

## **Emerging Trends in Banking**



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### **Abstract**

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 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.

### **Keywords for banking**

Banking, recent trends in banking, technology

### **Introduction**

The Banking sector has been immensely benefited from the implementation of superior technology during the recent past, almost in every nation in the world. Productivity enhancement, innovative products, speedy transactions seamless transfer of funds, real time information system, and efficient risk management are some of the advantage derived through the technology. Information technology has also improved the efficiency and robustness of business processes across banking sector. India's banking environment. Indian banking industry is the midst of an IT revolution. Technological infrastructure has become an indispensable part of the reforms process in the banking system, with the gradual development of sophisticated instruments and innovations in market practices.

**Bank:-**

An establishment authorized by a government to accept deposits, pay interest, clear checks, make loans, act as an intermediary in financial transactions, and provide other financial services to its customers.

**Banking:-**

Banking can be defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit.

**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 US for introduction of e-cheque, which will eventually replace the conventional paper cheque. India, as 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 electronics 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 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 advices 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.

### **9) A focus on mobile banking**

As smartphones become even more widely used, it's no surprise that mobile-banking apps are increasingly popular. "For many people, mobile banking is the norm, especially if you skew younger, which is the future of banking."

### **10) Better payment security**

High-profile data breaches in the past year, including at JP Morgan Chase and Home Depot, have made cyber security an even hotter topic in banking, especially when it comes to payments. EMV chips, which protect card data by encrypting it, will become standard in U.S. cards in October. Named for its developers (**E**uro Pay, **M**asterCard and **V**isa), EMV technology offers greater security than the vulnerable magnetic stripe and is already widely used outside the United States.

Many consumers not only welcome these improved security measures, but also support other methods of ramping up privacy protection. Warshawsky says a recent Bank of America study showed that 60% of respondents said they were comfortable using a fingerprint to gain access to mobile banking apps, and about one in three were OK with retina scans and voice recognition as identity-authentication methods.

### **11) More social interaction**

In 2015, banks may soon be more about sharing — and less about telemarketing — thanks to millennial. Among these Generation Y consumers who have bank accounts, 10% say they've used social networks to interact with their bank, according to Cap Gemini's 2014 World Retail Banking Report. In the previous year's study, this metric wasn't even included, website All Analytics reports. This finding may help drive interest in more social banking products.

“The new generation of customers does not want to take your phone call,” researcher Dorsey advises bankers. But they may read a bank's texts, he says. With a growing focus on big data and analysis of consumer behavior, many banks are expanding their social-media presence and targeting potential customers with more personalized messages. Mobile apps such as Venmo and Snap cash are also seizing on opportunities to make payments more personal and shareable.

### **Conclusion**

The banking today is re-defined and re-engineered with the use of Information Technology and it is sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations. Thus, there is a paradigm shift from the seller's market to buyer's market in the industry and finally it affected at the bankers level to change their approach from "conventional banking to convenience banking" and "mass banking to class banking". The shift has also increased the degree of accessibility of a common man.

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