

## EMERGING TRENDS IN BANKING

Prashant R. Kamble\*<sup>1</sup>, Dr. Noor Afza<sup>2</sup>

<sup>1</sup>Research Scholar, Bharatesh College of Business Administration, Tumkur University, Karnataka, India.

<sup>2</sup>Associate Professor, Tumkur University, Karnataka, India.

### ABSTRACT

The Banking sector is the largest player, plays a leading role in construction of the economy both of an individual as well the nation. Banks have control over a large part of the supply of money in circulation. Banking Sector is vital for growth, creation of jobs, generation of wealth, eradication of poverty, encouraging entrepreneurial activity and increasing the gross domestic product. Today banking is known for innovative banking. Information technology has given rise to new innovations in the product focus is shifting from mass banking to class banking with the introduction of value added and customized products.. s. The paper attempts to present the emerging trends and that recently emerged in the banking sector with special emphasis on digitization.

**Keywords:** Banking, Digital, Digitization, GDP

### 1. INTRODUCTION

Digitization in banking industry basically implies smooth functioning and hassle free experience for the customers. In the recent years, there is a striking drop in the use of branches and a gigantic increment digital banking. The majority of the private banks and Public Sector banks are centred around offering new technology based services to its customers like Mobile Banking, Internet Banking Phone Banking, E-wallets. The greatest advantage of digital banking is its ability to customize based on the requirements of the Client; it aims at the customer satisfaction to a maximum level.

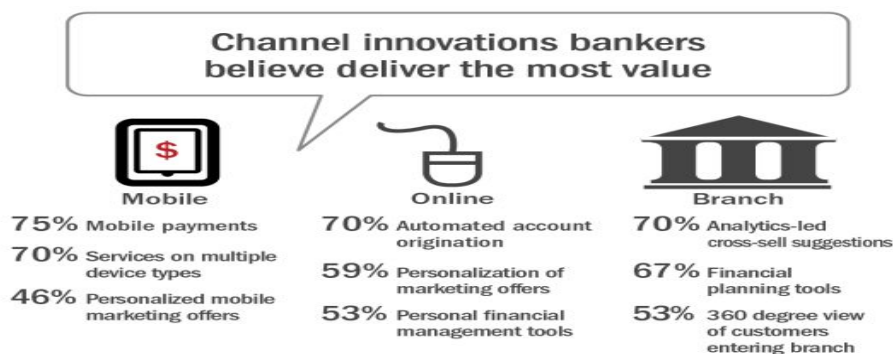
The following graph depicts about the customer attitudes:



Information (IT) today has turned into an imperative apparatus for a proficient banking system and Indian banks have set up a genuinely solid foundation to use it to the core of its ability. Today digitization is no more a option for the banks but it is turning up to be mandatory as per the changing demands of the economy and the customers. It is anyways known that banks are the foundation of the economy, they sink and sail with it, though filled with parcel of hazards and risks banking services are steadily moving ahead with digitization, offering services at the finger tip of the customers. The digital India crusade started by Hon Prime Minister Shri Narendra Modi has the capacity of transforming Indian banking system into a digital banking world. While there is a paradigm shift in the progress of Digital India more than 12,500 rural post office branches have been linked to payment banking. 192 million accounts have been opened under the financial inclusion scheme, with around 37% of these being zero balance account. India, a nation being driven more by cash is slowly moving towards a cashless economy thereby preventing black money flowing in the market

## 2. OMNI CHANNEL APPROACH

The best method to comprehend and bring organization from traditional banking to digital banking is Omni-Channel approach. Omni-channel is a multichannel way to deal with client benefit where every one of the channels are firmly coordinated, keeping client in the focal point of the whole approach. . As customers continue to change their channel usage patterns, banks and credit firms need to concentrate more on delivering a flawless and customer experience across various touch points of banking. The bankers should focus more on coming up with new services, customer support. Delivering this approach provides a competitive edge in the banking market place



All in all staying in the competition requires understanding needs and wants of customers. It also requires the precise mixture of IT infrastructure and innovative new technologies are the recipes to remains ahead in current market place.

