

## **Indian Banking-A New Vision**

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Time has come for everyone particularly my dear young friends to embrace E-banking, mobile banking and more such technology”

“I dream of a digital India where mobile and E-banking ensures financial inclusion”

Prime Minister Mr. Narendra Modi

### **Abstract**

Digitalization is the new vision in banking industry. Before getting into the details of new vision of Indian banking. Let us try to know what exactly is digitalization and how does it works. When any monetary transaction is done through any electronic or digital medium it is said to be digital payment. Let's start from the beginning before the prevalence of currency; it was barter system where people would get the item in exchange of another item as currency had not been introduced till that time. Then century's later money lender (Sahukar) comes into the picture. They were quite prevalent in rural. People used to find it easy to access despite its flaws. Then comes post man or postal department. People used to wait for the postman to get their money order. That was also a kind of payment system. Then comes bank and other financial institutions. See what would happen bank and post office and some other institutions were the only place where these payments would happen. People used to visit these places. They had to invest their time. Sometimes people had to travel miles. There was no other way. Then it was in mid-eighties that things have started changing. It was in 1987 when ATMs were ushered in India. It was HSBC who did this in Mumbai. Within a decade more than 1500 ATMs were installed across India. Since then there has been no looking back. This was not enough as in mid-nineties internet banking ushered in by ICICI Bank.

**Keywords:** Digitalization, monetary, currency, bank

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## **INTRODUCTION**

India has come a long way when it comes to Banking system. Indian bank plays a vital role in terms of social and economic scenario. Banks are the most important pillars of Indian economy. Indian banks, to an estimate contribute 7.7% of GDP. Many great leaders and legends including Lala Lajpat Rai saw the vision in the banking system. Century later, India is now dealing in digital banking. Digitalization is the new vision in banking industry. Before getting into the details of new vision of Indian banking. Let us try to know what exactly is digitalization and how does it works (Rodríguez, 2019; EXPH, 2019)

When any monetary transaction is done through any electronic or digital medium it is said to be digital payment. Let's start from the beginning before the prevalence of currency; it was barter system where people would get the item in exchange of another item as currency had not been introduced till that time. Then century's later money lender (Sahukar) comes into the picture. They were quite prevalent in rural. People used to find it easy to access despite its flaws. Then comes post man or postal department. People used to wait for the postman to get their money order. That was also a kind of payment system. Then comes bank and other financial institutions. See what would happen bank and post office and some other institutions were the only place where these payments would happen. People used to visit these places. They had to invest their time. Sometimes people had to travel miles. There was no other way. Then it was in mid-eighties that things have started changing. It was in 1987 when ATMs were ushered in India. It was HSBC who did this in Mumbai. Within a decade more than 1500 ATMs were installed across India. Since then there has been no looking back. This was not enough as in mid-nineties internet banking ushered in by

ICICI Bank.

Once Bill Gates said "banking is necessary banks are not". By this he meant bank can be replaced by providing digital banking to some extent. That is the power of digital payment. Otherwise who would have imagined that one can ask for loan or can open account without visiting bank. There is so many portal where one can apply for loan without visiting bank be it loan in 59 minutes or prime minister employer guarantee programme online portal. Punjab National bank has recently introduced OOSA portal where one can apply for opening account very easily with each passing days things are getting easier and quick. Now a day's one can say that if you have a mobile in your pocket you are literally having bank in your pocket. Cyndi Shaffstall rightly said "mobile is not the future it is now". As a matter of fact transaction facilities are on fingertip now. Indian government has also done remarkable work as far as digital payment is concern. Government had introduced BHIM as in Bharat interface for money on 30 Dec 2016 and made it available in 16 languages.. our prime minister once said "if all of us start transacting through online and mobile banking it will be our great help towards eradicating corruption and black money from our country" government has also initiated some concession in fare if one pay through digital payment. 10% concession at toll if one uses fastag..0.5% concession at railway counters and 0.75% at government petrol pumps. So government has been promoting digital payment for quite some time ..it's been years. Some says that digital payment are only confined to some group of people who are educated and comes from elite class but this is not entirely true...adhaar based payment is meant for everyone even for illiterate people...they can easily get money by merely putting their finger prints ..it is as easy as it sound. Bank has provided B C locations in rural and far flung areas..so digital payment has touched everybody be it a illiterate or educated. As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII). National Asset reconstruction company (NARCL) will take over, 15 non-performing loans (NPLs) worth Rs 50,000 crores (US\$ 6.70 billion) from the banks. National payments corporation India (NPCI) has plans to launch UPI lite this will provide offline UPI services for digital payments. Payments of up to Rs. 200 (US\$ 2.67) can be made using this. In the Union Budget of 2022-23. In the Union budget of 2022-23 India has announced plans for a central bank digital currency (CBDC) which will be possibly known as Digital Rupee. National Asset reconstruction company (NARCL) will take over, 15 Non performing loans (NPLs) worth Rs. 50,000 crores (US\$ 6.70 billion) from the banks. In November 2021, RBI launched the 'RBI Retail Direct Scheme' for retail investors to increase retail participation in government securities. The RBI introduced new auto debit rules with a mandatory additional factor of authentication (AFA), effective from October 01, 2021, to improve the safety and security of card transactions, as part of its risk mitigation measures. In September 2021, Central Banks of India and Singapore announced to link their digital payment systems by July 2022 to initiate instant and low-cost fund transfers. In August 2021, Prime Minister Mr. Narendra Modi launched e-RUPI, a person and purpose-specific digital payment solution. E-RUPI is a QR code or SMS string-based e-voucher that is sent to the beneficiary's cell phone. Users of this one-time payment mechanism will be able to redeem the voucher at the service provider without the usage of a card, digital payments app, or internet banking access. As per Union Budget 2021-22, the government will disinvest IDBI Bank and privatize two public sector banks. Government smoothly carried out consolidation, reducing the number of Public Sector Banks by eight. Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth in the banking sector. All these factors suggest that India's banking sector is poised for a robust growth as rapidly growing businesses will turn to banks for their credit needs. Also, the advancement in technology has brought mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure to enhance customer's overall experience as well as give banks a competitive edge. India's digital lending stood at US\$ 75 billion in FY18 and is estimated to reach US\$ 1 trillion by FY23 driven by the five-fold increase in the digital disbursements. By 2025, India's fintech market is expected to reach Rs. 6.2 trillion (US\$ 83.48 billion).

## CONCLUSION

Everything has two facets positive and negative. Digital payment is also no exception. Many people have been victimized from digital payment frauds be it online phishing,

chargeback, or other frauds of that type. A senior citizen gets easily targeted. Since pandemic percentage of digital payment has been increased. But good thing is that every problem comes with a solution. Digital payment fraud is also no exception. We as common people have to alert while making digital payment. We should never disclose or share our Atm or account credentials to anyone even if it's been asked from bank. One thing is clear no bank ask your Atm credentials. Digital payment is a boon if it being tackled with care and caution. Digital payment is a power and as they say with great power there comes great responsibility.

### References

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