



A Study On Innovations In Indian Banking Sector With Reference To It's Services

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Abstract –

The purpose of this article is to find out the importance of innovative technologies in the banking sector and to analyze the characteristics of technological product orientation. The banking system in India has changed a lot since demonetization. The government has started focusing on Digital India, which has changed people's payment habits. Technology-based innovations are an important factor in providing customized and versatile banking services to various customers at a lower cost. Technological innovations have brought about a massive change in the way banks operate in India, both internally and externally, enabling banks to provide excellent Customer service. The banking sector is one of the fastest growing sector in India. The Indian banking sector is undergoing several changes. Innovative factors like internet banking, mobile banking, ATM, NEFT and RTGS. Online banking services in the banking sector have a positive impact on the public. The most important advantages of using technological solutions in the banking sector are faster, more accurate and efficient information and data processing and speeding up the decision-making process. As a result of IT innovations, consumers no longer need to visit branches to perform routine banking transactions such as cash deposits, withdrawals, check cashing and balance inquiries. In addition, it led to an almost tenfold reduction in branch bank transaction costs. For the study, the researcher selected respondents who use various innovative banking methods to manage their finances. The area selected for the study is in and around the city of Mumbai. This paper throws light on the new and existing innovation in the banking sector in the India with reference to services.

Keywords: Indian Banking Sector, Technology, innovation, Product and Service

INTRODUCTION

Indian banking has a long journey. It saw several changes. Since the 1990s, India has begun to place more emphasis on technology and innovation. Currently, the banking sector is well regulated and adequately capitalized. Technology is the implementation of new solutions that meet new and existing requirements. This is achieved through new efficient products, services, processes, technologies and ideas that are readily available to markets, society and governments. Nowadays, technological innovation is considered one of the most important tools that can influence the banking and financial sector. Over the past few years, the Indian banking sector has seen many changes. Information technology helps the banking and finance industry innovate in product design and delivery. The latest technology offers banks the opportunity to build new systems that meet a wide range of customer needs. Financial innovations are related to technological changes and this completely changes the philosophy of banking and is further fueled by competition in the banking industry. Most banks have started to adopt an innovative approach to their services with the aim of creating added value for customers.

Now we have an electronic payment system and banknotes. Competition forces everyone to move forward and faster. The banking sector plays an important role in the economic Development of the country. Banking innovations driven by technological development have brought several benefits to both banks and their customers. All banks have started working with various channels like ATM, Debit Cards, Credit Cards, Internet Banking, Mobile Banking, RTGS, and NEFT etc. Currently, the role of banking is being redefined from a mere financial intermediary to a provider of various services. Financial services operating under the same roof as the financial store. Intense competition between banks has changed the perception of the entire banking system.

Therefore, banks are looking for new ways not only to attract customers, but also to keep customers and gain a competitive advantage over competitors. The future of banking in India looks not only exciting but also transformative in terms of services. This article looks at the new technological changes and all the existing innovations in the banking sector. Following are the major innovation bought in the banking field:

- 1. Debit card:** a debit card is a plastic card that can be used as an alternative payment method when shopping. It allows instant cash withdrawals and acts as an ATM card for cash withdrawals. Funds are withdrawn either directly from the bank account or from the card balance.
- 2. Credit Card:** This is similar to a debit card, but slightly different. A credit card that gives its owner the right to buy goods and services based on the card, gives the user a credit limit from which money can be borrowed from the seller (merchant) for payment or a cash advance can be made to the user.
- 3. Electronic clearance service (ECS):** ECS is a retail payment system that can be used for similar receipts/payments, especially when each individual payment is repetitive in nature and relatively smaller. It is

willing to help companies and government departments to make/receive large payments instead of transferring money to private individuals.

4. Magnetic Ink Character Recognition (MICR): MICR is a character recognition technology used mainly in banking to facilitate the processing and settlement of cheques and other documents. The MICR coding, called the MICR line, is located at the bottom of a cheques or other document and usually includes the document type identifier, bank code, bank account number, cheques number and amount, and some control characters. The technology allows MICR readersto scan and read data directlyinto the data acquisition device.

5. Kiosks: This is a small, self-contained physical structure that displays information or provides a service to the user. It can be unmanned or manned, and unmanned kiosks can be non-digital or digital. Information kiosks can now also offer services such as printing passport books, making loan offers, managing fixed payments, scanning documents and printing bank statements.

