



**FACULTY OF JURIDICAL SCIENCES**

**COURSE NAME : BALLB/BBALLB**

**SEMESTER : VIIIth**

**SUBJECT : Banking law**

**SUBJECT CODE: BAL -802/BBL-802**

**LECTURE : 13**

**FACULTY NAME: Mr JP Srivastava**

## **Recent Trends of Banking System:**

Banking systems and financial institutions are integral parts of an economy. Seamless functioning of these sectors is important for an economy to grow. Due to the advent of digital technology, banking and financial services have undergone a massive shift in their mode of operations. New trends are gaining momentum at a fast pace as the customers find it convenient and also flexible at the same time. The emergence of financial technology has resulted in the introduction of several technological advancements in the industry. Fintech companies, internet banking and mobile banking are just some examples that mark this shift. Today, we will read about the latest trends that are revolutionising the Indian banking and financial sector.

### **Digitization**

With the rapid growth of technology, digital services became an indispensable part of banking operations as these institutions needed to keep up with the changes and introduce innovations that made services convenient. In India, the initial phase of digitization began in the 1980s when information technology was used to perform basic functions like customer service, bookkeeping, etc. Gradually core banking solutions were also adopted to improve customer experience. The main shift came during the 1990s when liberalization opened the Indian market to the global world. Private and international banks which came into operation boosted technological changes in the banking sector. Features like online banking, IMPS (Immediate Payment Service), RTGS (Real Time Gross Settlement), telebanking enabled customers to avail banking facilities from anywhere.

### **Mobile Banking**

Almost a decade back, even though digital services came into the picture, it was only done through desktop computers which means the customer must be at home or at a place with a computer and internet connection. But the vast penetration of smartphones created a need among customers to avail banking services on their mobile phones. Cheap data charges also contributed towards the increase in usage of mobile banking.

### **Unified Payment Interface (UPI)**

UPI is a trend that emerged in the last couple of years and it is revolutionizing the way we pay and receive money. Transactions can be done within seconds using this interface. Goggle Pay and BHIM (Government of India) are two major interfaces among numerous other services that enable easy payment even if you are out of physical cash.

### **Blockchain**

Blockchain is a robust technology that is still in the development phase. Security is a major factor as far as digital services are concerned. Despite technical advances, fraud practices are still a challenge in the digital domain. Blockchain is the answer to these challenges. Like the way in which it operates, there is no scope for any malpractices in it. The technology works on computer science, data structures and cryptography.

### **Artificial Intelligence (AI) Robots**

Many private and nationalized banks have started to make use of chatbots or Artificial Intelligence (AI) robots for assistance in customer support. The practice is still in its initial stage but will definitely evolve and make the entrance to the general public in the near future. Chatbots are one of the emerging trends that are estimated to grow.

### **Fintech Companies**

Fintech or financial technology is indeed a disrupting force in the sector. Due to the changing landscapes in the Indian financial sector, many companies have emerged to be a significant part of this ecosystem. Fintech companies specialise in developing technology solutions that help companies to manage the financial aspects of their business, like new softwares, applications, processes as well as business models. Investments made on Fintech companies have increased drastically in the past decade making it a multi-billion dollar industry globally.

### **Digital-only Banks**

Digital-only banks operate only through IT platforms which can be accessed using mobile phones, laptops or tablets. Digital-only banks operate in a paperless and branchless model and seem to overtake the traditional system of banks in the

future. These banks provide high-speed banking facility at a low transaction charge. These virtual banks are an ideal choice for the current fast-paced world.

All these recent trends will reshape the banking and finance industry by bringing revolutionary changes in the traditional models. This shift is not devoid of challenges, but the customers are quite open to innovations and the government is also showing great support for these trends. **Subscribe** to BizEncyclopedia.com now for regularly updating your knowledge on the latest trends in different industries.

### MCQs

1. .... allows selection of the relevant information necessary for the data warehouse.

- a. The Top-Down View
- b. Data Warehouse View
- c. Data source View
- d. Business Query View

2. .... uses electronic means to transfer funds directly from one account to another rather than by cheque or cash?

- a. M-Banking
- b. E-Banking
- c. O-Banking
- d. C-Banking

**3.** As compared to rental and leasing methods to acquire computer systems for a Management Information System (MIS), purchase method has following advantage :

**a.** It has high level of flexibility

**b.** It doesn't require cash up-front

**c.** It is a business investment

**d.** Little risk of obsolescence

**4.** Which of the following is not a lossy compression technique ?

**a.** JPEG

**b.** MPEG

**c.** FFT

**d.** Arithmetic coding