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**A STUDY ON RECENT TRENDS IN BANKING SECTOR IN INDIA**

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**Abstract-**

Finance and banking are the lifeblood of any business. Banks play a vital role in the economic development of a country; their performance undertakes or determines the pace of development of economy. Financial sector has been undergoing a drastic change and banking sector is a part of it. Mostly they engage in the money transactions including accepting deposits from the customers and lending them to the needy ones in the form of loans. The last two decades witnessed many positive developments in the Indian banking sector, especially after arrivals of Private Banks. Some banks established an outstanding track record of innovation, growth and value creation. 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, 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. During the last 50 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. Banking sector has a well developed system of accounting with classified banks. The process of banking was stated in decade of the 18th century. The first bank were The bank of Hindustan and then the most of the banks were originated. In 1969 and 1980 the banks were nationalized due to poor workings of previous banks because there is a need of change in the banking industry. After that, banks came out with some innovations and new type of services to cater to the emerging needs of their customers. Technology has played a great role in responding to the growing needs of Indian economy. To improve their performance, banks have made a heavy investment in IT sector. This paper is basically focused on recent trends which are taking place in banking industry.

**Keywords-** Emerging Trends, Indian Banking Sector, Banking Innovation, Technology, Internet, Services

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**Introduction –**

The banking industry in India has a huge canvas of history, which covers the traditional banking practices right from nationalization to privatization of banks and now to multinational banks in India. The core of banking does not merely lies in the acceptance of deposits & granting of loans to the needy persons. This was an traditional function of banking. Therefore, Banking in India has been through a long journey. . Nowadays it is not

limited to only deposit and lending but enhanced to more sophisticated services. Current banking system constitutes a new innovative system with new technological system. Information technology in banking sector means the use of revolutionary information and communication technologies together with computers to enable banks to provide better services to its customer in a secure, credible and affordable manner . banking sector besides providing customer services play a significant role in the economic

development of a country. Banks help in removing the problem like acute shortage of capital, depressed industrial development, bad means of transport and communication. The developing countries depend a lot on their banking system for their economic development. Banks help in performing their day to day activities and also in other remote services e.g. foreign exchange. The banking sector in India is different from other countries due to country's unique geographic, social and other economic characteristics. Our banking sector has concerned about every people of our population i.e. of urban, rural and other backward areas. Banking sector covers a significant position of our economy. India has followed the path of growth led export rather than exports led growth of other Asian economies, with focus on self reliance through import substitution and these features are shown in the diversity of our banking sector. Banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. However, with the changing dynamics, banking business has brought a new kind of risk exposure. Majority of the banks are successful in keeping with the confidence of the customers as well as other stakeholders but not all the banks are able to live up to the expectation of them. In order to grow and gain the faith of stakeholders, organizations should try to improve the long-term financial performance and create wealth for the stakeholders.

#### **Review Of Literature –**

Literature is an vital part of the early research. This will give scientists the opportunity to conduct further research, as well as the discovery of the hidden and unfamiliar areas of study. 1. Anuradha (2001) stated that "the need for the change of Indian banks and the forces behind the change like globalization, liberalization, international trade, technology revolution etc., The study also highlights various consequences that are to be faced by the Indian banks if they remain unchanged". 2. Chowdary Prasad (2002) compared the 1991 economic reforms of India with that of China that took place in 1998. He has stated "Reforms in India have just been a decade old but there have been numerous changes in political set up, industrialization policies, legal reforms, privatization, etc.", 3. Aditya Pun (2003) said, "Technology has enabled banks to target customers, and provide customized products and services to match their individual requirements. The winners will be those banks that make

