



IMPACT OF RECENT TRENDS IN BANKING INDUSTRY ON CAREER

**Mr. Sunny Punjabi,*

** Shri Dombivli Mitra Mandal's Matrushi Kashiben Motilal Patel Senior College of Commerce and Science, (Affiliated to University of Mumbai), Padmakar Colony, Near Thakurli Railway Station Thakurli (East) – 421 201*

Abstract:

Today, Banking has evolved a lot in India. From the good olden cash withdrawals at counters, to now 24X7 availability of all bank services, to Fintechs revolutionizing payments and lending, Banking has been at the forefront of change brought in by the latest technology and rapid strides taken by the Industry and the Regulators. In the banking field, there has been an unprecedented growth and diversification of the banking industry has been so stupendous that it has no parallel in the annals of banking anywhere in the world.

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 new trends in commercial banking

Key words: RBI, Digitization, Block Chain, AI, Fintech, UPI.

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Introduction:

The Indian economic environment is witnessing path breaking reform measures. The financial sector, of which the banking industry is the largest player, has also been undergoing a metamorphic change. Today the banking industry is stronger and capable of withstanding the pressures of competition. While internationally accepted prudential norms have been adopted, with higher disclosures and transparency, the Indian banking industry is gradually moving towards adopting the best practices in accounting, corporate governance and risk management. Interest rates have been deregulated, while the rigor of directed lending is being progressively reduced.

Today, we are having 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. In the banking field, there has been an unprecedented growth and diversification of the banking industry has been so stupendous that it has no parallel in the annals of banking anywhere in the world.

During the last 41 years since 1969, tremendous changes have taken place in the banking industry. The banks have shed their traditional functions and have been innovating, improving and coming out with new types of the

services to cater to the emerging needs of their customers.

Massive branch expansion in the rural and underdeveloped areas, mobilization of savings and diversification of credit facilities to the either to neglected areas like small scale industrial sector, agricultural and other preferred areas like export sector etc. have resulted in the widening and deepening of the financial infrastructure and transferred the fundamental character of class banking into mass banking.

There has been considerable innovation and diversification in the business of major commercial banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking, leasing and mutual funds and many more are in the process of doing so. Some banks have commenced factoring business.

Objectives:

To study how different trends in banking helps in career development

To study various facilities provided by the banks to customers.

To study the different trends in the banking sector.

To study the various problems faced by customers.

Scope:

The topic covered all the facilities provided by the bank to the customers and also included the different trends in the banking sector. Also include the various career opportunities available in the banking sector.

Research Methodology:

This topic is based on secondary data collected from Google and other research papers.

Trends in Banking:

1. Latest Trends in Banking in India

Banking has evolved a lot in India. From the good olden cash withdrawals at counters, to now 24X7 availability of all bank services, to Fintechs revolutionizing payments and lending, Banking has been at the forefront of change brought in by the latest technology and rapid strides taken by the Industry and the Regulators.

Fintechs Performing Banking Function

Fintech companies have entered almost all the areas within Banking. They started with Payments sometime around 2015-16, which got a tremendous boost due to demonetization. Prominent among Payments Fintechs include PayTM, RazorPay, PhonePe. With the advent of UPI, Google Pay has now become a huge success in the Payment Market.

On the Lending Side of the Banking Spectrum, changes have been happening in the last 2-3 years. Technology changes such as APIs, AI and ML, Cloud Computing, Open Source etc. have tremendously increased the reach of Banking to several hitherto unbanked areas, and also, reduced the cost of providing banking services. Several Fintechs such as LendingKart and Co-lending platforms such as Yubi (formerly Credavenue) are making inroads into traditional lending and expanding the market.

Banking As a Service (BaaS):

BaaS is an approach that facilitates fintechs and other third-party entities to connect with a bank's system through APIs.

A lot of early-stage innovation in India was focused on better customer experience during Sales & Onboarding. This created space for investment in frontend apps with subpar delivery through archaic back-office processes. We believe that during this year, the focus will shift to strong and flexible backend platforms with integration capabilities & cloud readiness.

