

EMERGING TRENDS IN BANKING AND FINANCE

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Abstract : The backbone of any financial system, i.e., the Banking sector, has witnessed substantial changes in recent times. Most of the recent reforms may be attributed to the changes in the economy since independence. The financial sector reforms have provided the required operational flexibility and functional autonomy to banks, thereby enhancing efficiency, productivity and profitability. In modern times, the process of globalization has also cast its influence on the Indian Banking Industry. Because of the enormous growth in international trade and cross border economic activities, the activities of banks have also grown manifold and banks are now entering into new fields of economic activities.

Key words: Banking and Finance , Emerging Trends , functional autonomy .

INTRODUCTION:-

The banking is known as innovative banking. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries, customer services and customer satisfaction are their prime work. One of the most significant areas where IT has had a positive impact so on substitutes for traditional funds movement services. With the advent of electronic banking electronic funds transfer and other Similar products funds transfer within time frames which would have appeared impossible a few years ago. With networking and inter connection new challenges are arising related to security privacy and confidentiality to transactions. Finally the banking sector will need to master a new business model by building management and customer services with a variety of products and controlled cost to stay in the long run. Key words: E-Banking, ATM , Internet Security, NPA, CRR,

OBJECTIVES OF STUDY:-

1. To explain the changing banking scenario
2. To analysis of the impact I of liberalization Privatization and Globalization.
3. To explain the challenges of National and commercial banks in changing banking scenario.
4. To study the opportunities for the national and commercial banks in changing banking scenario.

Methodology of study:- This study is based on the analysis of the changing banking scenario in the India with the help of secondary data collection. Secondary data:- The secondary sources of data are banking books, annual reports of RBI, internet (websites) and research papers etc. Today role of banking industry is very important as one of the leading and mostly essential service sector. India is the largest economy in the world having more than 1.252 billion population. Today in India the service sector is contributing half of the Indian GDP and the banking is most popular service sector in India. The significant role of banking industry is essential to speed up the social economic development. Progress of Indian Banking (Up to 31st March 2009.) Sr. No. Type of Banks Branches 01 Nationalised Banks 92114 02 State Banks 21301 03 Old Private Sector Banks 6283 04 New Private Sector Banks 9718 05 Foreign Banks 334 Total 129750 (Source:- www.rbi website) [September 2013] The present banking scenario provides a lot of opportunities as well as facing lot of challenges also. In the past few years we observed that there was lot of down and up trends in

banking sector due to the global finance crisis. In India it has not major affected but in America still the economy is under the pressure of economic crisis. India is being fundamentally strong supported by concrete economic policies, decisions and implementations by the Indian Government i.e. Prime Minister Dr. Manmohan Singh. Banking sector are not major affected but definitely there was reflection on the share market. To improve major areas of banking sector Govt. of India. RBI, Ministry of finance have made several notable efforts. Many of leading banks operating in market have made use of the changed rules and regulations such as CRR, Interest Rates Special offers to the customers such as to open account in zero balance. Now days almost all banks entered into all areas of banking services. As a result of innovation banking products are a reality now. Even saving accounts have become subject of innovation. Due to liberalization, Privatization and Globalization, Indian banks going global and many global banks setting up shops in India. The Indian banking system is set to involve into a totally new level. It will help the banking system to grow in strength going into future. Due to liberalization banks are operating on reduced spread main focus is highlighted on consumerism and how to customers linked and remain attached with the bank. Therefore banks are entered these days in non banking products such insurance in which area there are tremendous opportunities.

Challenges:-

1) Customer Satisfaction:- Today in 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 fulfill of our customers satisfaction.

2) To provide several personnel services:- The preset times demanded that banks are to provide several services for which they have to expanse in service, social banking with financial possibilities, computerization and innovative mechanization, better customer services, effective managerial culture, internal supervision and control, adequate profitability, strong organization culture etc. Therefore banks must be able to provide complete personal service to the customer who comes with expectations.

3) Nonperforming assets (N.P.A):- Nonperforming assets are another challenge to the banking sector. Vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices. So that every bank have to take care about regular repayment of loans.

4) Competition:- The nationalize banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling's ad at managerial and organizational part this system needs to be manage, assets and contain risk. Banks are restricting their administrative folio by converting manpower into machine power i.e. banks are decreasing manual powers and getting maximum work done through machine power. Skilled and specialized man power is to be utilized and result oriented targeted staff will be appointed.

5) Managing Technology:- Developing or 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.

6) Other Challenges:- a) Coping with regulatory reforms b) Development of skill of bank personnel c) Customer awareness and satisfaction d) Corporate governance e) Changing needs of customers f) Keeping space with technology up gradation g) Lack of common technology standards for mobile banking h) Sustaining healthy bottom lines and increasing shareholders value i) Structural changes j) Man power planning

Opportunities:- Where there are challenges, there must opportunities. Following are the opportunities for the nationalised and commercial banks.

1) Rural area customers:- Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.

2) Offering various Channels:- Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc to increase the banking business.

3) Good Customer Services:- 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. While increasing competition customer services has become the backbone for judging the performance of banks.

4) Internet Banking:- It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale. Such upscaling could include banks launching separate internet banking services apart from traditional banking services.

5) Other Opportunities:- a) To enter new business and new markets b) To develop new ways of working c) To improve efficiency d) To deliver high level of customer services.

CONCLUSION:-

Finally the banking sector will need to master a new business model by building management and customer services. Banks should contribute intensive efforts to render better services to their customer, Nationalized and commercial banks should overcome the challenges and to get advantage of opportunities in changing banking scenario.