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## **AN ANALYTICAL STUDY ON TRENDS AND PROGRESS OF BANKING SECTOR**

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### **Abstract :**

*Banks emphasize on customer satisfaction to enhance customer loyalty. Private sector banks adopt modern technology to deliver online banking facilities properly to the customers. Rural masses face difficulties to avail banking facilities due to inadequate infrastructure of banks. People avoid online banking due to security threat. Banking habits among urban people is more than rural people. The number of bank branches is very less in rural areas. Customers prefer online banking more than traditional banking as they can avail banking services round the clock through online banking. The cost of online banking is less than traditional banking. The study is based on primary data and secondary data. Primary data has been collected from the customers of public and private sector banks. Primary has been collected from urban and rural areas. Secondary data has been collected from journal articles. In this paper, an attempt has been made to find out recent trends in banking sector in India.*

**Keywords :** Technology Savvy, Digital Transformation, Customer Awareness.

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### **Introduction :**

Digital banking means the digitization of all traditional activities of bank through ATM machines, debit cards, credit cards, mobile banking, electronic banking, virtual cards and other. With the help of these instruments, the consumers are doing bill payment, withdrawals, transfer of payment etc, we also know about our account details at any time without going bank and any time we transfer money at any place and any other account. The banking industry in India expanded with development of country the banking sector contribution development of our country is very large.

### **Objectives Of The Study :**

1. To study about the recent trends in digital banking in India.
2. To analyse the advantage and disadvantage of digital banking in India.

### **Recent Trends and Development In Banking Sector :**

Today, we are having a fairly well developed banking system with different classes of

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banks – Public sector banks, foreign banks, private banks, regional rural banks and co-operative banks. The Reserve Bank of India is at the paramount of the banks.

The RBI's most important goal is to maintain monetary stability (moderate and stable inflation) in India. The RBI uses monetary policy to maintain price stability and an adequate flow of credit. The rates used by RBI To achieve Bank rate, repo rate, reserve repo rate and The cash reserve ratio. Reducing inflation has been one of the most important goal for some time.

The banking system in India is significantly different from that of other Asian nations because of the country's unique geographic, social, and economic characteristics. India has a large population and land size, a diverse culture, and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population but, at the same time, the country has a large reservoir of managerial and technologically advanced talent.

Banks are using AI, machine learning, and chatbots for customer support, fraud detection, and personalised advise, reducing errors and improving service. Rise in mobile apps and the anticipated “voice revolution” are shifting interactions from websites to conversational interfaces, offering convenience but also changing marketing opportunities.

Significant growth in digital payments and mobile wallets, with projections for increased digital transaction share. Rapid growth in digital payments (mobile wallets, cards) and digital account openings, especially in rural areas, is a significant trend.

#### **Risk and Regulations :**

- **Cybersecurity** : Advanced frameworks are vital to build consumer trust in digital systems.
- **Regulatory Adaptation** : Banks must manage new risk exposures from digital expansion and align with evolving economic and regulatory environments.

#### **Investments/ Developments :**

- In May 2025, Japan's Sumitomo Mitsui Banking Corporation (SMBC) agreed to acquire a 20% stake in Yes Bank for Rs. 13480 crore , marketing the largest foreign investment in an Indian bank to date.
- In early August 2025, AU Small Finance Bank received in-principle approval from the RBI to become the first small finance bank in nearly a decade to transition into a universal bank, expanding its lending and service capabilities.
- Banks are launching new online services and AI-powered chatbots to make digital banking more secure and convenient. Two factor authentication A biometric verification are being strengthened to safeguard digital transactions.
- As per the latest guidelines of the National Payments corporation of India (NPCI), the UPI ID of customers linked to an inactive mobile number will become inactive.



- Google India Digital Services (P) Limited and NPCI International Payments Ltd (NIPL), have signed a Memorandum of Understanding (MoU) to expand the transformative impact of UPI to countries beyond India.
- The banking, financial services, and insurance (BFSI) sector in India is projected to exceed last year's record of approximately 11 million square feet in office leasing, according to JLL.

## **Development In Banking Sector :**

### **1. Internet :**

Internet is a networking of computer, In this marketing message can be transferred and received worldwide. The data can be sent and received in any part of the world. In no time, internet facility can do job for us. It includes the following :

This net can work as electronic mailing system. It can have access to the distant database, which may be a newspaper of foreign country.

Customers can exchange their ideas through Internet and can make contact with contact with anyone who is a linked with internet.

### **2. Cash Dispensers :**

Cash withdrawal is the basic service rendered by the bank branches. The cash payment is made by the cashier or teller of the cash dispenses is an alternate to time saving.

### **3. Electric clearing Service :**

In 1994, RBI appointed a committee to review the mechanization in the banks and also to review the electronic clearing service. The committee recommended in its report that electronic clearing service-credit clearing facility should be made available to all corporate bodies/ Government institutions for making repetitive low value payment like dividend.

### **4. Bank net :**

Bank net is a first national level network in India, which was commissioned in February 1991. It is communication network established by RBI on the basis of recommendation of the committee appointed by it under the chairmanship of the executive director T.N.A Lyre.

### **5. Chip Card :**

The customer of the bank provided with a special type of credit card which bears customer's name, code etc. The credit amount of the customer account is written on the card with magnetic methods.

### **6. Phone Banking :**



Customers can now dial up the bank`s designed telephone number and he by dial his ID number will be able to get connectivity to designated computer.

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