



## Recent Technological Trends in Banking Sector

**Dr. Ganesh Rajendra Walunj**

*Department of Economics,*

*S.B.V.P.Samaj's, Sahakar Maharshi Bhausaheb Santuji Thorat Arts, Science & Commerce College,*

*Sangamner, Tal. Sangamner, Dist. Ahilyanagar*

*Corresponding Author – Dr. Ganesh Rajendra Walunj*

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### Introduction:

Today banking is known as innovative banking. The current banking sector has come up with a lot of technological & innovative initiatives that oriented to provide a better customer services. In India the banking sector has a huge canvas of history, which covers the traditional banking practices from the time of British era to the current reforms period. India's banking sector has been through a long journey. The use of technology has brought a revolution in the working style of the banks. The information Technology has had a positive impact on substitutes for traditional banking services. In the banking sector with networking and interconnection new challenges are arising related to security privacy and confidentiality. The Banks will begin to use the technology to provide the better quality services. The information technology has made convenient for customers to do their banking from geographically diverse places which earlier remain uncovered. In this paper, an attempt is made to explain the changing current banking scenario. The study also identifies the challenges and opportunities of Indian banking sector.

**Keywords:** *Banking, Innovation, Technology, Commercial banks, Co-operative banks, Foreign Banks.*

### Objectives of the Study:

1. To study the changing banking scenario.
2. To identify the challenges for the banking sector.
3. To study the opportunities for the banking sector.

### Research Methodology:

The methodology of this research paper is descriptive method. To collect the data secondary sources are use. These secondary sources are Books, Magazine, Newspaper, Websites and Research Papers etc.

### Structure of Indian Banking System:

In the context of globalization the role of banking sector is very important. It is one of the leading and most essential service sectors. In India Reserve Bank of India is regulating the banking sector. The Banking sector mainly consists of Commercial banks and Co-operative banks. The commercial banking structure in India consists of Scheduled commercial banks and unscheduled bank. The Scheduled commercial banks constitute those banks which have been included in the second schedule of Reserve Bank of India (RBI) Act, 1934. For the purpose of assessment of performance of banks the RBI categories them as Public Sector banks, Private Sector Banks and Foreign Banks.

**Recent trends in Banking Sector:**

India's Banking Sector has achieved a new height with the Customer services and customer satisfaction is prime responsibilities of banks. The information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing and labor intensive methods with automated processes thus leading to higher productivity and profitability Challenging business environment within the banking system create more innovation in different sectors.

**1. ATM:**

ATM (Automated Teller Machine) is a computerized telecommunications device that provides a financial institution's customers a secure method of performing financial transactions in a public space without a human clerk or bank teller.

**2. Debit and Credit Card:**

A debit card is an electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services. This removes the need for bank clients to go to the bank to remove cash from their account as they can now just go to an ATM or pay electronically at merchant locations. Also the banks provides the credit card these credit card is issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. Interest usually begins one month after a purchase is made and borrowing limits are pre-set according to the individual's credit rating.

**3. NEFT (National Electronic Funds Transfer):**

NEFT is a nation-wide payment system to facilitate one-to-one funds transfer. Under NEFT,

individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme. The funds under NEFT can be transferred by individuals, firms or corporates maintaining accounts with a bank branch. NEFT is a simple, secure, safe, fastest and cost effective way to transfer funds especially for Retail remittances.

**4. RTGS (Real Time Gross Settlement System):**

In India since March 2004, banks are introduced RTGS system through which electronics instructions can be given by banks to transfer the 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.

**5. Open Banking:**

In order to give its customers a single point of access for all of their banking needs as well as the bank's services. The banks that use open banking systems link their financial solutions using third-party software. Open banking is a crucial strategy for financial firms to compete and grow. Banks and Fintech companies collaborate to make it simpler for customers to use mobile apps to conduct rapid and simple payments.

**6. Block Chain:**

The Block chain technology allows for the preservation of data integrity and immutability when several parties require simultaneous access to the same information. The Block chain technology is being used by banks more and more to protect sensitive data from hackers. The Banks are always experimenting with this new technology in an effort to improve

efficiency, enhance security, and expedite transactions.

### **7. Biometrics:**

The quick payments can be made with the help of biometrics by employing facial recognition software or by scanning an individual's fingerprint. As more and more people choose not to carry about cash, it's growing in popularity. Among the companies that have already created these kinds of solutions are Google and Whatsapp.

### **8. Cloud Banking:**

The cloud banking is revolutionizing the banks while keeping the conventional model in place, cost-efficiency and enabling them to offer new experiences to their customers. The Banks may synchronize their operations and dismantle data and operational silos in customer service, finance, risk, and other business domains by utilizing the cloud.

### **9. Artificial Intelligence and Machine Learning:**

AI and machine learning are the new concepts, and banks are quickly adopting them to provide customers with personalized, just-in-time service. They automate banking operations to improve customer service, credit, and fraud prevention.

### **10. Chatbots:**

The popularity of speech-based engagements among clients is rising. The Chatbots therefore depend on a speech interface. Banks have demonstrated that financial chatbots save them more than four minutes per transaction and enable them to obtain customer feedback more rapidly and affordably.

## **Challenges for Banking Sector:**

### **1. Customer Satisfaction:**

Today, in banking sector customers are more value oriented in their services because they have alternative choices in it. To provide several

personnel services. It is demanded that banks have to provide several services for which they have to expand their service, social banking with financial possibilities, computerization and innovative mechanization, better customer services, adequate profitability, strong organization culture etc. Therefore, banks must be able to provide complete personal service to the customers who come with expectations Competition. The nationalized banks and commercial banks have the competition from foreign and new private sector banks. The banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels and new market trends etc.

### **2. Managing Technology:**

To acquiring the right technology, deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high service and efficiency standards while remaining cost effective and delivering sustainable return to shareholders. The technology acquires significant competitive advantages. The key challenge for the Indian Banking Sector is to managing the technology.

### **3. Global Banking:**

After the globalization the banks has to competition with world economy and the banking sector. The foreign banks operating in India, becomes a major challenge for nationalized and private sector banks of India. These banks are large in size but technically advanced and having presence in global market, which gives more and better options and services to banking customers.

## **Opportunities in Banking Sector:**

In India the following are the opportunities for the banking sector.

### **1. Rural area Customers:**

India is a largely untapped market for banking sector because 70% population alive in rural area. The Banks are work in urban area &

only in few big villages but some villages does not having banking services so that the banks must reach in remaining all villages because majority of Indian still living in rural areas.

### **2. Good Customer Services:**

The good customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank.

### **3. Offering Various Channels:**

The Banks can offer many channels for their customers to access their banking services and other services such as ATM, Telephone/Mobile banking, Video banking etc. to increase the banking business.

### **4. Product Differentiation:**

Apart from traditional banking services, Indian Banks must adopt some product innovation so that they can compete in gamut of competition.

### **5. Expansion:**

The Expansion of branch size in order to increase market share is another opportunity to combat competitors. Therefore Indian nationalized and commercial banks must spread their wings towards global markets as some of them have already done it.

### **Conclusion:**

The Indian banks are trust worthy brands in Indian market; therefore these banks must utilize their brand equity as it is a valuable asset for them. The Banks have to adopt a holistic approach to fulfill the ever changing needs of customers and to grab a better market share. The development of sophisticated products with low cost technology is the key Banks have to adopt a holistic approach to fulfill the ever changing needs of customers and to grab a better market share. Development of sophisticated products with low cost technology is the key. This analysis plays a very important role in devising new strategies, products and services. After the study we understood that banks should overcome the challenges and to get advantage of opportunities in changing current banking scenario.

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