## 3. LITERATURE REVIEW

Garg (1994) contemplated that Indian booked business banks have accomplished astounding advancement in last two decades under study, especially in branch development in rural territories, credit deployment to the essential sectors, deposit mobilization. Banking sector reforms is an essential part of the economic development of the country. The reform involved the liberalization of interest rates, promotion of market based system of credit allocation. enhancing competition. (Jegade et al. 2004) monetary reforms were intended to enable the

banking industry to develop the required flexibility to support the economic development of a nation by proficiently performing its function of financial intermediation (Lemo, 2005).

#### 4. OBJECTIVES OF THE STUDY

- To understand the efficiency of technological based products offered by the banks in India and the effect of Digitization on economic development
- To study trends in the banking sector.

#### 5. RESEARCH METHODOLOGY

The present research study uses the most recent available published secondary data. To achieve the above stated objectives, the secondary data is used. The secondary data that mainly consists of published annual reports of various banks. The secondary data was also used from various reference books related to E-Banking, Banking Service Quality, E-Commerce, M-Commerce, Information Technology, Marketing, Banking, Finance, Commerce, Management etc.

#### 6. RECENT TRENDS IN BANKING

**Automatic Teller Machine (ATM):** Automatic Teller Machine is the most popular device in India, which empowers the clients to pull back their cash 24 hours per day 7 days seven days. ATM's also provide a wide array of services like payment of utility Bills, Fund Transfer, Deposit, Pin Change and many more.

**Phone-Banking:** Phone Banking offers you all the conveniences you need to access your Accounts, Credit Cards, Loans, Demat & Investment Services from the comfort of your home, office or on the move, all this in your preferred language. Phone Banking services are a combination of IVR and Agent offering, depending on the type of transaction. For all transactions that cannot be completed on the IVR, Phone Banker assisted services are also available these days.

**Mobile APP:** Complete payment solution, giving you the power to pay in just One Click. you can shop on your mobile at partner apps, buy movie tickets, groceries, compare and book flight tickets and hotels, shop online and get great discounts, send money to anyone in your contact list or to your bank account, pay bills and recharge your mobile, DTH and data card and many more.

**Banking cards:** offers consumers more security, convenience, and control than any other payment method. The wide variety of cards available – including credit, debit and prepaid – offers enormous flexibility, as well. These cards provide 2 factor authentications for secure payments e.g secure PIN and OTP. RuPay, Visa, MasterCard are some of the example of card payment systems. Payment cards give people the power to purchase items in stores, on the Internet, through mail-order catalogues and over the telephone. They save both customers and merchants' time and money, and thus enable them for ease of transaction.

**Unified Payments Interface (UPI):** is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to

Peer” collect request which can be scheduled and paid as per requirement and convenience. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).

**Point of sale (PoS):** PoS is the place where sales are made. On a macro level, a PoS may be a mall, a market or a city. On a micro level, retailers consider a PoS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase.

**Internet banking:** also known as online banking, is an electronic installment framework that empowers clients of a bank to make transactions from one bank to any other bank within hours.

**National Electronic Fund Transfer (NEFT):** National Electronic Funds Transfer (NEFT) is an across the nation installment framework facilitating fund transfer from source bank to any other bank within hours

