International Journal of Commerce and Economics
Online ISSN: 2664-7540; Print ISSN: 2664-7532
Received: 06-08-2019; Accepted: 07-09-2019; Published: 14-09-2019
www.commercejournal.in
Volume 1; Issue 4; 2019; Page No. 17-20

New Era of Indian banks in reference to recent trends: An Overview

Anuj Kumar Solanki
Research Scholar, Commerce, Rohilkhand University Bareilly, Uttar Pradesh, India

Abstract
India has a large network of banks. This Bank Network is the back bone of the Economy. This sector is covered under tertiary sector as per the classification of Indian Economic Sector. Banking sector plays a very important role in the growth & development of Indian economy. Our Banking sector was not same before some decades. This sector was not good in comparison of present position. Today Banking is circulating the Innovations in the field of banking wellness and in this innovation the Information Technology (IT) Sector favouring of Indian Banking Sector for prosperity of it. Now days the banks are using latest technologies to provide their customers good services in time and at a very affordable cost with full satisfaction. Our Indian banking system follows the Branch banking, so there are many bank branches working in our country. Now banks are working with the technologies without manpower, manual work and predetermined place, these banks are working on the concept of 24X7. Therefore many services reforms occurred in the field of Indian Banking like Telephone Banking, ATM, Internet Banking, Mobile Banking, E-Banking and many more waiting to arise. Essentially the banking sector will need to setup a new innovative framework by building management and customer satisfaction with a variety of various services at a lowest cost to stay for the long time. This paper is an attempt to represent the latest recent emerging trends and the challenging conditions faced by Indian banking sector especially in reference to the Digital Era.

Keywords: Telephone-Banking, ATM, RTGS, NEFT, ECS, NEFT, mobile banking & E-Banking

Introduction
During the recent past the technology is favouring of the Indian Banking Sector, almost every is in the race of productivity enhancement, innovative products, fast transactions, real time fund settlement and many more alike. The technology improved the efficiency of business process in banking sector. Therefore it can be said that Indian Banking sector is the midst of an IT revolution. IT improves the front-end operations with back end operations and it also helps in bringing down the cost of service for the customers. The IT is like a blood injected in the Banking system to make it fast circulating from one place to another. Also the Banks are now commoditizing with the help of new technology to attract more customer base. Now the customer delight position is must so every bank trying to apply latest technology to grab the global market and industry. Technology makes banking smoother and seamless for the users. Now online transactions are increasing day by day in India too. People are using various banking applications/software which are safe, secure, easy accessible & also reliable. The major events in banking sector of India are:

1. Starting of Debit/Credit card in late 1980-90s.
2. Arrival of Electronic clearing services (ECS) in late 1990s.
3. Arrival of Electronic Fund transfer (EFT) in early 2000s.
4. Arrival of RTGS service in March 2004.
5. Replacement of EFT as National Electronic Fund Transfer (NEFT) in 2005/2006.
6. CTS in 2007.
7. NPCI/UPI/Paytm Bank/BHIM Apps in 2017-2019

Technology used in Indian Banks
Technology is charging the face of the Indian Banking system through computation while new private sector banks have an edge in this regard, among the total number of public sector banks 97.8% are fully computerized at the end of March-2010, in which all SBI branches were 100% computerized.

National Automated Clearing House (NACH)
In the automated clearing house the cheques are handled by the computers. The computers are deployed in clearing houses to speed up the process of cheque clearing. The nature of work involved in clearing operations is voluminous, repetitive, and routine in nature. Actually the Automated Clearing House is the network for financial transactions. National Payments Corporation of India (NPCI) has implemented "National Automated Clearing House (NACH)" for Banks, Financial Institutions, Corporate and Government a web based solution to facilitate interbank, high volume, electronic transactions which are repetitive and periodic in nature. NACH System can be used for making bulk transactions towards distribution of subsidies, dividends, interest, salary, pension etc. and also for bulk transactions towards collection of payments pertaining to telephone, electricity, water, loans, investments in mutual funds, insurance premium etc. NACH does its work in various batches.

Electronic Payment Services – E-Cheques
E -Cheque is an e-document which is used in place of the paper Cheque for electronic transactions with the help of Internet. In this service handwritten signature is also converted

into Digital signature (on the basis of public key cryptography). The e-Cheque system is planned with message integrity, authentication and no cancellation features. It is very secure so there is no possibility of fraud against the banks and their customers. The e-Cheque is used on interactive web transactions or with email. It is not depend on real-time interactions or on third party authorizations.

