



RECENT DEVELOPMENTS IN BANKING SECTOR

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ABSTRACT

The bank system is facing challenges with stiff competition and advancement of technology. Today banking is known as innovative banking. The use of technology has brought a revolution in the working style of the banks. Information technology has had a positive impact on substitutes for traditional fund movements' services. With networking and interconnection new challenges are raising related to security privacy and confidentiality to transactions. In this paper, an attempt is made to explain the changing banking scenario.

Keywords: *Transaction based banking services, IT Enabled Banking Services, Customer Satisfaction, Service Quality.*

INTRODUCTION

Banking business has done wonders for the Indian economy. Indian banking is the lifeblood for the nation and people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the Indian horizon. Indian banking sector has translated the hopes and aspirations of millions of people into reality. India is one of the top 10 economies in the world, where the banking sector has tremendous potential to grow. The last decade saw customers embracing ATM, internet and mobile banking. India's banking sector is currently valued at 81 trillion. It has the potential to become the fifth largest banking industry in the world by 2020 and the third largest by 2025. The structure of banking industry in India can be mapped through the functions performed by banks associated with the economy. The face of Indian banking has changed over the years. Banks are now reaching out to the masses with technology to facilitate greater ease of communication, and transactions are carried out through the Internet and mobile devices.

Public Sector Banks

Public Sector banks are those in which the majority stake is held by the Government of India (Govt). They include the SBI and its associate banks and 19 other nationalise banks.

Private Sector Banks

In this type of banks, the majority of share capital is held by private individuals and corporate. The private bank includes the old private sector and new private sector banks.



Technology phase in customer services in banking

Technology Phase in Customer Services in Banking Extensive spread of bank branches and diversification of banking services in India over the past one decade presents different challenges in the areas of customer service, speedy disposal of credit proposals, reconciliation of inter-branch office transactions, productivity/profitability, better control and audit and management information system required for quick decision making. For meeting these emerging challenges it is essential to ensure branch level computerization or up gradation of technology and networking of the branches with their controlling office and the head office. The objectives of the RBI's response to those challenges facing the banking industry have been directed towards improvements and implementing an effective electronic network providing a robust, secure and reliable communication backbone for the banking system.

Computerizations in Customer Services

In today's competitive scenario speed and sophistication are the essentials of banking service. Here comes the value of computer technology, which is widely acknowledged to be the major enabling banking environment in the country. Computer technology is used not only to improve the operational efficiency, but also to change the very nature of banking. Bank computerization was started with the signing of the mechanization agreement by the IBA with trade unions in the year 1983. The technology changes have put forth the competition among the banks. This has led to increasing total banking automation in the Indian banking industry. New private sector banks and foreign banks have an edge over public sector banks as far as implementation of technological solutions is concerned. However, the latter is in the process of making huge investment in technology.

The financial reforms that were initiated in the early 90s and the globalization and liberalization measures brought in completely new operating environment to the banks. Services and product like "Anywhere Banking," "Tele-Banking," "Internet Banking," "Web Banking," "E-Banking" and so on, have become the buzzwords of the day and the banks are trying to cope with the competition by offering innovative and attractively packaged technology based services to their customers. Some of the innovations that are made possible on account of the infusion of computerization are described below.

SALIENT FEATURES

Core Banking

Banking services provided a group of network through bank branches where customer may access their bank account and perform basis transaction from any of the member branch offices.



Internet Banking

A system allowing individuals to perform banking activities at home, via the internet. The automated delivery of new and traditional banking products and services directly through the customers through electronic, interactive communication channels. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence.

Mobile Banking

Mobile Banking is a system of providing service to a customer to carry out Banking transactions on the 'Mobile Phone' through a cellular service provider. It is a service of Banks to make available, the facility of Banking, wherever the customer is and whenever he needs. This facility shall be named as "Anywhere and Any moment Banking" but it is restricted to only information about his account and not cash services.

