

Challenges and Opportunities of Banking Sector in India

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ABSTRACT

Banks are the backbone of the economy of any country. Historians consider the beginning of the banking system in the country only from the 18th century. It is said that the British revolutionized the Indian economy by introducing the modern banking system. Today, banking services are accessible to all households in India. The Pradhan Mantri Jan Dhan Yojana launched in 2014 has been a key driver of this change and a record 38.06 crore bank accounts have been opened under the scheme. Major initiatives like UPI and Rupay Debit Card further fueled this trend. On the same lines, Bharat Net Mission is taking internet to remote areas, thereby also paving the way for technology driven BFSI services. Banking sector in India is a service oriented sector whose objective is to provide services rather than manufacturing and selling goods. For the suitability, effectiveness and profitability of banking services, it is essential that bank employees have adequate knowledge of banking methods, policies, procedures and practices. After the implementation of banking reforms, there is continuous improvement in the performance of commercial banks. Due to changes in domestic and international conditions, universal integration of financial services and other relative reasons, there are still some challenges left in front of commercial banks. With the digitization of banking services being conducted by the post office, it is a clear indication that the government is looking to promote digital banking in rural and semi-urban India. More than 35 crore post office deposit accounts will now be linked to the core banking system. Banking is the most popular sector for employment in India. This is the gateway to good salary, secure future and prestigious career. There are ample possibilities of banking jobs in India.

Keywords: *Banking, Technology, Employment, Digital, Cashless etc.*

In today's time, the way banking behavior and consumer needs are changing, the future of banks is also under threat. Now it is also believed that the era of traditional banking is over and the concept of bank less banking has become stronger. In this regard, once Bill Gates had said that banking is necessary but banks are not. Today technology has completely changed the nature of banks. This includes big data, cloud computing, smart phones and other such

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innovations. With the advent of mobile banking, there has been a lot of change in the way of communication between the customers and the bank. Through mobile banking, you can get information about your bank accounts even while staying away from home. Transfer of money, payment of bills etc. can be done from the account at any time. This facility is available 24 hours. Similarly, ATM machines have made the banking system simple, secure and convenient to a great extent. Cashless economy has made a big change in the banking pattern. On the one hand, people got rid of long queues as well as saved time, on the other hand, it also helped to a great extent in curbing black money. This brought transparency in the economy. Due to the introduction of cashless system, the rupee was removed from the people but its place was taken by plastic currency. Along with solving the problems of the people, plastic currency not only benefited the environment, but also increased the economy. Payments banks have also helped in taking the cashless economy forward. Therefore, banks have made proper efforts to connect the marginalized people of the society with the main stream of economic development.

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After the implementation of banking reforms, there is continuous improvement in the performance of commercial banks. Due to changes in domestic and international conditions, universal integration of financial services and other relative reasons, there are still some challenges left in front of commercial banks.

In the second round of economic reforms, efforts should have been made to make the banking sector able and capable to face these challenges with its own resources, but this could not be possible. At present, the challenge of effective use of technology, the challenge of human resource development, transparency and disclosure, the challenge of controlling bank frauds, the challenge of increasing competition and the challenge of increasing non-performing assets, etc. are serious challenges before the Indian economy. The above challenges are hindrance in the way of worldwide banking sector, so India should work on the spirit of foreign direct investment and cooperation.

Technology and Banking

The latest innovations have revolutionized the banking sector. Digital transformation of banking sector in India is synonymous with tele-banking, online-banking, digital banking etc. The digital revolution in the banking sector that started in the early part of this century has focused on bridging the gap with the banks. In today's time, change in banking behavior and consumer needs has become necessary. Now the era of traditional banking is over and the concept of bank less banking has become stronger. Today technology has completely changed the nature of banks. This includes big data, cloud computing, smart phones and other such innovations. With the advent of mobile banking, there has been a lot of change in the way of communication between the customers and the bank. Through mobile banking, you can get information about your bank accounts even while staying away from home. Transfer of money, payment of bills etc. can be

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done from the account at any time. This facility is available 24 hours. Similarly, ATM machines have made the banking system simple, secure and convenient to a great extent.

Therefore, banks have made proper efforts to connect the marginalized people of the society with the main stream of economic development. Technology has simplified the world of banking, insurance and investment. The Indian economy is moving rapidly from the realm of informal payments to the realm of formal. Technology has played a better role in this, when Pradhan Mantri Jan Dhan Yojana was started in the country, at that time technology was there that record more than 38 crore accounts were opened. Not only this, every sector of the financial world is getting better with technology.

With the growing base of internet users in India, the retail touch points of banks do not deal with too many people. They now largely acquire these customers on their digital i.e. smart phone applications. It empowers the customers to do all kinds of transactions without specifically devoting time for the same. The technical features of UPI (which include interoperability across bank and non-bank providers) have significantly reduced transaction costs as well as transaction times. India is witnessing a rise in biometric transactions driven by AEPS (Aadhar-Enabled Payment System) among remote areas.

India is also now opening up to the idea of open banking. Today, when banks have access to a large customer base and historical datasets, tech-driven startups and NBFCs have developed technological capabilities to harness them. This trend will also further accelerate the expansion of financial services in India with better profiling, credit underwriting and development of products that address the problems faced by modern customers. One of the most important factors driving the expansion of digital services is acceptance. For example, there was a spurt in the adoption of digital payments. The same trend has been observed in the Covid-19 lockdown as well. In the wake of the COVID outbreak, AEPCS has been used to help people in remote areas withdraw cash from the comfort of their homes. In such events technical capabilities of FIs play the most important role in shaping the market trends.

