

# Banking Sector Emerging Roles-New Market Trends

Gaurav Shukla<sup>1</sup> Vineet Pathak<sup>2</sup> Shivam Kumar<sup>3</sup>

Assistant Professor, Ambalika Institute of Management & Technology, Lucknow

Assistant Professor, Ambalika Institute of Management & Technology, Lucknow

Student of MBA 1<sup>st</sup> Year

**Abstract:** We are quite familiar with the substantial advancements in the trends of market one of the most supportive and upcoming role in marketing is of banking sector, today's banking is quite innovative they promise it within limited time frames which was a kind of impossible thing in past couple of years.

Banks play a vital role in the economic development of developing countries like India.

Investment in various sectors of the economy is the key feature of economic development.

Banking has been enhancing its operations in various forms such as E-Banking, ATM, mobile banking, plastic cards, NPA, priority banking etc.

Many of the leading banks operating in market have adopted a changed rules and regulations. Such as CRR, Interest rates. Even zero balance accounts are opened for which is a very innovating concept. Almost every bank is adopting various new techniques for capturing market, customer satisfaction and advancements. Due to liberalization, Privatization and Globalization. Indian banks are going global and many multinational banks and companies are setting up their shops in India. The Indian banking is all set to get indulged into a totally new level.

Finally the banking sector will need to evaluate new business models by building management and consumer services. Nationalized and commercial banks should step above the challenges and to get advantage of opportunities in the present scenario to walk hand in hand with the new marketing trends.

**Keywords:** - NPAs, Privatization, commercial banks, CRR.

## INTRODUCTION

Banks plays an important role in the economic development of developing countries. Economic development involves investment in various sectors of the economy. 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. Bank offers so many changes to access their banking and other services

### Objectives of study:-

- a) To study the opportunities the banks in changing banking scenario.
- b) To analysis of the impact of liberalization Privatization and Globalization.
- c) To explain the recent trends in changing banking scenario.

d) To explain the national and commercial banking scenario in India.

e) To study the role of banking sector in economic development.

### Methodology of study:-

This study is based on the analysis of the banking scenario in the India and the recent trends and opportunities in the banking with the help of secondary data collection.

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

**Present banking scenario:-** In 2009-10 there was a slowdown in the balance sheet growth of scheduled commercial banks (SCBs) with some slippages in their asset quality and profitability. Bank credit posted a lower growth of 16.6 per cent in 2009-10 on a year-on-year basis but showed signs of recovery from October 2009 with the beginning of economic turnaround. Gross nonperforming assets (NPAs) as a ratio to gross advances for SCBs, as a whole, increased from 2.25 per cent in 2008 - 09 to 2.39 percent in 2009 – 10. Notwithstanding some knock-on effects of the global financial crisis, Indian banks withstood the shock and remained stable and sound in the post-crisis period. Indian banks now compare favorably with banks in the region on metrics such as growth, profitability and loan delinquency ratios. In general, banks have had a track record of innovation, growth and value creation. However this process of banking development needs to be taken forward to serve the larger need of financial inclusion through expansion of banking services, given their low penetration as compared to other markets. During 2010-11, banks were able to improve their profitability and asset quality. Stress test showed that banking sector remained reasonably resilient to liquidity and interest rate shocks. Yet, there were emerging concerns about banking sector stability related to disproportionate growth in credit to sectors such as real estate, infrastructure, NBFCs and retail segment, persistent asset-liability mismatches, higher provisioning requirement and reliance on short-term borrowings to fund asset growth. Today role of banking industry is very important as one of the

leading and mostly essential service sector. India is the largest economy in the world having more than 110 crore population. Today in India the service sector is contributing half of the Indian GDP and the banking is most popular service sector in India. The significant role of banking industry is essential to speed up the social economic development. The present banking scenario provides a lot of opportunities. In the past few years we observed that there was lot of down and up trends in banking sector due to the global finance crisis. To improve major areas of banking sector Govt. of India. RBI, Ministry of finance has made several notable efforts. Many of leading banks operating in market have made use of the changed rules and regulations such as CRR, Interest Rates Special offers to the customers such as to open account in zero balance. The Indian banking system is set to involve into a totally new level. It will help the banking system to grow in strength going into future. Due to liberalization banks are operating on reduced spread main focus is highlighted on consumerism and how to customers linked and remain attached with the bank. Therefore banks are entered these days in non banking products such insurance in which area there are tremendous opportunities.

### NOW HIGHLIGHT THE EMERGING TRENDS IN INDIAN BANKING SECTOR

**Trends in Banking Automatic Teller Machine (ATM):-** Automatic Teller Machine is the most popular devise in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a devise that allows customer who has an ATM card to perform routine banking transactions without interacting with a human teller. In addition to cash withdrawal, ATMs can be used for payment of utility bills, funds transfer v between accounts, deposit of cheques and cash into accounts, balance enquiry etc.

**Tele Banking:-** Telephone banking is a service provided by a bank or other financial institution that enables customers to perform a range of financial transactions over the telephone, without the need to visit a bank branch or automated teller machine.

Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this devise

Automatic Voice Recorder is used for simpler queries and transactions. For v complicated queries and transactions, manned phone terminals are used.

**Electronic Clearing Service (ECS) :-** ECS is an electronic mode of funds transfer from one bank account to another. It can be used by institutions for making payments such as distribution of dividend interest, salary, pension, among others. It can also be used to pay bills and other charges such as telephone, electricity, water or for making equated monthly installments payments on loans as well as SIP investments. ECS can be used for both credit and debit purposes.

**Electronic Funds Transfer (EFT) :-** **Electronic funds transfer (EFT)** is the **electronic transfer** of money from one bank account to another, either within a single financial institution or across multiple institutions, through computer-based systems and without the direct intervention of bank staff.

**Real Time Gross Settlement (RTGS) :-** RTGS systems are typically used for high-value transactions that require immediate clearing. In some countries the RTGS systems may be the only way to get same day cleared funds and so may be used when payments need to be settled urgently. However, most regular payments would not use a RTGS system, but instead would use a national payment system or network that allows participants to batch and net payments.

**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.

**CONCLUSION:-** Indian Banking Industry has shown considerable resilience during the return period. The second generation returns will play a crucial role in further strengthening the system. 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 sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations. Adoption

of stringent prudential norms and higher capital standards, better risk management systems, adoption of internationally accepted accounting practices and increased disclosures and transparency will ensure the Indian Banking industry keeps pace with other developed banking systems. Finally the banking sector will need to master a new business model by building management and customer services. Banks should contribute intensive efforts to render better services to their customer. Nationalized and commercial banks should follow the Recent trends and to get advantage of opportunities in changing banking scenario.

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