

Conceptual Research On New Generation Banking System

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ABSTRACT

The banking sector plays a vital role in the development of one country's economy. The growth of banking sector depends upon the services provided by them to the customers in various aspects. The developing trend of banking offerings is found tremendous after the new monetary reforms in India. These days, India has a reasonably nicely advanced banking gadget with one of a kind training of banks – public area banks, overseas banks, non-public quarter banks – each antique and new generation, local rural banks and co-operative banks with the Reserve bank of India because the fountain Head of the gadget. These days banking zone acts as a backbone of Indian economy which reflects as a supporter during the period of growth and recession.

Keywords:- Banking Sector, Technologies, Banking products and services.

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Introduction

The Banking quarter has been immensely benefited from the implementation of superior technology in the course of the recent beyond, nearly in every country within the international. Productiveness enhancement, innovative merchandise, rapid transactions seamless transfer of price range, actual time information system, and green chance management are some of the advantage derived through the era. Information era has additionally stepped forward the efficiency and robustness of business strategies across banking sector.

India's banking region has made speedy strides in reforming itself to the brand new competitive enterprise environment. Indian banking industry is the midst of an IT revolution. Technological infrastructure has grow to be an imperative a part of the reforms method within the banking system, with the gradual improvement of state-of-the-art units and innovations in market practices. IT in Banking Indian banking industry nowadays is inside the midst of an IT revolution. A combination of regulatory and competitive motives has caused growing significance of general banking automation inside the Indian Banking industry.

Financial innovation in India is key to making growth inclusive by connecting hundreds of millions to the banking system, said panellists at the World Economic Forum's India Economic Summit. The deregulation of financial service industry and increased competition with in investment banking undoubtedly led to increased emphasis on the ability to design new products, develop better process, and implement more effective solution for increasingly complex financial problems.

These financial innovations are a result of number of Government regulations, tax policies, globalization, liberalization, privatization, integration with the international financial market and increasing risk in the domestic financial market. Financial innovation is the process through which finance managers or intermediary institutions in financial markets add value

to existing plain vanilla products that satisfy the user needs.

Objectives

- To examine the new generation banking sector and its products/services
- To present the technological developments in Indian banking sector
- To study the emerging trends in banking technology.

New Generation Banks

Nowadays, banks claim themselves as new generation banks on the idea of sure services they render or the term they have got being fashioned or bought into existence. But, it need to no longer be completed so because, it absolutely depends on how they characteristic, in phrases of implementing strategies, developing and initiating new investment plans handling budget and non-acting belongings, searching on to the way how their paintings pressure is recruited and retained by means of analyzing their real caliber and so forth.

“New technology banks aren't just banks who're concerned inside the enforcing a brand new method for the sake of survival. But, banks who are worried within the method of making a paradigm shift to triumph over the ever-changing market necessities and patron alternatives via the way they arrange the inner and outside sports, and tasks by using thinking about conventional human values and the usage of contemporary era.

That can bring about creating larger sales through well investing and managing the price range to create most efficient earnings and goodwill for the long run of the enterprise can be considered and proved as sustainable”. Similarly, ages pass on and so does time, thus organizations who are involved in creating change and surviving the change by implementing innovative and

effective strategies to serve the future generations to come can be considered so.

Thus, In this process the bank that excels with its innovative strategy is to be considered as a new generation bank as the those strategies used to exhibit customer service and welfare is just a marketing strategy which brings in customers but on a long run its only the internal affairs and money management strategy that helps a business retain its position in the market.

Development in New Generation Banks

Electronic Payment Services - E Cheques

Nowadays we are hearing about e-governance, e-mail, e-commerce, e-tail etc. In the same manner, a new technology is being developed in US for introduction of e-cheque, which will eventually replace the conventional paper cheque. India, as harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include; Truncated cheque and E-cheque instruments.

