

ROLE OF INDIAN BANKING SECTOR IN ENHANCING FINANCIAL LITERACY

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Abstract: Banking in India has been through a long journey. Indian Banking Sector has witnessed a number of changes. In the 1990s, the banking sector in India saw greater emphasis being placed on technology and innovation. Banks began to use technology to provide better quality of services at greater speed. Internet banking and mobile banking made it convenient for customers to do their banking from geographically diverse places. Now all the banks have started with the concept of multi- channels, like ATMs, credit cards, debit cards, telephone/mobile banking, internet banking, call centre's, etc. The role of banking is redefined from a mere financial intermediary to service provider of various financial services under one roof acting like a financial supermarket. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors..

Index Terms - Banking sector, innovation, competition.

I. Introduction

Keeping money in India started in the most recent many years of the eighteenth century. The primary banks were The General Bank of India, which began in 1786, and Bank of Hindustan, which began in 1770; both are presently out of utilization. The most seasoned bank in presence in India is the State Bank of India. This was one of the three Govt. banks, the other two are Bank of Bombay and the Bank of Madras, every one of the three of which were built under contracts from the British East India Company. For a long time the Presidency banks went about as semi national banks, as did their successors. Mainly three banks united in 1921 to structure the Imperial Bank of India, which, upon India's independence, turned into the State Bank of India in 1955.

The banking system in Republic of India includes a giant picture of the past, which covers the customary banking procedures from the time of Britishers to the reforms age, nationalization to privatization of banks and currently rising numbers of foreign banks in India. Consequently, Banking in India has been through a protracted journey. Indian Banking Sector has spectator a number of transformations. It has undergone a huge transformation in the years since freedom. The speed of alteration was mainly elevated in the 1990s and 2000s, as number of innovations took place and it was the effect of independent and persuaded requirements of the situation. In the mid 1990s, the Indian banking sector marked better prominence being placed on expertise and modernism. Banks began to use technology to offer better quality of services at better pace. IT has made it suitable for clients to do their banking from geographically varied places which earlier remain revealed.

Post Independence:

The Government of India initiated measures to play an energetic role within the economic lifetime of the state, and also the Industrial Policy Resolution adopted by the govt. in 1948 envisaged economic system. This resulted within the larger involvement of the state in several segments of the economy as well as banking and financial sector.

Nationalization:

Despite the provisions, management and laws of Reserve Bank of India, banks in India apart from the SBI, continued to be owned and functioned by private people. With the 1960s, the banking industry of India had become an imperative tool to facilitate the event of the Indian economy. At an equivalent time, it had emerged as an outsized leader, and a debate had proceeded concerning the nationalization of the banking business. Indira Gandhi, as a Prime Minister of India, articulated the aim of the Govt. of India in the annual conference of the All India Congress Meeting in a script. The convention acknowledged the manuscript with zeal.

Thereafter, her move was quick and impulsive. The Govt. of India issued an ordinance [Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969] and nationalized fourteen largest marketable banks

with cause from the midnight of July 19, 1969. These banks contained eighty five percent of bank deposits within the country.

A second dose of nationalization of six additional commercial banks followed in 1980. The confirmed reason for the nationalization was to present the government additional control and management of credit liberation. With the subsequent dose of nationalization, the Govt. of India had forbidden around ninety one percent of the banking industry of India. Later on, in the year 1993, the Govt. fused New Bank of India with PNB. It was the only amalgamation among nationalized banks and resulted in the decline of the amount of nationalized banks from twenty to nineteen. Following this, until the 1990s, the nationalized banks raised at a speed of around four percent, more rapidly to the average development pace of the Indian financial system.

II. e-banking:

India is one of the top ten markets in the world, where the banking sector has marvellous prospective to nurture. The preceding decade witnessed consumers accepting ATM, internet and mobile banking. Banking sector of India is presently cherished at rupees eighty one trillion. It has the prospective to turn out to be the fifth major banking sector in the globe by 2020 and the third biggest by 2025, according to a business report. The facade of Indian banking has altered over the time. Banks are now attaining out to the masses with expertise to assist greater easiness of communication and dealings are passed out throughout the Internet and mobile devices.

Banking is now no longer restricted to the branches wherever one has to move toward the branch in self, to extract cash or deposit a cheque or demand a proclamation of financial records. The internet banking, therefore, currently is more of a standard rather than an exemption in many urbanized countries due to the truth that it is the cheapest mode of providing banking services. As of 2010 there are 15 million online banking users in India and 53 banks are providing ATM facilities across the country.