This would mean heavy investment in:

- Core Banking Platforms
- Open Banking Systems
- Digital Banking Systems
- Digital Lending Platforms
- Open Insurance Platforms
- Payments Infrastructure

We believe that investments in startups focusing on these platforms will soar.

India Stack:

India Stack is the moniker for a set of open APIs and digital public goods that aim to unlock the economic primitives of identity, data, and payments at population scale.

India Stack can be summarized as Presence-less, Paperless, Cashless transaction with consent

APIs included in India Stack

The following APIs are considered to be a core part of the India Stack:

- Aadhaar Authentication
- Aadhaar e-KYC
- e - Sign
- Digital Locker
- Unified Payment Interface (UPI)
- Digital User Consent – still work in progress.

The following APIs are also considered to be societal platforms built on similar principles like India Stack:

GSTN – The Goods and Services Tax Network

BBPS – The Bharat Bill Payment System

ETC – Electronic Toll Collection (known under the brand FASTag)

Innovations in Banking Accounts: Neo Banking

The neo banking platform Open has partnered with ICICI Bank to provide business current accounts to its SME/MSME customer base.

It provides services like

- Automated Reconciliation
- Dashboard to help aggregate all banking details on one platform
- Integrated workflow management

Apart from this, the platform also provides accounting facilities, payment gateway and Payroll Management.

Similarly, Jupiter is a neo-banking platform operating in partnership with Federal Bank. The platform aims to provide savings accounts and debit cards to retail customers. It enables customers to track their spends, set goals and also provide rewards on their debit Cards.

Nodal Account:

A nodal account can be set up by a Merchant to receive and make payments. These accounts are sort of a pooling account, set up only for the movement of money.

Nodal Accounts can be set up by –

a. Ecommerce and Marketplace

- Set up seller/ vendor commissions and settlement
- Issue instant refunds
- Reconciliation and automated pay-out
- Cashback and offers for customers

b. Lending

- Disbursing loans to customers
- Enables lending aggregators to manage funds
- Process refunds
- Maker & checker mechanism for lending partners and aggregators

c. Insurance

- Disbursal of claims
- Tracking of pay-outs
- Settle commission for vendors and partners

d. Prepaid Instruments

- Enable Real Time pay-outs Faster transaction processing
- Debit transactions without linking to the card owner's bank account

Recent Trends in Banking:

1) Electronic Payment Services – E Cheques:

Now-a-days we are hearing about e-governance, e-mail, e-commerce, e-tail etc. In the same manner, a new technology is being developed in the US for the introduction of e-cheque, which will eventually replace the conventional paper cheque. India, as a harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include; Truncated cheque and E-cheque instruments.

2) Real Time Gross Settlement (RTGS):

Real Time Gross Settlement system, introduced in India since March 2004, is a system through which electronic instructions can be given by banks to transfer funds from their account to the account of another bank. The RTGS system is maintained and operated by the RBI and provides a means of efficient and faster funds transfer among banks facilitating their financial operations. As the name suggests, funds transfer between banks takes place on a 'Real Time' basis. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours.



3) 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.

4) Electronic Clearing Service (ECS):

Electronic Clearing Service is a retail payment system that can be used to make bulk payments/receipts of a similar nature especially where each individual payment is of a repetitive nature and of relatively smaller amount. This facility is meant for companies and government departments to make/receive large volumes of payments rather than for funds transfers by individuals.

5) Automatic Teller Machine (ATM):

Automatic Teller Machine is the most popular device in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a device that allows a 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 between accounts, deposit of cheques and cash into accounts, balance enquiry etc.

6) 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.

7) 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.

8) Electronic Data Interchange (EDI):

Electronic Data Interchange is the electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advice etc. in a standard, computer processed, universally accepted format between trading partners. EDI can also be used to transmit financial information and payments in electronic form.

Conclusion:

To conclude it all, the banking sector in India is progressing with the increased growth in customer base, due to the newly improved and innovative facilities offered by banks. The economic growth of the country is an indicator for the growth of the banking sector. Now different trends in the banking industry will help the students in their career development.



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3. Sanjay Kumar Dhanwani Assistant Professor, Government Degree College, Sanawal, Balrampur (C.G.)

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