Real Time Gross Settlement (RTGS)

Real Time Gross agreement machine, delivered in India for the reason that March 2004, is a gadget through which electronics commands may be given by way of banks to switch budget from their account to the account of some other bank. The RTGS device is maintained and operated by using the RBI and provides a way of green and quicker finances switch among banks facilitating their financial operations.

As the call indicates, funds switch among banks takes vicinity on a 'actual Time' basis. Consequently, money can reach the beneficiary straight away and the beneficiary's financial institution has the obligation to credit the beneficiary's account inside hours.

National Electronic Funds Transfer (NEFT)

The transfer of money from the customer remitting it to the beneficiary account usually takes place on the same day. Settlement or clearance of funds takes place in batches as specified by the guidelines by the RBI. Any amount of money can be transferred using NEFT, making it usually the best method for retail remittances. Customers with Internet banking accounts can use the NEFT facility to transfer funds nationwide on their own. Funds can also be transferred via NEFT by customers by walking into any bank branch (which is NEFT-enabled) and leaving relevant instructions for such transfer - either from their bank accounts or by payment of cash. Transfer of funds to Nepal using NEFT, is also allowed subject to limits.

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 (savings or current account), 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.

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.

Automatic Teller Machine (ATM)

Automatic Teller Machine is the most popular devise in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a devise 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 is another innovation, which supplied the ability of 24 hour banking to the patron. Tele-banking is primarily based at the voice processing facility to be had on financial institution computers. The caller usually a consumer calls the bank each time and might enquire stability in his account or different transaction history. On this device, the computers at bank are connected to a cell phone hyperlink with the assist of a modem.

Voice processing facility provided within the software. This software identifies the voice of caller and provides him suitable respond. A few banks additionally use telephonic answering system but this is constrained to some brief features. That is only phone answering system and now Tele-banking. Tele banking is becoming famous considering queries at ATM's at the moment are turning into too long.

Internet Banking

Internet banking permits a client to do banking transactions via the bank's internet site on the net. It's far a system of having access to debts and general statistics on bank services and products through a computer at the same time as sitting in its office or home. That is also known as virtual banking. It's far more or less bringing the financial institution for your pc. In traditional banking one has to method the branch in individual, to withdraw cash or deposit a cheque or request a declaration of accounts etc.

However net banking has changed the way of banking. Now every person can operate these kind of type of transactions on his pc thru website of financial institution. All such transactions are encrypted; the usage of sophisticated multi-layered security architecture, inclusive of firewalls and filters. One can be rest assured that one's transactions are at ease and private.

Mobile Banking

Mobile banking facility is an extension of internet banking. With recent developments in handset designs and mobile software, this is a trend which has already caught focus of majority of the banks. The bank is in association with the cellular service providers offers this service. For this service, mobile phone should either be SMS or WAP enabled. These facilities are available even to those customers with only credit card accounts with the bank.

Challenges Faced by Banks, vis-à-vis, IT Implementation

It's far turning into more and more imperative for banks to assess and verify the advantages of era implementation. The culmination of era will truly flavor plenty sweeter when the returns may be measured in absolute terms but it needs precautions and the safety nets. The growing use of generation in banks has also introduced up 'security' issues. To keep away from any mishaps in this account, banks ought to have in location a nicely-documented safety coverage which include community security and internal security.

The passing of the information technology Act has come as a boon to the banking zone, and banks have to now make certain to abide strictly through its covenants. An effort need to additionally be made to cowl e-business within the US patron laws. Some are investing in it to drive the business growth, while others are having no option but to invest, to stay in business.

The choice of right channel, justification of IT investment on ROI, e-governance, customer relationship management, security concerns, technological obsolescence, mergers and acquisitions, penetration of IT in rural areas, and outsourcing of IT operations are the major challenges and issues in the use of IT in banking operations.

Conclusion

Within the days to return, banks are predicted to play a totally useful role within the economic improvement and the emerging marketplace will offer commercial enterprise opportunities to harness. As banking in India becomes increasingly more information supported, capital will emerge as the greatest assets of the banking device. In the long run banking is humans and now not just figures.

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