would result in high quality assets held by the banks. Basel III norms would essentially add up to 4 lakh crores into the economy

We have highlighted above some of the new emerging trends.

**Opportunities that New Trends:**

- **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.
- **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 centered 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.

- **Indian Customers:** The biggest opportunity for the Indian banking sector today is the Indian customers. The Indian customers now seek to fulfill 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.
- **Internet Banking:** It is clear that online finance will pick up 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.
- **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.

**Suggestions:**

Indian Banking and Financial Sectors have performed really well pre-covid and post covid periods. During 2009 US and other European countries have faced the problem of Sub Prime Crisis, it is

the crisis of Mortgage Loan market. Whereas, Indian Banking Industry has not faced any such crisis since independence. Therefore, it can be concluded that stability of banking sector is very vital in the performance of the economy. The growth of banks mainly depends upon its traditional business such as accepting deposits and lending loans. Therefore, banks need to create trust worthiness among the investors. Wealth creation is considered to be one of the major functions of the bankers in the new era. The key to wealth creation is adding value to the services provided by the bankers. Therefore, technology plays a vital role in this process.

**Conclusion of the Study:**

It is interesting to note that WTO negotiations on financial services have been cautious and the commitments of many larger economies in the banking sector are rather particularly limited. In other words, in the context of issue of national ownership of financial intermediaries, banks appear to have a unique place in public policy. There are several noteworthy features of ownership and control of banks in all major economies - irrespective of whether they are developed or emerging. In almost all cases, banks are either widely held or have substantial State ownership. Furthermore, there are special conditions governing the extent of ownership, the nature of ownership and control, and transfers of such ownership or control through statutory backing. These are justified since the banks are admittedly special. The discussions in WTO on Commitments relating to opening of domestic banking sector to foreign

banks/ownership reflect these concerns in most of the major economies.

In most emerging market economies, the five largest banks (usually domestic) account for over two-thirds of bank assets.

Indian Bankers still believe in conventional banking set up, therefore, Indian Banking System is not affected by Global Financial Turmoil. The Apex Bank, Reserve Bank of India is serving to a diverse nation which is unique in its geographic, social and economic characteristics. These days Reserve Bank of India is minimising its role in the operations of Indian Banks. At present, Indian Banking Industry is facing many challenges, such as, improving asset quality, capital adequacy requirements, managing NPAs (NON PERFORMING ASSETS), adopting to the latest technology, maintaining economic stability and so on. Despite all these odds the banking industry in India is preparing itself for a dynamic growth in the future because of its demographics. It has huge population and that too more than 45 percent of the population is below 40 years of age. This would give clear impetus to the industry to grow in the future.

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