6. ATM: ATM stands for automatic teller machine. It is one of the most used electronic channels in the banking industry. Its operation is controlled by machines with which customers can make withdrawals, check balances and even deposit money into their accounts without going to the bank, and this is only possible through an ATM

7. RTGS: RTGS stands for Real Time Gross settlement systems; it is an electronic method of money transfer. Here, funds transfer money from one bank to another in real time and in gross basis. It is the fastest possible money transfer system through the bank channel.

8. Plastic money: Plastic money is also known as polymer money. This is a general term for all bank cards, including debit cards, credit cards and smart cards. In addition, it is one of the best alternatives to cash or currency because it is convenient to carry and handle and is the most convenient way to pay for goods and services.

9. Any Branch Banking: Any Branch Banking (ABB) is another feature that banks offer to their customers to access their bank accounts from any of the other network branches of the same bank. Customers can use their account from any branch of the same banking network.

10. Digital Wallet: This refers to an electronic device that allows a person to make electronic transactions. This can include buying things online from your computer or using your smartphone to buy something in a store.

Mobile Banking: The growth of mobile banking has enabled customers to access their accounts, transfer funds and pay bills using their smartphones. This made banking simpler and easier for customers and reduced the need for physical office visits.

11. Artificial Intelligence (AI): Thanks to AI technology, banks can improve their customer service by providing personalized recommendations, detecting fraud and automating customer interactions with chatbots.

Advantages of Banking Innovations

1. Increased Convenience: The use of technology has made banking easier for customers. They can access their accounts, transfer money and pay bills using their smartphones, tablets or computers.

2. Increased efficiency: Automation and digitization have made banking more efficient, reduced the time required to process transactions and improved the accuracy of data processing.

3. **Cost reduction:** Thanks to technology, banks have been able to reduce their operating costs such as office operations, personnel costs and paper-based processes, resulting in cost savings for both banks and their customers.
4. **Enhanced Security:** The use of biometric authentication and encryption technologies has improved the security of banking transactions, reducing the risk of fraud and unauthorized access.
5. **Increased competition:** Fintech startups have broken the traditional banking model and created new competition in the sector. This has led to increased innovation and better services to customers.
6. **Personalization:** Thanks to technology, banks have been able to adapt their services to the specific needs of customers, which has led to a better customer experience and increased customer loyalty.

REVIEW OF THE LITERATURE

The following is a quick assessment of the literature on innovation in the Indian banking sector conducted by various researchers globally.

PARAMASIVAN C AND RAVICHANDIRAN G¹ (2022)

This Study focus on technology is one of the most important components of the banking industry that determine the quality and efficiency of banking services. Inclusive banking for the unbanked is only possible through innovative business practices. Based on this perspective, this study provides an outlet for understanding the impact of innovative entrepreneurship.

PANDEY AND RATHORE² (2018)

In the present study, the authors investigated the impact of digital payment system. Due to modernization and globalization, people have to adopt innovative payment methods. The analysis of this study is based on secondary data that includes several sources such as government records and previous research literature. The impact and adoption of digital payments among people was ascertained after analyzing the collected data.

SINGH AND RANA³ (2017)

In this study the author showed how demonetization helped adoption of digital wallets and digital payments in India. Using the Internet as a substitute for cash has become easier as the number of Internet users and smartphone users has increased significantly.

The author also highlighted how several digital wallet companies are competing to enter and grow in the Indian market as it was the biggest opportunity for them to start their business.

It has also been predicted that India will eventually transition to a cashless economy and as a result of digitization, people will definitely start using digital modes of payment.

Scope of the Study

The study is conducted to assess the inventions of the Indian banking sector in terms of its services. It would also be useful to understand different innovative forms of service. The purpose of this study is to find threats to innovative services.

Research Methodology

Research is based on primary data and secondary data.

Primary Data: The primary data of this study is collected from the general public through a structured questionnaire to know the impact of innovative services offered by banks in India. The study is conducted in Mumbai city, the sample size of the study is 54 respondents

Secondary data: Secondary data is collected from various sources like research papers, RBI bulletins and verified websites.

Research Objective

1. To study the innovations that have taken place in the banking sector in India.
2. To know the usages & benefits of innovative services
3. To examine the challenges faced by the banks in offering innovative services

Area of the Study

The study is undertaken in and around the city of Mumbai.

Research Approach

The questionnaire method of survey is used for collecting primary data from respondents belonging to Mumbai region. Researcher appealed all respondents to fill the questionnaire, by themselves. It contained structured questions which are very easy to understand

Sample Technique

Convenient probability sampling method in which 54 respondent from Mumbai city shared their knowledge about the study. They were asked to fill in the questionnaire voluntarily. The survey was conducted in January 2024.