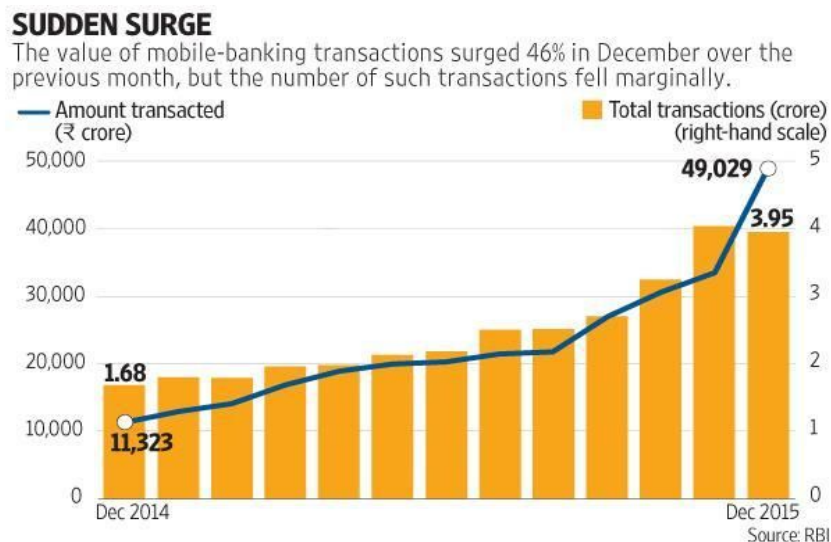
**Real Time Gross Settlement (RTGS)** RTGS empowers individuals to transfer funds from one bank to another bank above 2lakhs on a real-time . This happens only for transactions above 2lakhs currently.

### Immediate Payment Service (IMPS)

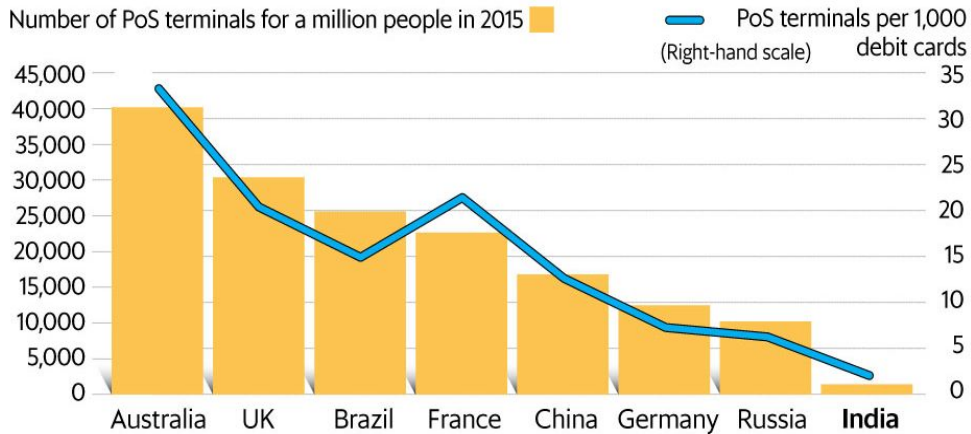
IMPS offers an instant, 24X7, interbank electronic fund transfer service through mobile phones. It's a much helpful app that empowers individuals to transfer funds within minutes upto 50000/- to any bank account.

The Banking sector is now witnessing a new era of evolution with innovations in the banking industry. It is almost certain that Indian banking system will further grow in size and lots of complexities will also grow at the same time it would act as an important agent of economic growth and benefiting different segments of the various financial sectors. It is pretty sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations.

## 7. VITAL STATISTICS



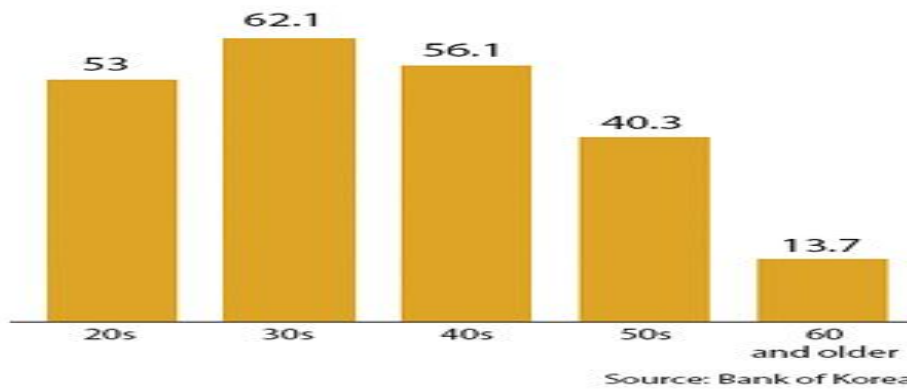
### India lags behind developed and BRIC countries in PoS penetration