optimum utilization of available technology to innovate, offer customized products and services, and make the most of the resources at their disposal". 4. Guillen and Tschoegi (2008) Traditional banks accepted the change in their functioning in order to be more receptive to the worldwide market demand for new financial product in new competitive market. 5. Anand and Dulababu (2012) considered Indian banks: Axis Bank, HDFC Bank, ICICI Bank, IDBI Bank and Oriental Bank of commerce. The authors revealed that past prices of the stocks follow random walk. The investors are advised to analyze company's balance sheet, corporate announcements on stock split, dividends, bonus issue and other financial factors before investing into a company. 6. Vegesna and Dash (2014) stated that there is a need to develop a comprehensive framework for measuring their efficiency in transforming their resources for better performance. Such performance benchmarking has become extremely relevant for their success. This study focuses on the technical efficiency of banks in India using Data Envelopment Analysis. 7. (Goncharuk, 2013), to identify critical factors affecting the efficiency of banks. The inputs taken include net worth, deposits, borrowings, operating expenses, and fixed assets, while the outputs taken are investments, advances, net interest income and non-interest income. The results of the study shown that public sector banks were more efficient than the private sector ones, and that there was a trend decrease in the average level of efficiency. There were also some significant differences in terms of utilization/underutilization of inputs and under-production of outputs. 8. Guda (2014) showed the key ways to achieve the competitive advantages of a bank, which are based on the comparative characteristics of the most developed banks of Ukraine. 9. Hilmarsson (2015) focused on the actions of the international community when the Icelandic authorities, during a period of great uncertainty and need, sought assistance to protect the Icelandic economy before the banking system fell. 10. Florin (2014b) intends to investigate the various aspects of the credit appraisal procedure of SME loan by private commercial banks in Bangladesh.

#### **Objectives Of The Study –**

1. To explain the recent trends in changing banking scenario.
2. To examine the emerging trends in banking technology
3. To understand the major trends that are expected to influence the Indian banking sector.

**Research Hypothesis –**

1. Banks continue to play a pre-dominant role in financial intermediation in developing countries.
2. Banks in India have play an important role in providing online services.

**Research Methodology –**

This study is based on the secondary source of data. Secondary data: The secondary sources of data are banking books, annual reports of RBI, internet (websites) and research papers etc.

Figure -1 Indian Banking System



In our country we are having a well developed and significant banking system with different classes of banks- public sector banks, foreign banks, private banks- both old and new generation banks, regional rural banks and cooperative banks in the leadership of RBI. The banks are set up in the supervision of different committees created by the Government with the aim to bring about operational flexibility and functional autonomy to enhance efficiency, productivity, profitability of banks. Earlier the finance function was carried down by the moneylenders and they creates a lot of difficulty level to individuals. Their rate of interest differs from person to person and impose different unusual condition from borrower to borrower. Then a need arise to having legalized and systemic process for lending and deposit the funds and this solve out the problems of the individuals. After that banks have classified according to their proper uses i.e private, public, foreign and regional rural banks to provide benefits to every sector of society. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels and new market trends. Banks are restricting their administrative folio by converting manpower into machine power. ie, banks are decreasing manual powers

Present Scenario and Trends in Banking The present banking scenario provides a lot of opportunities and challenges.

**Structure of Indian Banking sector-**The structure of the banking system of India can be broadly divided into scheduled banks, non-scheduled banks and development banks. Banks that are included in the second schedule of the Reserve Bank of India Act, 1934 are considered to be scheduled banks.

and getting maximum work done through machine power.