Electronic Clearance Service (ECS)

The Electronic Clearance Service (ECS) is the good way of electronically fund transfer from one account to another bank account. This scheme provides an alternative method of effecting bulk payment transactions like periodic (monthly/ quarterly/ half-yearly/ yearly) payments of interest/ salary/ pension/ commission/ dividend/ refund by Banks/Companies /Corporations /Government Departments. The transactions under this scheme move from a single User source (i.e. Banks/Companies /Corporations /Government Departments) to a large number of Destination Account Holders (Customers/Investors). This scheme obviates the need for issuing and handling paper instruments and thereby facilitates improved customer service by the Banks and Companies/Corporations/Government Departments effecting bulk payments.

The Scheme is in operation at 15 centres where Reserve Bank of India manages Clearing Houses, 21 centres where SBI is managing ECS on behalf of RBI and 29 other centres where PNB and other banks are managing ECS on behalf of RBI.

The ECS is being offered in the Department of Posts in connection with payment of monthly interest under "Monthly Income Scheme" (MIS). The Department of Posts introduced ECS scheme on a pilot basis in Mumbai City on 9th August 2003. Under ECS, the depositors have the facility of getting MIS interest automatically transferred and credited into their SB account on the due dates at the designated Bank of their choice. Currently, the service is available in the Department of Posts at 15 RBI locations and 21 SBI locations. This facility is used for bulk transfer of funds from one account to another account.

National Electronic Fund Transfer (NEFT)

National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals can electronically transfer funds from any bank branch to any individual having an account with any other bank branch in the country participating in the Scheme. It is being used at a wide level in India. It is a payment system facilitating funds transfers from one bank account to another. One can access this service either by using Internet banking or by visiting the bank branch. (Not all bank branches are enabled with this service.) Once you initiate the transfer, the money reaches the beneficiary account within hours. There is no limit on the minimum or maximum amount you can transfer, however, individual banks may put restrictions on per transaction. Mostly, NEFT is used for transferring funds below Rs. 2 Lakh.

Real Time Gross Settlement (RTGS)

Real Time Gross Settlement service was introduced in India in March 2004. RTGS is used for transferring high value amounts. The minimum amount that can be currently transferred is Rs 2 lakh. This is the best facility for big transactions. RBI has removed charges for RTGS payments. It has asked banks to pass on benefits to customers. Mostly business transactions are being done by this facility. The main thing in this facility is that the fund amount should be more than Rs. 2 Lakh. This facility is used at a broad level in the banking system because this works on the "Real-Time" basis. The fund is transferred within two hours in this facility. You can only transfer funds using RTGS on any working day between Monday and Saturday either via internet banking or bank branch. Timings for RTGS transaction on Monday – Friday is 9 A.M to 4.30 P.M and for Saturday it is 9 A.M to 2 P.M.

Automated Teller Machine (ATM)

An automated teller machine (ATM) is an electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Anyone with a credit card or debit card can access most ATMs. Certain credit cards however, may have more trouble.

The first ATM appeared in London in 1967, and in less than 50 years, ATMs spread around the globe, securing a presence in every major country and even tiny little island nations such as Kiribati and the Federated States of Micronesia. ATMs are convenient, allowing consumers to perform quick, self-serve transactions from everyday banking like deposits and withdrawals to more complex transactions like bill payments and transfers. ATM is the most popular device in Indian banking system, which enables the customers to withdraw their money on the basis of 24x7 days in a week. There is no need to go to the bank for money withdrawal or deposition. ATM Card holder can use these services at any ATM in India or abroad (in case of International ATM Card).

Core Banking Solution (CBS)

Core Banking Solution (CBS) is networking of bank branches, which allows customers to manage their accounts, and use various banking facilities from any part of the world. In simple term, there is no need to visit your own branch to do banking transactions. You can do it from any location, any time. You can enjoy banking services from any branch of the bank which is on CBS network regardless of branch you have opened your account. For the bank which implements CBS, the customer becomes the bank's customer instead of customer of particular branch. Execution of Core banking system across all branches helps to speed up most of the common transactions of bank and customer. In Core banking, the all branches access banking applications from centralized server which is hosted in secured data enter. Banking software/application performs basic operations like maintaining transactions, balance of withdrawal & payment, interest calculations on deposits & loans etc. These banking applications are deployed on centralized server & can be accessed using internet from any location. Now the percentage of CBS branches increased by 79.4% at end March-2009 to 90% at the end of March-2010.