Note: Data for 2015 till end of year

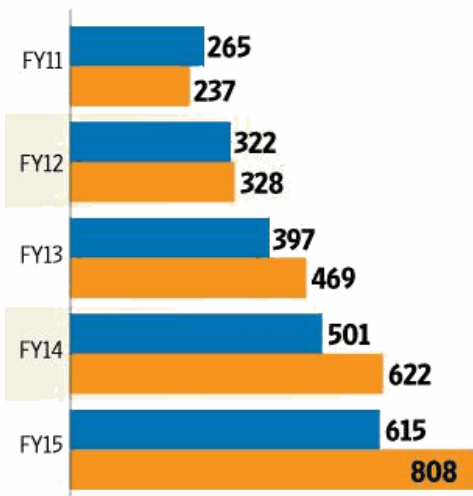
### Mobile banking users Proportion of those using mobile banking by age

Unit: %



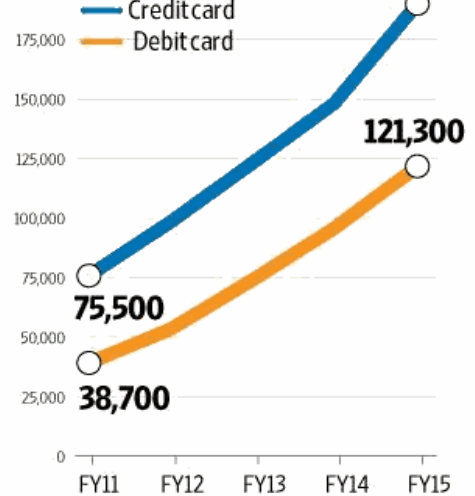
### Number of transactions (mn)

■ Credit card ■ Debit card



### Transaction expenditure on PoS (₹ cr)

— Credit card — Debit card



**Mobile Banking Transactions Conducted by Young Adult Internet Users in India, Dec 2016**

% of respondents

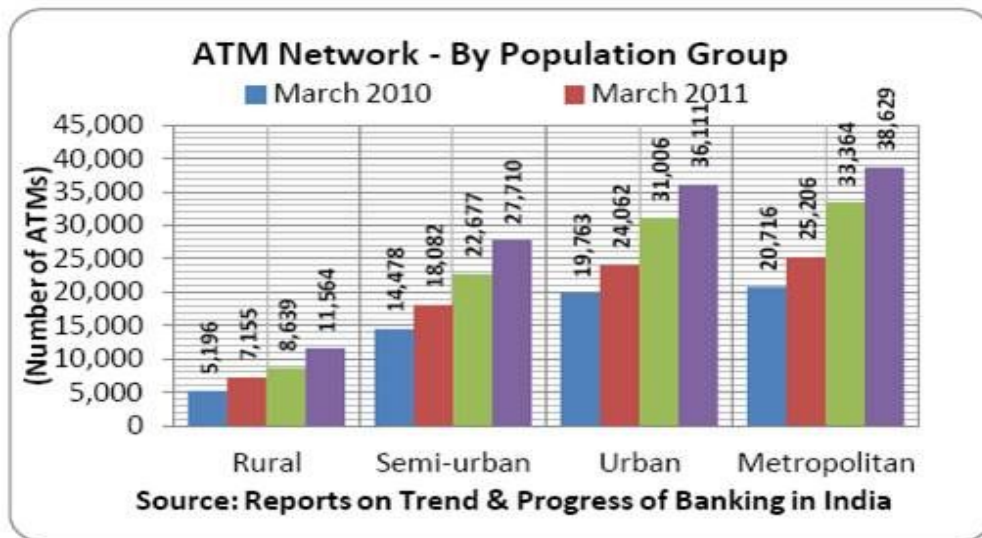


Note: ages 18-36 who have a banking account with a financial institution for personal/household needs; in the past 30 days