**Emerging Trends-**

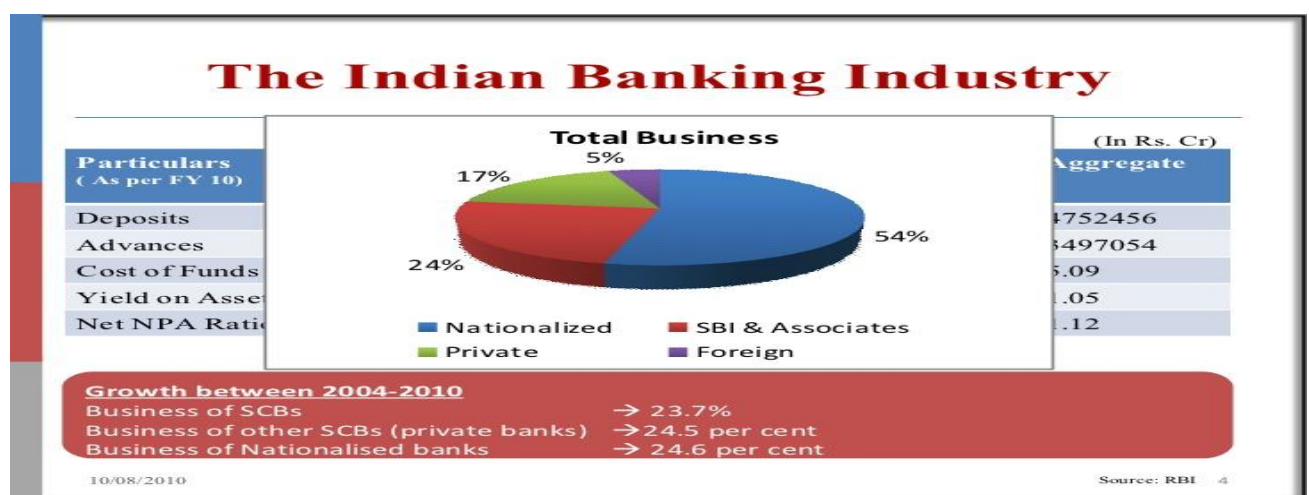
It allows the customers to perform all day to day bank activities without interacting with any humans. Furthermore, these facilities are also used for the payment of funds, utility bills, etc. The other trends in the banking sector include a point of sale terminal, telebanking, and electronic data interchange. Today banking is known as pioneering banking. India is having a well developed banking system with different classes of banks: public sector banks, foreign banks, private sector banks, regional rural banks, co-operative banks. The use of technology has brought a revolution in the working style of the banks. Information Technology has had a positive impact on substitutes for traditional services. With networking and interconnection new challenges are arising related to security privacy and confidentiality to transactions .The study identifies challenges and opportunities for Indian banking The RBI's most important goal is to maintain monetary stability. Reducing inflation has been one of the most important goals for some time. There has been considerable innovation and diversification in the business of major banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant

banking, internet and phone banking, leasing, mutual funds etc. With the emergence of Privatization, Globalization and Liberalization in India, Banks are focusing on Research and Development and applying various innovative ideas and technology. There is a close relationship between the development of banking sector and the new innovations in technology and Electronic data processing. 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, 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 rigors of directed lending are being progressively reduced. In 1991, the Government opened the doors for foreign banks to start their operations in India and provide their wide range of facilities, thereby providing a strong competition to the domestic banks, and helping the customers in availing the best of the services. The Reserve Bank in its bid to move towards the best international banking practices will further sharpen the prudential norms and strengthen its supervisor mechanism. Current banking sector has come up with lots of initiatives that oriented to provide a better customer services with the help of new technologies. IT has helped the Banking industry

to deal with the challenges the new economy poses. Technology has opened up new markets.

#### Indian Banking Sector-

Indian Banking sector is one of the oldest and most popular sector in stock market point of view. It is also one of the largest in terms of market capitalization in Indian stock market. Banking sector is such a sector which is either liked by investors or disliked by investors but there is no middle ground. There are many investors whose portfolio is heavily loaded with banking and finance stocks and at the same time there are some big investors they don't touch banking stocks. The Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions. Public-sector banks control more than 70 percent of the banking system assets, thereby leaving a comparatively smaller share for its private peers. As per the Reserve Bank of India (RBI), India's banking sector has sufficient capital and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.



**Banking Growth in India 2022-2023**  
**management .ind.in**  
**Sixteen Recent Trends in Banking 2022-**

**1. Universal Banking:-** All the operations now can be performed in a single step. Electronic conveniences are provided for a busy life. There

are various services provided by Electronic-Bank facilities:

1. Check account balance
2. Keep track of account transaction
3. Make third party payments
4. Transfer funds
5. Download transactions
6. Order chequebooks
7. Request stop payments

**2. Point of sale (POS):-** POS is making a payment transaction in exchange for goods at that time. The transaction can be done by using a debit or credit card. Every time PIN needs to be entered to make a transaction. Now, the bank will send that payment from the buyer account to the seller account. These transactions are mostly used in malls where people do shopping with their cards.

### **3. Smart Wearable :**

With smartwatch technology, the banking and financial services technology is aiming to create a wearable for banking customers and provide more control and easy access to the data. Therefore, this technology is for future retail banking trends by providing major banking services with just a click on a user-friendly interface on their wearable device.