Internet banking:

Internet banking (online-banking) means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In order to avail internet banking facilities user needs a user-id and a password which is provided by the bank. In internet banking system every bank has a centralized database that is connected with other banking system through web-based surroundings. All the services that the bank has permitted on the internet are displayed in menu. The network which connects the various locations and gives connectivity to the central office within the organization is called intranet. These networks are restricted to associations for which they are set up.

The accomplishment of Internet banking lies upon the sound intended website of a bank. It needs to be enlightening and serviceable. Therefore, the fundamental goal of a website is to make the internet banking services more efficient, pleasing, reachable and consumer responsive. Internet banking can be offered by the banks in two approaches. Firstly, an accessible bank with its substantial offices can set up a website and propose the internet banking services as a supplementary delivery canal. Secondly, the competence of e-banking can be granted exclusively throughout the internet having no bodily workplace.

Mobile banking:

Mobile banking (also known as M-banking) is a term used for performing balance confirmation, account transactions, payments, credit function and other banking transactions through a mobile mechanism such as a mobile phone. The initial mobile banking services were presented over SMS, a facility identified as SMS banking. By the beginning of the first primitive smart phones with WAP support enabling the use of the mobile banking in India in 1999, the initial European banks initiated to offer mobile banking on this stage to their clients.

In October, 2008, the first measure to direct versatile saving money in India was begun up. From that point forward, it is constantly changed the way and degree to which banks can lead versatile saving money. Today, telephones are improving the banks in India to encourage intra and interbank trusts exchange between ledgers and outside nation, under the method of RBI administrative. India is getting a charge out of a blast in the upgrading and use of portable correspondence engineering.

The acceptance of mobile banking has amplified considerably in the precedent year, in a world almost 28 % of mobile handset users' accessed mobile banking in the past one year. E-banking proposes massive advantage to consumers in terms of easiness and cost of dealings, whichever through the ATM, Internet or mobile phone. Electronic finance has turn out to be one of the most necessary technical alterations in the financial sector.

Automated Teller Machine (ATM):

The Indian ATM industry has seen explosive growth in recent times. In India, HSBC bank set the trend and set up the initial ATM machine in 1987. Ever since then, they have become a common prospect in our nation.

ATM i.e. 'Automated Teller Machine' is quick and a convenient approach of obtaining your cash from banks. In a way, they are editing the foundation of economic dealings. A sensible person not must longer carry a wallet-full of paper currency. Just to insert it within the slot, hit a couple of details and return with cash.

ATMs enables you to try and do variety of banking functions – like retreating money from one's account, checking balance and transferring cash from one account to a different – employing a plastic, magnetic-stripe card and Personal Identification Number (PIN) issued by the financial institute.

Indian Government Innovative initiative In August 2014 India's New Prime minister had declared Prime Minister's Jan Dan Yojana it is an innovative initiative taken by the new government . Under the new scheme launched in India every Indian family will be enrolled in a bank for opening a zero balance account. This scheme not only provides the Indian families to have an account but it also offer various benefits for the poor families. This new scheme is the first step towards bringing economic equality in the country. In the current world the financial untouchability is a big concern and it separates people. Thus a bank account will be the first step to eradicate the financial untouchability from the system. Looking to the scheme from an economic point of view the country like India comprises of a huge population. Every family living in India is the part of the country's economic cycle. So once the families having a back account they get connected to the vehicle of economy automatically. Thus when everyone will be connected to the economy of the country and the country will run at a greater pace. Thus this step can be a source to a better economic country. The new opened account will be a zero balance account With free debit card. Each account holder will get an accidental cover of 1 lakh along with a life cover of Rs. 30,000/- This will add up a value to the various lives in the country. If the person keeps the bank account active and saves some money then the account holder will be given the overdraft limit of Rs 5000 that one can withdraw from the account.

III. Conclusion

The banking sector in India has become stronger in terms of capital and the number of customers. It has become globally competitive and diverse aiming, at higher productivity and efficiency.

Exposure to worldwide competition and deregulation in Indian financial sector has led to the emergence of better quality products and services. Reforms have changed the face of Indian banking and finance. The banking sector has improved manifolds in terms of Technology, Deregulation, Product & Services, Information Systems, Etc. "With new opportunities unfolding Banking Sector, India is emerging as a global power in banking services in the next two decade."

IV. References

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