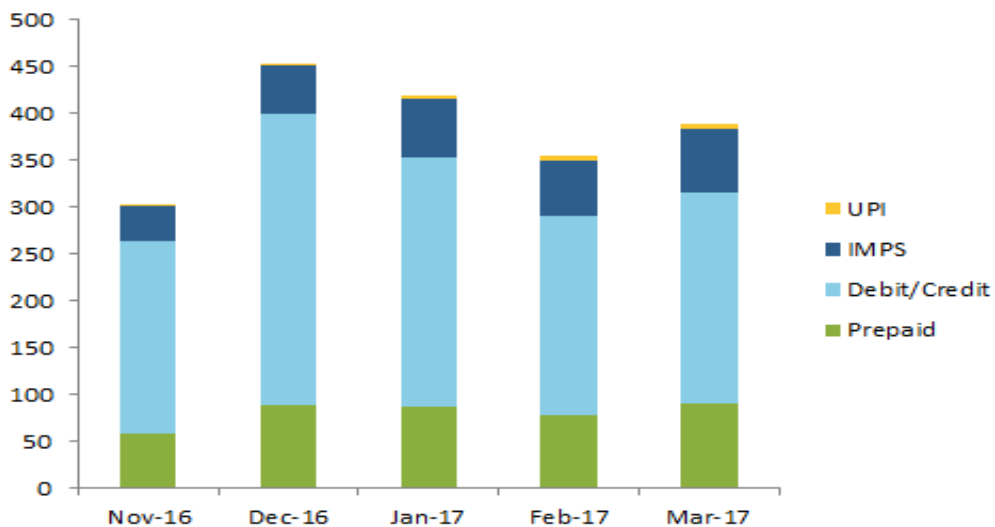
Source: FIS, "2017 FIS Consumer Banking PACE Report: India Results" conducted by Kantar TNS, May 31, 2017

228649

www.eMarketer.com



**8. IMPACT OF DEMONIZATION**





**21.3% DECLINE IN VOLUME OF TRANSACTIONS**  
**16.7% DECLINE IN VALUE (FEB OVER JAN)**

(UPDATED AS ON FEBRUARY 28, 2017)

Data for the period		Nov-16	Dec-16	Jan-17	Feb-17	Change*
Debit and Credit Cards at POS	Volume	205.5	311.0	265.5	190.4	-28.3
	Value	352.4	522.2	481.2	352.4	-26.8
PPI (wallets)	Volume	59.0	87.8	87.3	72.3	-17.1
	Value	13.2	21.3	21.0	17.2	-18.0
Mobile Banking	Volume	72.3	70.2	64.9	51.5	-20.7
	Value	1244.9	1365.9	1206.7	904.5	-25.0
Total**	Volume	671.5	957.5	870.4	684.7	-21.3
	Value	94004.2	104055.3	97011.4	80765.0	-16.7

Volume in million and value in Rs billion  
 \*In February 2017 over January 2017 \*\*Includes RTGS, NEFT, CTS, IMPS, NACH, UPI and USSD

## 9. CONCLUSION

The Banking sector is now witnessing a new wave of progress with innovations in the banking space. Indian banking system will further grow in size and complexity while acting as an important agent of economic growth and intermingling different segments of the financial sector. It is very much sure that future of banking will offer more classy services to the customers with the constant product and process innovations.

## REFERENCES

- [1]Edet O. Electronic Banking in Banking Industries and its Effects. I J of Investment & Finance 2008; 3.
- [2]<http://www.digitalindia.gov.in/content/ekranti-electronic-delivery-services>.
- [3][www.rbi.org.in](http://www.rbi.org.in)
- [4]<https://www.intelligenthq.com/finance/banking-technology-trends-and-vision-for-2016-in-india/>
- [5][www.articlebase.com/information/technology/article/it-emergence-recent-trends-in-banking-industry-inindia-1981838.html](http://www.articlebase.com/information/technology/article/it-emergence-recent-trends-in-banking-industry-inindia-1981838.html)
- [6] <http://gizmosupport.com/tag/digitization-in-banking-industry/>