### **4. Globalization Of Banking:-**

Globalization has come out as a prime mover in the Indian banking system. The banking sector rises after the policy of liberalization in 1991 by opening up banking and other sectors. Foreign banks that wanted to set up their offices/branches in India have been granted licenses by RBI. It helps India to improve its technology.

### **5. Demat Account:-**

Demat Account is an electronic account to store shares, and securities. This eliminates the problems regarding payment and holding physical securities certificates. Demat account is opened by several banks and brokers. This trend in banking helps bank customers to buy shares online. Every investor i.e. smaller or bigger investors can have registration through stockbrokers like HDFC Securities, Kotak Securities, Upstox, etc.

### **6. Satellite Banking:-**

Satellite banking is a future technological innovation in the Indian banking industry. It is expected to help in solving the problems of weak terrestrial places by connecting the communication links in many parts of the country.

**7. Artificial Intelligence Robots:-** Most private and nationalized banks in India have started to use chatbots or Artificial intelligence robots for

assistance in customer support services. These technologies are made up of machine learning, chatbots, robotic process automation, and intelligent analytics.

### **8. Letters of credit:-**

The letter of credit is a legal document from a bank that says the bank will pay the exporter when the conditions in the letter are met. In effect, the bank is liable to pay the amount to the seller. The issuing bank ( buyer's Bank ) pays the seller through the advising bank( seller's bank ). The buyer of goods pays the issuing bank a fee for its services

### **9. Phone Banking:-**

The next trend in banking is now banks pick up the phone to access a host of Bank services, day or night. Phone and mobile banking are a fairly recent up-gradation for the Indian banking industry. Its channels function through an Interactive Voice Response System (IVRS) or Telebanking executives of the banks.

**10. Blockchain Technology:-** Blockchain is known for cryptocurrency or online currency like Bitcoin which helps in keeping track of transactions in a secure and verifiable way. As blockchain is highly secure and easy to operate, it can be used for promoting transparency during payments & currency exchange in banking. It can also help banks to save money and improve customer experience.

**11. Quantum Computers:-** Quantum computers are machines that use the properties of quantum physics to store data and perform calculations. This can be extremely advantageous for making an accurate decisions like making an optimal investment portfolio, Current Balance.

### **12) UPI (Unified Payments Interface)-**

UPI has changed the way payments are made. It is a real-time payment system that enables instant inter-bank transactions with the use of a mobile platform developed by the National Payments Corporation of India. UPI makes funds transfer available 24 hours, 365 days unlike other internet banking systems. UPI is quicker, safe, and easy to use. Examples – Google pay, Paytm, Bhim UPI, etc The transaction value under Unified Payments Interface (or BHIM UPI) digital payments in June 2022 stood at Rs 10,14,384 crore, down by 2.6 per cent from the previous month, the National Payments Corporation of India (NPCI) data showed. The UPI-led payments during the month were in correspondence to a total of 5.86 billion transactions. The UPI-led payments during the month were in correspondence to a total of 5.86 billion transactions. In May 2022,



the UPI transactions were valued at Rs 10,41,506 crore involving total number of 5.95 billion transactions.

### 13. Biometric verification system-



**14. Hybrid Cloud Technology-**The biggest question that the digital or modern age has brought to banking is the need to communicate quickly. Banks need to be able to provide resources across the enterprise on time to solve business problems faster. The hybrid cloud also allows banks to offer new innovative offerings to their customers. For example – ICICI Bank has partnered with Zoho Books which is online accounting software. This allows Retail businesses or Shop owners to automate the basic reconciliation process through Zoho Books. The partnership aids customers to do online data entry and offers multiple payment options.

**15. Data & Personalisation system-**Technology advances have given banks the ability to analyze and categorize more data about their customers. In 2021, more banks will start to use this data effectively to provide customers with the personalized experiences that customers have come to expect. Data and personalization will become the new battleground for traditional banks and challengers, with customers choosing their bank based on the level of customization and support received through a bank's digital channels.

**16. E- Payment and settlement system:-** The payment & settlement system in India is mainly for financial transactions. In India, multiple payment systems are used for gross and net settlement.

