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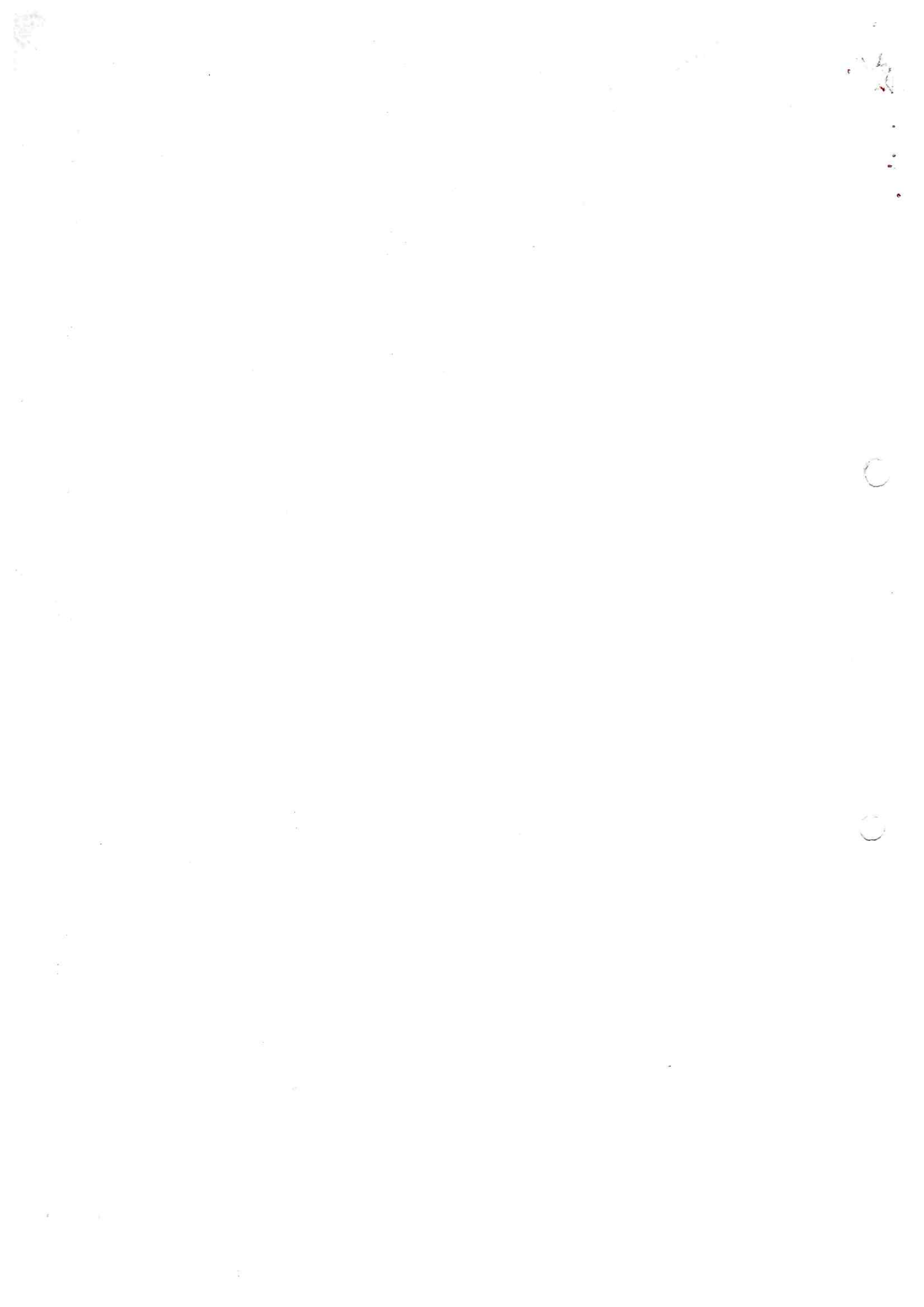
**SPECIAL ISSUE ON  
INNOVATIVE STRATEGIES, ADVANCES AND CHALLENGES IN COMMERCE AND MANAGEMENT**



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## New innovation in Banking Sector

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### Abstract

The now a day's banking sector plays a very important role in human life! Banks motivates human to make saving money for their future. Banking sector play very important role in Indian economy. The development of banking sectors depends upon provide service to customer. Customer satisfaction is very important to development of banking . Today's customer wants business and every daily transaction very fast. Banking sector change their traditional look and use new innovative technology for provided fast services to customer and reach every customer in few minutes. India's Banking sector is moving towards a scenario, where it can have new technology along with liquidity and safety. Introduction of Electronic Clearing Service (ECS) in late 1990's , introduction of Electronic Funds Transfer, Real Time Gross Settlement (RTGS), introduction of NEFT (National Electronic Funds Transfer), mobile banking, online banking are the various innovations in banking. Banks are investing heavily in adoption of these innovations. This paper highlights the new innovation in banking sectors .