Data Usage

The Analyzes and interpretations are based on raw data. However, both primary and secondary information as

well as verbal and information received from the respondents are used to make conclusions and recommendations. The information collected from these sources was analyzed using various charts and graphs.

Data Analysis and Interpretation

Table 1; Demographic profile of the respondents

PARTICULARS	NO OF RESPONDENTS	PERCENTAGES
1. Gender		
Female	28	52%
Male	26	48%
Total	54	100%
2. Age		
Below 20 years	5	9.3%
20-35 years	21	38.9%
35-50 years	17	31.5%
Above 50 years	11	20.4%
Total	54	100%
3. Occupation		
Student	7	13%
Salaried	25	46.3%
Professional	10	18.5%
Self-employed	6	11.1%
Other	6	11.1%
Total	54	100%

The study shows that, 52% of the respondents were women & 48% of the respondents were men who uses innovative financial services. 9.3% of the respondents belongs to less-than 20 years of age, 38.9% of the respondents belongs to 20-35 years of age, 31.5% of the respondents belongs to 35-50 years of age and 20.4% of the respondents were in the age of above 50 years. 13% of the respondents were student, 11.1% of the respondents belongs to salaried, 18.5% of the respondents belongs to professional, 11.1% of the respondents were self-employed and 11.1% of the respondents belongs to other category i.e. retired or home makers.

Survey Questionnaire

Table 2: Duration of using innovative financial services

PARTICULARS	NO OF RESPONDENTS	PERCENTAGES
Less than 1 year	8	14.8%
1-3 years	22	40.7%
3-5 years	15	27.8%
More than 5 years	9	16.7%
Total	54	100%

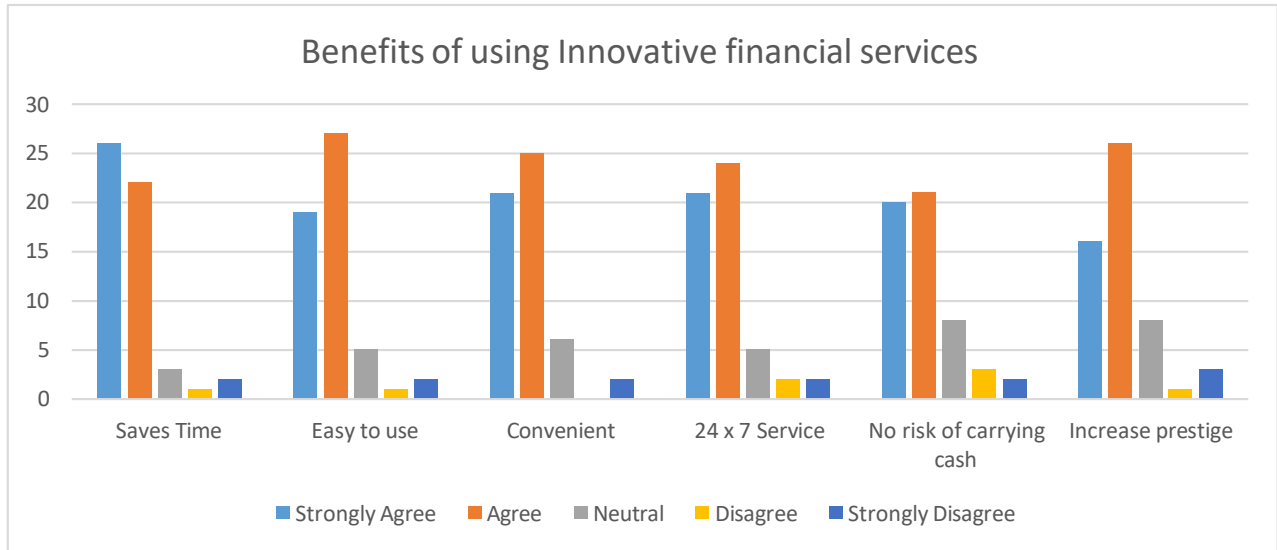
Table no. 2 shows that, 14.8% of the respondents were using innovative financial services from less than 1 year, 40.7% of the respondents were using innovative financial services from 1-3 years, 27.8% of the respondents were using it from 3-5 years and 16.7% of the respondents were using from more than 5 years. This shows that use of innovative financial services increase after COVID 19 majority of the customers started using online mode in last 3 years.

Table 3 Innovative financial services used by the customers.