**(i) RTGS-**The full form of RTGS is the “Real Time Gross Settlement” system. It is a transfer system in which the transfer of money takes place from one bank to any other bank on a “real-time” and a “gross basis”. ‘Real Time’ means the processing of payments at that time when the instructions are received and ‘Gross Settlement’ means that the

settlement of funds transfer occurs on a one-to-one basis or line-wise.

**(ii) Electronic Clearing System-ECS** is an electronic mode of funds transfer from one bank account to another. This aids to make large transactions such as distribution of dividend interest, salary, pension, etc. It is mostly used by institutions or governments for making payments

**(iii) Electronic data interchange ( EDI )** – It facilitates computer-to-computer exchange of electronic documents (such as purchase orders, and advance shipment notices without human intervention or human-readable (paper or electronic documents).

**Some Other Recent Notable Banking Services-** Electronic Payment Services Coming across e-governance, e-mail, e-commerce, e-tail etc, a new technology is being developed in US for introduction of e-cheque, which will eventually replace the conventional paper cheque. India, as forerunner to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include; Truncated cheque and Echeque instruments. 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. RTGS was launched by RBI, which enabled a real time settlement on a gross basis. To ensure that RTGS system is used only for large value transactions and retail transactions take an alternate channel of EFT. The reach and utilization of RTGS has witnessed a sustainable augment since its

introduction. In the year 2012-2013 to 2014-2015 transactions related to customer remittances have raised from Rs.68.5 million to Rs.92.8 million. This shows the increasing popularity of RTGS in Indian banking industry.

**1 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, 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. The most widely used EFT programs is Direct deposits, in which payroll is deposited straight into an employees bank account, although it transfer the funds through an electronic terminal including Credit card, ATM and Point of Sales (POS) transactions.

**2. 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. ECS introduced by RBI in 1995, parallel to Automated Clearing house system. ECS has two variants i.e. ECS Debit clearing services and Credit clearing services. ECS Debit operates on the principles of single credit multiple debits and is used by utility service providers for collection of electricity bills, telephone bills and other charges and also by banks for collection of principal and interest repayments. ECS Credit handles bulk and repetitive payment requirements of corporate and other institutions and is used for transactions like payment of salary, dividend, pension, ECS Debit amount is increased from Rs. 176.5 million to Rs. 226 million from 2012-2013 to 2014-2015 and ECS Credit amount is decreased from Rs. 122.2 million to Rs. 115.3 from 2012-2013 to 2014-2015.

**3 Automatic Teller Machine (ATM)**- 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. Introduced to the Indian Banking industry during 1987 by HSBC Bank in Mumbai. With the advent of ATMs, banks are able to serve the customers outside the banking halls. Now the ATMs are equipped with modern technologies and facilitate various features for its customers which includes Bill payments, ticket booking, Mobile recharges, Ubiquitous multifunction, ATMs biometric, Multilingual ATMs and ATM network switches..

**4 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. New and improved variant of EFT was implemented in November 2005 to facilitate one to one fund transfer requirement of individuals as well as corporate. It uses the Structured Financial Messaging Solution (SFMS) for EFT message creation and transmission from the branch to the banks gateway and to the NEFT centre, so it can transfer the funds with more security. With the SFMS facility, branches can participate in both RTGS and NEFT System. Using the NEFT infrastructure, a one –way remittance facility from India to Nepal has also been implemented by the RBI since 15th May, 2008. Overall EFT and NEFT based clearing increased from Rs.394.1 million to Rs.927.6 million in year 2012-2013 to 2014-2015. Card Based System Among the Card based delivery mechanisms for various banking services, are Debit Cards and Credit Cards. The amount of Debit Card transactions increased rapidly which was Rs.469.1 million in year 2012-2013 and Rs.808.1 million in year 2014-2015, whereas the amount of Credit Card transactions was Rs.396.6 million in year 2012-2013 and Rs. 615.1 million in the year 2014-2015.