**Keywords:** Banking sector ,Indian Banking, Innovative Banking, Banking Technological innovations, Recent Trends. Banking service.

**Objective of the Study :-** The objective of present study are :

1. To study of the present innovation in Banking sector .
2. To find the scope and opportunities of Banking sector in India .

### Research Methodology and Data Collection :-

The present study based on the secondary data published by Books, Periodicals, research, articles , Magazine surveys, include both present and historical information and Internet different sources like scholarly articles, annual reports of the selected banks, newsletters, and various web sites have been used for reference.

**Introduction :-** The financial development in Indian banking sector occurred after the nationalization of 14 major scheduled banks in July, 1969 and 5 in April, 1980. In the 1990s, the banking sector in India placed greater emphasis on technology and innovation. At present Indian banking sector is sufficiently capitalized and well-regulated. There are 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks. Central bank granted approval to 11 payments banks and 10 small finance banks in FY 2015-16. Standard & Poor's (S & P) estimates that credit growth in India banking sector would improve to 11-13 per cent in FY17. The future of Indian bank looks not only exciting but also transformative. India's banking sector could become the fifth largest banking sector in the world by 2020 and the third largest by 2025. Indian banks deployed technology based solutions to raise revenue, enhance customer experience, minimize cost structure and manage organization risk. However, there is a wide claim the technology implementation capability across different players of the banking sector in India.

### New Innovations in Banking Sector

There has been a wave of innovation in the financial sector in recent years as banks realize the need of digital technologies such as mobile, internet, and to meet fast-changing demands from customers. Following are the some new innovations in banking sector:

1. **Debit Card :-** Debit card is a plastic card which provides an alternative payment method to cash when making purchases. Functionally, it can be called an electronic check, as the funds are withdrawn directly from either the bank account or from the remaining balance on the card.
2. **ATM :-** ATM users increases. August 2016 total number of ATM users in India 202801 and is further expected to double over next few years . ATM per million people in India 300 by 2017.
3. **Credit Card:-**A credit card is part of a system of payments named after the small plastic card issued to users of the system. It is a card entitling its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.
4. **Internet Banking:-**It is a service provided by banks so that people can find out information about their bank account, pay bills etc using the Internet. Internet Banking allows you to conduct bank transactions online, instead of finding a bank and interacting with a teller. In a broad sense, it is the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. RBI has allowed , regional rural banks with net worth of at least USD 15.28 million to launch internet banking facilities.  
The shift towards internet banking is fuelled by the changing dynamics in India. By 2020 the average age of India will be 29 years and this young consumer base is internet savvy and wants real time online information. Indian banks therefore need to aspire high and move toward implementing a world class internet banking capability.
5. **Mobile banking:-**Mobile banking use to be focus area for all banks in India. Mobile banking increase their customer engagement in urban areas, but also to reach out to new ones in rural regions , and thereby significantly further their financial inclusion agenda .
6. **Smart Watches :-** Now banking transactions can be done on smartwatch—be it an Apple Watch, Android Wear or Samsung Gear. It's not only global financial institutions and banks like Scotiabank, Barclays, Nationwide, Deutsche Bank, Stanchart and Citigroup that have developed apps for smartwatches that run on all major mobile operating systems. But some Indian private sector banks like HDFC, AXIS, ICICI banks have introduced smart watches apps.  
Smartwatch apps launched by Indian banks Name of the bank Name of the smartwatch app  
HDFC bank WatchBanking ICICI bank.
7. **Robotics** Bank of Tokyo-Mitsubishi UFJ took a first step toward employing nonhuman staff, with the introduction of a customer service humanoid robot at its flagship Tokyo outlet. These robots can answer basic customer service questions in 19 languages, as well as analysing customers' facial expressions and behaviour. In India, country's leading private sector lender ICICI Bank has implemented robotics software . Over 200 software robots are now performing over 10 lakh transactions per day for the bank which comprises 10% of its total transactions.
8. **Digital Payments :-**The new innovative digital technologies and futuristic thought processes have given a birth to whole new businesses and social dimensions. Projects such as Make in India and Digital India are now the buzzwords to a bright and sustainable industrial and financial progress of our nation. As part of its impetus for DIGITAL TRANSFORMATION in India, Government also encourages technology adoption / up-gradation while providing Latest technology and service offerings in the new age Digital Payments space by the Banks, such as Unified Payments Infrastructure (UPI) including BHIM (Bharat Interface for Money) which is a Mobile App developed by National Payments Corporation of India (NPCI), Bharat Bill Payment System (BPSS), mobile money, e-wallets, payment aggregation etc. have created a revolution by themselves.
9. **Cheque Truncation:-** Cheque truncation is the conversion of a physical cheque into a substitute electronic form for transmission to the paying bank. Cheque truncation reduces the physical

