

Banking – Current Scenario

Technology has influenced and reshaped Banking Industry. New technology set off a process of change. Banking industry has adopted E-commerce and E-data interchange.

The services provided by banks are as follows :

- Credit Card/Debit Card.
- Cheque.
- De-MAT Accounts.
- Telephone Banking.
- ATM
- Electronic Funds Transfer (EFT).
- Mobile Banking

- Digitalization in Banks
- 1. Electronic Banking.
- 2. Mobile Banking.
- 3. Electronic Payment Systems : It includes
 - ✓ ATMS-ATM/Time Banking
 - ✓ Shared Payment Network System (SPNS)
 - ✓ Electronic Purse
 - ✓ Electronic Cheque
 - ✓ EFT - Electronic Fund Transfer
 - ✓ SWIFT
 - ✓ RTGS

Financial Inclusions

- 'Financial inclusion' or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable.
- An estimated 2.5 billion working-age adults globally have no access to the formal financial services.
- RBI has continued to lay stress on the need for financial inclusions of the under privileged sections, who have remained outside the periphery of the banking system

- The Reserve Bank of India (RBI) set up the Khan Commission in 2004 to look into financial inclusion
- In the report RBI exhorted the banks to achieve greater financial inclusion with basic "no-frills" banking account.
- In India, financial inclusion first featured in 2005, when it was introduced by K.C. Chakraborty, the chairman of Indian Bank.
- Mangalam became the first village in India where all households were provided banking facilities
- In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as intermediaries for providing financial and banking services.
- Reserve Bank of India's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT.

- Steps taken by Government & RBI
- In India, RBI has initiated several measures to achieve greater financial inclusion
 - ✓ Opening of no-frills accounts: Basic banking no frills account is with nil or very low minimum balance
 - ✓ Relaxation on know-your-customer (KYC) norms : KYC requirements for opening bank accounts were relaxed for small accounts in August 2005, details of name, address and Aadhaar number .
 - ✓ Engaging business correspondents (BCs):In January 2006, RBI permitted banks to engage BF's and BCs as intermediaries for providing financial and banking services. It allows banks to provide doorstep delivery of services, especially cash in-cash out transactions.

- ✓ Use of technology: to make effective use of information and communications technology (ICT), to provide doorstep banking services through the BC model.
- ✓ Opening of branches in unbanked rural centres : To further step up the opening of branches in rural areas so as to improve banking penetration and financial inclusion rapidly
- ✓ Ensuring reasonableness of bank charges : Accordingly, and in order to ensure fair practices in banking services, the RBI has issued instructions to banks making it obligatory for them to display and continue to keep updated, in their offices/branches as also in their website, the details of various services charges.

Pradhan Mantri Jan Dhan Yojana

- Pradhan Mantri Jan Dhan Yojana is a financial inclusion program of the Government of India open to Indian citizens (minors of age 10 and older can also open an account with a guardian to manage it), that aims to expand affordable access to financial services such as bank accounts, remittances, credit, insurance and pensions.
- Launched by the PM of India, Narendra Modi on 28 August 2014
- Run by Department of Financial Services, Ministry of Finance, on the inauguration day, 1.5 Crore (15 million) bank accounts were opened.
- By 28 January 2015, 12.58 crore accounts were opened, with around 10590 crore (US\$1.7 billion) were deposited under the scheme.
- By 27 June 2018, over 318 million bank accounts were opened and over 792 billion (US\$12 billion) were deposited under the scheme.

- Benefits under PM JDY Scheme
- Interest on deposit.
- Accidental insurance cover of Rs.1.00 lac (to be given by HDFC Ergo)
- No minimum balance required.
- Life insurance cover of Rs.30,000/- (to be given by LIC)
- Easy Transfer of money across India
- After satisfactory operation of the account for 6 months, an overdraft facility will be permitted.
- Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.