Tele-banking

In Tele-banking, the customer is essentially identified through a code. The customers can access the Voice Mail System of the bank to obtain certain information such as account balance and status of debit/credit to certain cheques. The customer can do many of his non-cash related transaction over the telephone.

Electronic Fund Transfer

The electronic funds transfer device enables early realization and transfer of funds between different centers on the same or the next day through electronic mail or satellite networks. Access various forms of online money transfer with the help of Axis Bank features- NEFT, RTGS, IMPS, Instant Money Transfer, Visa Money Transfer, IFSC, ECS at your fingertips.

NEFT (National Electronic Fund Transfer)

Nowadays it's quick, convenient and extremely easy to transfer money because technology has reached another level. National Electronic Fund Transfer or NEFT as it is known is a quick and fast way of transferring funds from a particular bank to any other bank that is a participant in this scheme.

RTGS (Real-time Gross Settlement)

Money transferring has become a lot easier with technology becoming a major part of our day to day lives. Real-time gross settlement systems (RTGS) is a funds transfer system where money transfer takes place from one bank to another on a "real time" basis and "gross" basis.

IMPS (Immediate Payment Service)

IMPS is an instant interbank electronic fund transfer service available 24x7, throughout the year including Sundays and any bank holiday. Customers can transfer and receive funds via IMPS using their registered Mobile number and Mobile Money Identifier (MMID) or through Internet Banking.

Instant Money Transfer (Cash transfer, cardless withdrawal)

Instant Money Transfer (IMT) is an innovative domestic service that allows you to send cash to a receiver. All you need to do is mention receiver's mobile number and issue IMT. Receiver need not have a bank account and can make a cardless withdrawal, from any ATM of the banks empanelled.



IFSC (Indian Financial System Code)

The world of banking has changed drastically over the last few years. The Indian Financial System Code is critical for NEFT and RTGS transactions. The Indian Financial System Code is an alphanumeric code that uniquely identifies a bank-branch and ensures secure transactions.

ECS – (Electronic Clearing Service)

Electronic Clearing Service, ECS, is an electronic clearing system that facilitates paperless credit / debit transaction directly linked to your account and also provides for a faster method of effecting periodic and repetitive payments.

Total Branch Automation (TBA)

Total Branch Automation enables customers to transact all their banking work through a single counter instead of going to different counters on the premises. TBA helps significantly in improving the efficiency of operations.

Automated Teller Machine (ATM)

The Automated Teller Machine (ATM) is seen everywhere. This machine has brought innovations in the Banking sector all over the world. The customers are no more dependants on the brick and mortar branch of a Bank. The advent of the ATM has made the concept of “24 x 7 –365 days banking” a reality. The ATM has been helpful to both the bankers and the customers. The long crowd of customers in the banking hall of a branch waiting for their turn to collect cash is disappearing. The branch business timings have lost significance to the customer after the introduction of the ATM.

The ATM is a device used by bank customers to process account transactions. The customer inserts into the ATM, a plastic card that is encoded with information on a magnetic strip. The strip contains an identification code that is transmitted to the bank’s central computer by modem. Every card holder would be given a PIN (personal identification number) that he should enter and after verifying the same with the records, the ATM would allow operations.

Conclusion

Banks have to understand the changing needs of customers, their aspirations and expectation to create value. Banks must be able to satisfy their customer by their service in order to retain the customers from vary area. The present study shows that customers are more enthusiastic to join new technologies or methods that might contain little risk. Banks should ensure that the Modern Banking services is safe and secure for financial transaction compared with traditional banking. It is concluded that overall service provided by the bank satisfies the customers. And it helps to retain their customers.

International Conference on Multidisciplinary approaches in Social Sciences, Humanities and Sciences

Sri S.Ramasamy Naidu Memorial College, Sattur, Tamil Nadu, India

(MASHS-18)



14th December 2018

www.conferenceworld.in

ISBN:978-93-87793-61-3

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