PARTICULARS	NO OF RESPONDENTS	PERCENTAGES
ATM/ Debit card / Credit card	42	77.8%
Internet banking	24	44.4%
Mobile banking	29	53.7%
Google pay/ Paytm/ Phone pay		
/UPI	37	68.5%
RTGS/NEFT	20	37%

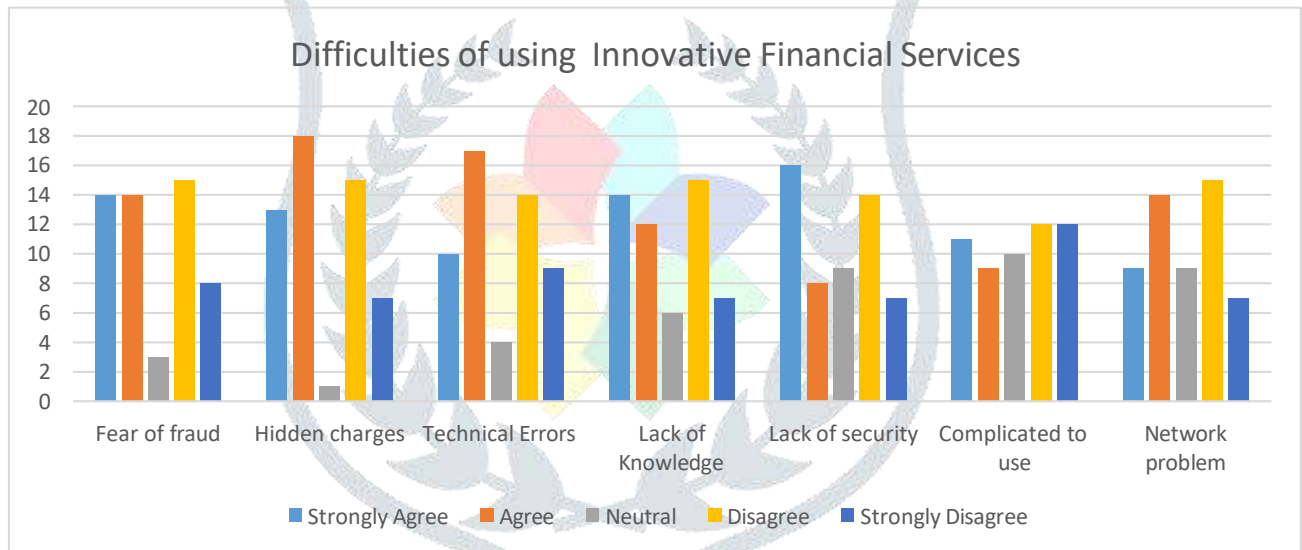
Table 3 shows that, 42 respondents were using ATM/ Debit card/ Credit card for online payment, 24 respondents were using Internet banking, 29 respondents were using Mobile banking, 37 respondents were using Google pay/ Paytm/ Phone pay/ UPI & 20 respondents were using RTGS/NEFT services . This shows that ATM/ Debit card/ Credit card & Google pay/ Paytm/ Phone pay/ UPI users are more compared to other methods of payment systems.

Table 4 Benefits of using Innovative financial services



Maximum numbers of people are being agreed with the advantage of using innovative financial services. Only the few people are differing with the benefits.

Table 5 Difficulties of using Innovative financial services



Maximum number of people being agree with the difficulties faced by the customers from digital payment.

Table 6 want to continue using Innovative financial services

PARTICULARS	NO OF RESPONDENTS	PERCENTAGES
Yes	41	75.9%
No	02	3.7%
Maybe	11	20.4%
Total	50	100

After looking at benefits and difficulties people still want to use innovative financial services. 75.9% of people want to use innovative financial services where 20.4% people still thinking about use of Innovative financial services.

Conclusion

In the modern world, people use the newest innovations and technologies in order to complete tasks much more quickly and intelligently. Sustainable and manageable innovations can boost industry value and income while reducing costs and resource requirements considerably, improving the environment in the process. The banking industry in India is expanding rapidly, and the number of its customers has also grown significantly. The rise of the Indian banking industry has been made possible by a number of factors, including new inventions, political support for the industry's growth, and value-added services offered by banks. The government's demonetization initiative encouraged citizens to use both the traditional banking system and online banking options. With modern technology, it is guaranteed that banking will provide clients with even more offers and services in the future, along with cutting-edge financial products. The innovative banking technology changes have brought about a transformation in Indian banking. Ensuring that every consumer is safeguarded against cybercrime and that the best cybernetic values are applied is the primary task in the digital age. Information technology is only a tool that helped redesign and reengineer the financial system, giving it the face that the banking sector has today.

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