**5. Know Your Customer (KYC)** -norms simplified to facilitate financial inclusion and customer services. • The RBI is replacing the existing RTGS with a new NGRTGS system which includes which includes few extra features like advanced liquidity management facility, Extensible Mark up Language (XML) based messaging system etc. • Recently launched scheme of government “Jan Dhan Yojana” with the motive that every family must have a bank

account • the banks installed Solar ATMs, windmills to fulfil their own energy needs, paperless banking etc. SBI is the largest deployer of Solar ATMs. Challenges to be Faced Customer Satisfaction and Services Today, in banking sector customers are more value oriented in their services because they have alternative choices in it. So that each and every bank have to take care about pleasing customers satisfaction. Good customer services are the paramount brand ambassador for any bank for growing its business. Engagement with customer is an opportunity to develop a customer faith in the bank.

**6.Global Banking-** It is practically impossible for any nation to exclude itself from world economy. for sustainable development, one has to espouse integration process in the form of liberalization and globalization .The impact of globalization becomes challenges for the domestic enterprises .The foreign banks operating in India are a major challenge for nationalized and private sector banks. Managing Technology 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. Market Transparency According to Fernando (2011) transparency and disclosure norms as part of internationally accepted corporate governance practices are presumptuous importance in the emerging environment. Banks are expected to be more responsive and accountable to the investors. Banks have to unveil in their Balance sheets a plethora of information on the profiles of assets and liabilities, movements in NPAs, capital, shareholdings of the government, value of investment in India and abroad, the total investment made in the equity share, bonds, debentures, aggregate advances etc. Expansion of branch size in order to increase market share is another challenge to combat competitors. Therefore Indian nationalized and commercial banks must spread their wings towards global markets.

At present, Information Technology is used for two different avenues in banking- Communication and Business Process Re-engineering. According to studies about 250 million internet users are in India, which is among the top three in the world and this number will grow to 350 million by end of 2015 (Neha, 2014). The E-banking, Mobile banking, Net banking and ATMs facility has gained the success among the customers. Customers are

interested in adopting all such technology enabled banking facility. Payment settlement systems like RTGS, NEFT, EFT, ECS, and CTS have proved to be successful. The IT revolution has set the stage for overcoming the challenges the new economy poses keeping in view the extraordinary increase in financial activity across the world. Banks are striving to warfare the competition from global banks and technological innovation that has compelled to rethink policies and strategies. Finally the banking sector need to master a new business model by building management and customer services.

#### **Suggestion-**

The financial performance of banking sector always puts an impact on the performance of the economy. Hence, the stability of banking sector is vital for the growth of any economy. The growth of banks mainly depends on its conventional business services like deposits and loans. In order to grow and gain the faith of stakeholders, organizations should try to improve the long-term financial performance and create wealth for the customers and shareholders. Wealth creation is considered as imperative. The key to creating wealth is adding value. All financial success, especially business success, is based on adding value. Adding value by means

#### **Conclusion –**

Data clearly indicates that banks continue to play a pre-dominant role in financial intermediation of improved technology is the way that all fortunes are made.

in developing countries. The Indian banking system is different from other global peers because of the country's unique geographic, social, and economic characteristics. Based on research studies in the field of banking sector and banks, we can draw the conclusions the key four groups of studies related to the banking sector and banks were allocated, namely: estimation and ranking of efficiency and competitiveness of the banks; problems in bank operations and security. Currently, there are many challenges before Indian Banks such as improving capital adequacy requirement, managing non-performing assets, enhancing branch sales & services, improving organization design, using innovative technology through new channels and working on lean operations. Apart from this, frequent changes in policy rates to maintain economic stability, various regulatory requirements, etc. are additional key concerns. .Despite these concerns, the Indian banking industry is expected to grow with a consistent pace, looking at the huge growth potential of Indian economy, high population base of India,



mobile banking - offering banking operations through mobile phones, financial inclusion, rising disposable income, etc. will drive the growth in the Indian banking industry in the long run. In the future time it is expected that banks will grow at a tremendous growth rate. Through the innovation and IT system used in banking field, banks are able to better risk management system, adoption of internationally accepted accounting practices and increased disclosure and transparency. These reforms which has taken place in different phases further strengthen the system. Through the banking sector Indian economy is expected to grow at 5 or 6 % . by the government support and revaluation of existing business, strategies can set the stage for Indian banks to become bigger and stronger , thereby setting the stage for expansion into a global consumer base. Finally the banking sector need to master a new business model by building management and customer services.

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