Internet Banking

Internet Banking is a convenient way to do banking from the

comfort of your home or office. Avoid the queue or delays and it is clear that online financing will pick up and there will be increasing convergence in terms of product offerings banking services, Share market trading, insurance, loans, based on the data warehousing and data mining technologies. Any time anywhere banking will become common and will have to upscale, such up scaling could include banks launching separate internet banking services.

Banknet

BANKNET is an internet based communication network. It provides speed of financial transactions. BANKNET is setup in1991 by the RBI, this backbone is meant to facilitate transfer of inter-bank and inter- branch messages within India by Public Sector banks who are member of this network. BANK NET is a payment network established by RBI (on recommendation of Iyer Committee) which functions within India and was launched during 1991. The system makes use of intercity trunk within India and was launched during 1991. The system makes use of intercity trunk voice grade data circuits. The user banks can access BANK NET from their premises through lease or dial up lines at the local centres using ports on PADS and UNIX machines with popular data communication software. RBINET is a communication system operating system operating over the BANKNET.

Society for Worldwide Inter-bank Financial Telecommunication (SWIFT)

Society for Worldwide Inter-bank Financial Telecommunication (SWIFT) provides reliable and expeditious telecommunication facilities for exchange of financial message all over the world. The gateway is in Mumbai and efforts are on to other cities through internet system. The majority of International inter-bank messages use the SWIFT network facility. It is an internationally-recognized identification code for banks around the world. SWIFT codes are most commonly used for international wire transfers and are comprised of 8 or 11 alphanumeric characters. The International Organization of Standardization (IOS) was the authoritative body that approved the creation of SWIFT codes.

National Payment Corporation of India (NPCI)

National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India. Considering the utility nature of the objects of NPCI, it has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems. The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems. NPCI consolidate and integrate the multiple systems with varying service levels to nationwide uniform and standard business process for all retail transactions. NPCI also helps to facilitate an affordable payment mechanism to benefit the common man across the country and help financial inclusion.

Conclusion

The cut throat competition and spreading expectation of customers had resulted in increased awareness on information technology among the Indian banks. The arrival of foreign and new private banks with their latest technology based services has also forced the commercial banks in India to switch over to the new technology in their regular business operations. The use of technology in the increasing banking sector is one of key focus area. The banks in India are using Information Technology not only to improve their own internal work process but also to improve customer services & facilities. At present everyone is convinced that the technology is going to hold the key to future of Indian banking. The achievements in the Indian banking today would not have make possible without IT revolution. Therefore, the key point is while changing to the current environment the banks has to understand properly the trigger for change and accordingly find out the best departure point for the change. Although, the adoption of technology in banks continues at a rapid pace, the concentration is perceptibly more in the metros and urban areas. The benefit of Information Technology revolution is yet to drip sufficiently to the common man living in rural areas. More and more programs and software in regional languages could be introduced to attract more and more people from the rural areas also. Standards based messaging systems should be increasingly deployed in order to address cross platform transactions. The excess human capital generated by the use of IT should be used for marketing of various new schemes. The most efficient use of IT has facilitated correct & in time management of the large transactions of the banks which comes with a large customer base. Indian Banking is being benefitted by the IT revolution globally. It enabled sophisticated product development, better market framework; inclusion of valid techniques for control of risks and has helps the financial intermediaries to reach beyond boundaries of the country in the diversified market area. The IT Act-2000 has also provided the much essential legal recognition to the creation, transmission and retention of an electronic or magnetic data which can be assumed as legal or valid evidence in a court, except in those areas, which continue to be governed by the provisions of Negotiable Instruments Act, 1881. By framing very safe, simple and secure technology, banks reach at the doorsteps of the customers with an objective of "delightful customer satisfaction". Really Information Technology has succeeded in making a win-win situation for various related segments in India.

References

1. The Economic Times 12th July 2019
2. Banking Services and Information Technology, New Century Publications New Delhi – Uppal R.K, 2007.
3. E-Commerce, Tata McGraw hill publications Co. Ltd, New-Delhi – BalaJi Kamlesh & Dehjaji, 2005.
4. E-Banking and Development of Banks, Deep & Deep publication New Delhi- S.B. Verma, 2008.

5. Banking Development in India1947 to 2007, Century Publication Delhi- Niti Bahasin, 2007.
6. www.rbi.org.in
7. www.icicibank.com
8. www.banknetindia
9. www.sbi.co.in
10. www.investopedia.com
11. www.npci.org.in
12. www.jagranjosh.com
13. www.businessdictionary.com