

# DEVELOPMENT OF BANKING SECTOR IN INDIA

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## Abstract

*This article shows the development in Indian banking sector. And the objective of this article is to show the technological development and computerization in banking sectors. Technology enables expanded access of the managing an account framework, builds cost adequacy and makes little esteem exchanges conceivable. Technology permits exchanges to occur quicker and offers unparallel accommodation through different conveyance channels.*

**Keywords:** *Internet Banking, Technological Development, Computerization, Advantage, Steps By Government.*

## Introduction

Indian banking was originated in the last decade of eighteenth century. “Hindustan” was the first bank in India, which was established in 1770 and in 1786 “General Bank of India” was established.

In which, the largest bank in India is the “State Bank of India” (SBI). (State Bank of India is an Indian multinational banking sector), and its head quarters in Mumbai (Maharashtra).

In recent years, internet banking or online banking is one of the most famous ways to transfer money and the saving money industry around the globe has been experiencing a fast change. The developing of data innovation has encouraged better following and satisfaction of responsibilities.

As an expanding number of Indian banks appear at the advanced routes, for example, Online managing an account, to make a client's keeping money encounter more helpful, productive, and viable.

## Recent Banking Trends

- Electronic Payment Services- E cheques
- Real Time Gross Settlement (RTGS)
- Electronic Fund transfer (EFT)
- Electronic Clearing service (ECS)
- Automatic Teller Machine (ATM)
- Tele Banking
- Electronic Data Interchange (EDT)

## Internet Banking or Online Banking in India

Internet banking is also known as online banking or e-banking. The internet banking system will commonly associate with or be part of the center managing an account framework worked by a bank. E-Banking is an electronic payment system that enables customers to conduct a financial transaction through financial institutions. In other words, e- banking or internet banking is a way to get connected a customer through the browser to their bank website to perform a banking function.

### List of Banks Providing Online Banking or internet banking to their customers in India

- “ICICI BANK”
- “STATE BANK OF INDIA”
- “HDFC”
- “HSBC”
- “IDBI”
- “ING VYSYA”
- “AXIS BANK”
- “ANDHRA BANK”
- “BANK OF BARODA”
- “BANK OF INDIA”
- “CITI BANK”

### Advantage of Internet banking

There are many advantages of internet or online banking. Through internet banking one can easily transfer their money from one place to another place and can easily check their transactions at any time. One can easily use the internet banking on their mobile phones. It gives the comfort and security without leaving home. It also includes the convenience, better rates, services, mobility and easy of use.

### Technological Development in Banking

The software packages for managing an account application in India had their beginnings amidst 80s, at the point when the banks began modernizing the branches in a restricted way. The mid 90s saw the diving equipment costs and coming of modest and modest however powerful PCs and servers. The three main functions which are being performed by the banks are:

- Assets transformation.
- Risk monitoring.
- Access to liquidity

The important key factors in banking sectors are the innovation, modernization and technology. Two different avenues in banking have been used by the information technology (IT).

1. Business Process Reengineering.
2. Communication and Connectivity.

Technological innovation not just empowers a more extensive reach for consumer banking, additionally upgrades its ability for proceeded and comprehensive development.

### Computerization in Public Sector Banks

Category	2007	2008	2009	2010
Fully computerized Branches	85.6	93.7	95.0	97.8

Source: RBI Annual Report 2009-2010

### Steps taken by the government of India

Following steps are taken by the Indian government to regulate banking institution in country are as under given:

- “1949: Enactment of Banking Regulation Act”
- “1955: Nationalization of State Bank of India”
- “1959: Nationalization of SBI subsidiaries”
- “1961: Insurance cover extended to deposits”
- “1969: Nationalization of 14 major banks”
- “1971: Creation of credit guarantee corporation”
- “1975: Creation of Regional Rural banks”
- “1980: Nationalization of six banks with deposits over 200 crores”

### Conclusion

Banking Sector assumes a critical part in extension of Indian economy. So banks need to alternatively influence innovation to expand infiltration, enhance their profitability and proficiency, convey financially savvy items and administrations, give quicker, effective and helpful client benefit and along these lines, add to the general development and advancement of the nation. Innovation empowers expanded infiltration of the managing an account framework, builds cost viability and makes little esteem exchanges conceivable.

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