movement, time and cost of processing the chequeclearance system. Britain with Barclays and Lloyds trialling the tech, allowing payment information to be desposited digitally using a mobile device.

Latest apps launched by Indian banks Name of the bank Apps launched by banks Axis bank Airtel Money, Kisan card SBI BOUTIQUE FINANCING SCHEME, Twitter Handle account, E-KYC ICICI Bank in Odisha Branch on Wheel Canara Bank M-Wallet ICICI bank Tap and pay, ) M-Pesa, Student Travel Card, iwearHdfc Bank Chillar, watchbanking Kotak Mahindra Bank Facebook-based funds transfer platform —KayPayl BOI Instant money transfer Indusuld& federal bank Video Conferencing Laxmi Vilas Bank LVB Mobile' app Yes Bank Yes Mobile 2.0 mobile bank app

11. One of the biggest technological breakthroughs to hit the financial services market would come if machines were to develop an understanding of natural language on par with median human performance. Natural-language generation (NLG) engines can create seamless interactions between humans and technology by following rules to translate observations from data into prose. Broadcasters have been using natural language generation to draft stories about games in real time. Using NLG technology structured performance data can be piped into a natural-language engine to write internal and external management reports automatically. NLG is being used by major financial institution to generate automate portfolio commentary, automate investment performance reports and automate regulatory reports, such as Suspicious Activity Report (SAR) narratives.

announced the launch of their digital bank initiative that offers zero balance savings account with zero charges for all digital transactions and can be opened using Aadhar and PAN card. Born out of Hon. Prime Minister Shri Narendra Modi's vision of a Digital New India, this product has been designed around the idea of simplicity and ease of use. tra

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**Important events in the evolution of new age payment systems in India:** Arrival of card- based payments- debit card, credit card-late 1980's and early 1990's. Introduction of Electronic Clearing Service (ECS) in late 1990's Introduction of Electronic Funds Transfer/ Special EFT in the early 2000's Real Time Gross Settlement (RTGS) was introduced in March 2004 Introduction of NEFT (National Electronic Funds Transfer) 2005/06 Introduction of CTS (Cheque Truncation System) in the year 2008

### Conclusion:-

To conclude, Banks have to understand that survival in the new e-economy depends on delivering all of their banking services on the Internet with help of the latest technology. From the above discussion it is clear that most of the banks adopted the new technology very earlier Indian banks. Some of the private banks in India like ICICI, AXIS and HDFC bank has taken initiative the the field of innovative banking. The technological advancement in banking sector can be made effective only when a simple, flexible and modular approach is considered and implemented in Indian Banks. So to meet the demands of the growing customers public sector banks will need to upgrade their technology and pursue digitisation with greater willingness and enthusiasm.

Consultancy services. Equipping them to operate in the deregulated environment.

Necessary changes in the legal stipulations. Cost management. Bench marking of service standards to improve productivity and Proficiency. A self-regulatory organization to monitor the activities of banking With the increasing levels of Globalizations, Liberalizations, Privatizations and new reforms of the banking sector, competition will intensify further. Therefore, the banks who understand the market dynamics, perceive threats, anticipate volatility, show high degree of professionalism and dynamism in their functioning and respond promptly to the market needs would survive and prosper.



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