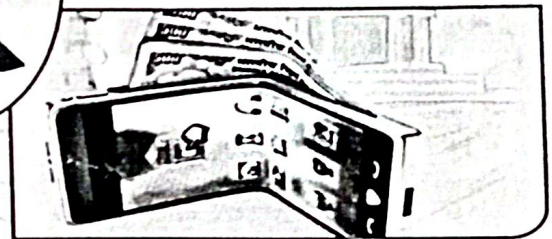
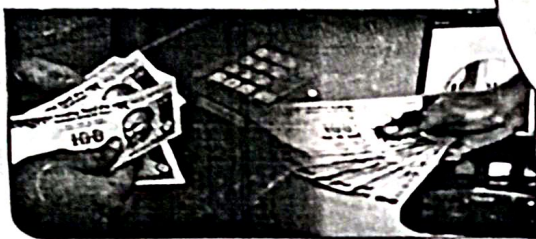
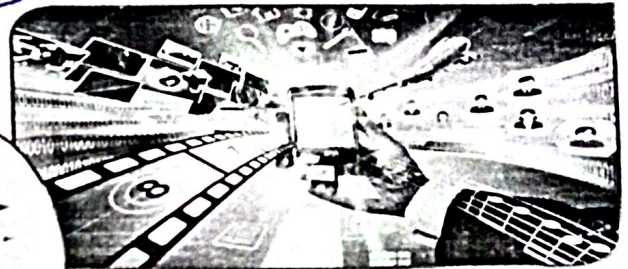
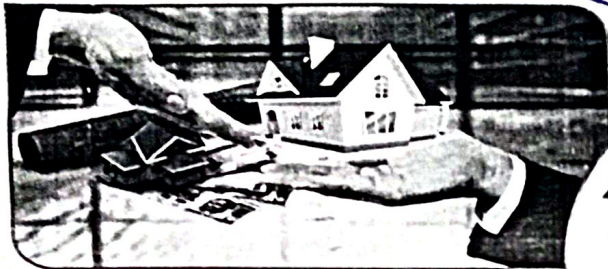


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**NATIONAL SEMINAR**  
**ON**  
**INDIAN BANKING SYSTEM : THE PRESENT SCENARIO**

Organised by  
**DEPARTMENT OF ECONOMICS**

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## Emerging Trends in Indian Banking Sector

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### Introduction

Banks play an important role in the economic development of developing countries. Economic development involves investment in various sectors of the economy. The banks collect savings for investment in various projects. In normal banking the banks perform agency services for their customers and help economic development of the country. The purchase and sale of securities, shares, make payments, receive subscription funds and collect utility bills for the Government department. There for banks save time and energy of busy peoples. Bank arranges foreign exchange for the business transactions with other countries. Banking sector are not simply collecting funds but also serve as a guide to the customer about the investment of their money. Current banking sector has come up with a lot of initiatives that oriented to providing a better customer services with the help of new technologies. Banking sector mirrors the larger economy its linkages to all sectors make it proxy for what is happening in the economy as a whole. Indian banking sector today has the same sense of excitement and opportunity that is evidence in the Indian Economy. The going developments in the global markets offer so many opportunities to the banking sector. In the competitive banking word improvement day by day in customer services is the most useful tool for their better growth. Bank offers so many changes to access their banking and other services.

### Objectives of study

- a) To explain the recent trends in changing banking scenario.
- b) To study the opportunities the banks in changing banking scenario.

### Methodology of study

This study is based on the analysis of the banking scenario in the India and the recent trends and opportunities in the banking with the help of secondary data collection.

### Recent Trends in Banking

**Automatic Teller Machine (ATM):-** Automatic Teller Machine is the most popular device in India, which 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

**Tele Banking:-** Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this device Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.



**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.

**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 "Skill Development: The Key to Economic Prosperity"

RBI is the service provider of EFT.

**Real Time Gross Settlement (RTGS)** - Real Time Gross Settlement system, introduced in India since March 2004, is a system through which electronic 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. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours.

**Point of Sale Terminal** - Point of Sale Terminal is a computer terminal that is linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer. During a transaction, the customer's account is debited and the retailer's account is credited by the computer for the amount of purchase.

**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.

#### **Future Outlook**

Everyone today is convinced that the technology is going to hold the key to future of banking. The achievements in the banking today would not have been possible without IT revolution. Therefore, the key point is while changing to the current environment the banks have to understand properly the trigger for change and accordingly find out the suitable departure point for the change.

#### **Conclusion**

Indian Banking Industry has shown considerable resilience during the return period. Generation returns will play a crucial role in further strengthening the system. Indian banking system will further grow in size and complexity while acting as an important agent of economic growth and intermingling different segments of the financial sector. It is sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations. Adoption of stringent prudential norms and higher capital standards, better risk management systems, adoption of internationally accepted accounting practices and increased disclosures and transparency will ensure the Indian Banking industry keeps pace with other

developed banking systems. 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 follow the Recent trends and to get advantage of opportunities in changing banking scenario.

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