

## Cashless Innovation in Banking Sector

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### Introduction

Stiff competition has started prevailing in the banking sector, as a result of policy of liberalization. Several Indian and foreign banks, established in the private sector have started providing various new service, through innovative banking, which includes E-Banking. E-Banking and its related services are also being provided to the customers, even without their going to the bank, with the help of wider use of information technology.

### Meaning of Innovative Banking

The word, "Innovative" mean new methods or systems. In relation to banking, Innovative banking means inclusion of new concepts, strategies, working systems and procedures, in the management. Innovative banking has substantially transformed the entire working of the banks. In other words, the changes which are brought in the banking field for the implementation of new ideas and method is known as Innovation banking.

### Main Instruments of Facilities Provided by Innovative Banking

- **Computerization:** All banks are Inter-connected through internet. As a result not only transfer of money takes place within the country, just by pressing the button, transfer even in any part of different has become easy.
- **Credit Cards:** Credit card is that small piece of plastic which gives the holder to provide various type of facilities on credit like as travel on credit, stay in hotels, purchase from the shop and stores etc.

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- **Net Banking or Online Banking:** Online banking is also called, E-banking, in which the customer will have to open his personal computer and will have to click the website of the bank will have to give the card of his account, will have to enter the amount of certain transaction and make it OK by pressing Enter. Thereafter, all required work is done by the bank.
- **Mobile Banking or M-banking:** Mobile banking means such banking system by a person can obtain information about his saving account, account and may undertake the transaction also with the help of his mobile phone even if he is hundreds of kilometers away.
- **Wireless Application Protocol:** WAP means such technique, which makes banking transaction easy with help of mobile phone. The bank provides the facilities to the account holders in all the banks to present water, electricity and telephone bills on their internet.
- **Automatic Teller Machine (ATM):** ATM are connected to interbank network, enabling people to withdraw and deposit money even form machines not belonging to the bank where they have their account or in the country where their accounts are held .
- **Anywhere Banking:** In which the customers can perform transaction at any place, in any branch of the bank.
- **All Day Banking:** All day (27\*7) banking facility under this scheme the bank branches remain open on all seven days of the week including Sundays and Gazzetted holidays.

#### **Important of Modern Traits of Indian Banking**

- **Expansion of Public Sector Banking:** At present there are 21 banks in the public sector in the country and all are nationalized.
- **Unprecedented Branch Expansion:** Total Number of branches of all scheduled commercial banks in 1951 was 4115, which increased to 8262 in June 1969, then to 60,190 in 1991 and to 1,36,412 on 30 june,2016. Now there is one bank branch in every 8-10 km area.
- **Encouragement to Bank Amalgamation:** New bank of India was merged into Punjab national bank on September 4<sup>th</sup>, 1993. Sikkim bank limited was merged into union bank of India on December 22,1999 and six associate banks of SBI merged in SBI on 1<sup>st</sup> April,2017. Parliament approved the Amalgamation of Associate Banks in State Bank Of India in Aug., 2017.
- **Unexpected Rise in Deposits:** There has been tremendous increase in the deposits of commercial banks in few years. The total deposit amount in banks of India, which was Rs 79,31,104 crore by 4<sup>th</sup> April,2014. Demand deposits with banks as on June,2017 was Rs 11,778. 1 billion and Time Deposit Rs 1,00,500.8 Billion.

- **Lead Bank Scheme:** Lead bank is that bank which has been assigned the chief responsibility of banking and economic development and services of one or more districts.
- **New Attractive Schemes:** In the recent few years many new schemes have been launched by the commercial bank. Some of the important schemes are:
  - Consumer loan scheme
  - Mobile banking
  - Loan and agriculture and common man
  - Costumer services
  - Mechanized cheque and clearing House
  - Internet Banking
- **More Loan Facilities to Priority and Neglected Sector:** In 1969 banks provided loan of about Rs 441 crore to the priority sector , this amount reached to Rs 12,83,411 crore by march, 2013.
- **Investment Deposit Ratio:** As on 4 April, 2014 investment in Govt securities by commercial banks was 22,69,624 crore.

### Conclusion

The banking sector in India has become stronger in terms of capital and number of customers. It has become globally competitive and diverse aiming, at higher productivity and efficiency. With the increasing levels of globalization, liberalization, privatization and new reforms of the Indian banking sector, competition will intensify further. Therefore ,the banks who understand the market dynamic ,perceive threats, anticipate volatility, show high degree of professionalism and dynamism in their functioning and respond promptly to the market needs would survive and proper

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