Budget and Digital Banking

The banking system is the bloodline of any economy and banks are the trustees of public money. Over the years, the banking sector has been undergoing structural changes the immediate impact of the budget is always on the financial markets and the banking sector. The budget did not make any direct announcement for the banking sector, there are several points that will impact the banking sector in the coming days, more credit lines for small businesses, introduction of digital currency by the central bank and strengthening of bankruptcy law Amendments to the banking sector are among the key focus areas in this year's Union Budget.

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The budget emphasizes digital banking, to mark India's 75 years of independence, 75 digital banking units will be set up in different districts by scheduled commercial banks. With the digitization of banking services being conducted by the post office, it is a clear indication that the government is looking to promote digital banking in rural and semi-urban India. More than 35 crore post office deposit accounts will now be linked to the core banking system. Finance Minister Nirmala Sitharaman announced integration of 1.5 lakhs post offices with core banking system, which will enable people to access their accounts online and transfer money to post office accounts and other banks, helping farmers and senior citizens in rural areas as well as promote interoperability and financial inclusion. Being a part of core banking, it will be easier to manage funds, in which it will be very easy to transfer funds from post office savings to bank accounts abroad; this is a big effort for the digital economy in rural India.

Employment in Indian Banking Sector

Banking is the most popular sector. This is the gateway to good salary, secure future and prestigious career. There are ample possibilities of banking jobs in India, for this it is important to understand the type and nature of the bank before applying. Banks operating in India can be divided mainly as Public Enterprise Bank or Public Sector Bank, Private Bank or Private Bank and Foreign Bank or Foreign Bank. Not only their name and nature but also the method of selecting the candidates is completely different. Private and foreign banks usually recruit for their vacant posts through campus placements. Emphasis is placed on the interview and group discussion of the candidates during the campus whitewash.

The salary in a foreign bank is also higher than a private bank, but the job security depends on various external factors. As far as the bank called Public Enterprise or Public Sector is concerned, they have also started hiring Management Graduates, CA and CFA, but still banks give more importance to talented students who graduate from any discipline. These students can take admission through All India Examination conducted by Public Sector Banks. In terms of skills, all the three types of banks give priority to a person having good communication skills, negotiation skills, ability to handle customers, attentive nature and basic industry knowledge and computer knowledge.

Steps Taken by Indian Government

In the context of appropriate committees for banking reform, the Government of India and the Reserve Bank have started work towards strengthening the banking and financial sector. Following decisions were taken in this direction- The entire portfolio market of government securities has been identified in the announced monetary and credit policy. Debt recovery tribunals have been strengthened to bring non-performing assets to the level of 5 percent, as well as prudential measures regarding asset classification, income recognition, risk, etc. will be announced by the Reserve Bank of India.

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Apart from this, suggestions have been given to amend the banking laws to make them more effective. Under the declared monetary and credit policy, it was considered necessary to strengthen capital adequacy for banks and financial institutions to work with complete transparency and openness. In the new monetary policy, the ratio of risk assets to minimum assets for banking reform will be increased to 9 percent instead of 8 percent at present. These banks use the latest technology in their limited number of branches.

Since during this process of economic liberalization, the middle class has increased quantitatively in the socio-economic scenario in the country and their aspirations have increased. In the era of financial reforms, along with the Indian economy, the country's banking system is also passing through a transitional period and is standing on its own development mode.

Since the Indian banking sector has shown a deep commitment to improve its financial position and management level in this period, despite the adverse economic slowdown, in line with the needs of the people.

Present Status of Indian Banking Sector

Banking sector in India is a service oriented sector whose objective is to provide services rather than manufacturing and selling goods. For the suitability, effectiveness and profitability of banking services, it is essential that bank employees have adequate knowledge of banking methods, policies, procedures and practices. In order to create a new development-oriented environment, our bank is currently striving to make revolutionary changes in its activities and responses according to the call of the times. For this, several training institutes have been established in the country for the education and training of bank employees.

Presently our bank is moving towards new stages of development. In the banking sector, the possibilities of employment are emerging on a large scale in view of the expansion of branches, business growth and rapid marketing by the banks. Many banks in the country are recruiting youth through campus selection and providing them pre-training. This situation is helping to fill the vacant posts due to retirement of bank employees. In view of core banking solutions and new age banking, public sector banks are increasing employment in new areas like tele-calling, direct marketing and tech-support. Now it is more logical to say that the banking sector of India is attracting all of us as an attractive and fresh talent.

CONCLUSION

In the era of globalization, the form of banks is constantly changing. Earlier, where there used to be long queues in banks, now technology has made this task simple and easy. Payment banks have played an important role in making this task easier by using technology. Modern banking especially cashless economy is definitely a matter of concern in the era of digitization of banking transactions. But the Department of Information Technology along with institutes like IITs has

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tried to deal with it in various ways. Government is laying great emphasis on financial inclusion through banking through schemes like Jan-Dhan Yojana and Direct Benefit Transfer. Lack of access to banks in rural areas is also a matter of concern. Because of the remote and difficult terrain, banking services are still not available in many areas. The government has tried to solve this problem by appointing a large number of banking correspondents. These banking correspondents act as a link between the banks and the rural masses. Similarly, to improve the banking sector, the government has recently decided to merge three banks. Overall, today's banking landscape in India is adapting to the changing environment. In such a situation, there is a need that this talent should play its role in improving the socio-economic development of the Indian people.

Therefore, it can be said as a conclusion that although our economy has moved in the direction of globalization, but somewhere in the strategy of banking reforms done in this direction, there is a doubt in the success of the efforts. From our point of view, there should be structural changes under financial reforms in India, as well as removal of controls on credit utilization and interest rates will also be necessary in financial liberalization.

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Conflict of Interest

The author declared no conflict of interest.

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