

ANALYSIS OF FUTURISTIC TRENDS IN INDIAN BANKING SECTOR

Abstract

The banking sector is crucial to the global economy since it helps with financial transactions and offers crucial services to people, companies, and governments. Banks are financial institutions that take deposits, lend money, and provide their clients with a range of financial goods and services. Now a days banking industry is undergoing a rapid transformation driven by technological advancements, changing customer expectations, and evolving regulatory landscapes. This study explores the future trends shaping the banking sector, revealing a paradigm shift from traditional banking system to innovative, technology-driven financial ecosystems. This chapter focuses on the future of banking as well as some of the newest trends in digital banking.

Keywords: Artificial Intelligence, Block chain, Cryptocurrency, Internet of things.

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I. INTRODUCTION

Banking industry is a highly regulated industry which is getting systemic importance and handling potential risk of money deposit and lending. Government and financial regulators set rules and standards to ensure the safety and soundness of banks, protect customers, and maintain financial stability. This industry is a critical pillar of the modern economy, which provides financial services and supports economic growth and development. The industry continues to evolve, adapting to technological advancements and meeting the changing needs of customers in an increasingly interconnected world.

The future of banking lies in the seamless integration of digital channels and artificial intelligence (AI). Banking institutions are expected to leverage AI and machine learning algorithms are created to provide personalized services, risk assessment, fraud detection, and enhanced customer experiences. Through automation and data-driven decision-making, banks can optimize processes, reduce operational costs, and offer tailored financial products and services. Several futuristic trends are already emerging in the banking industry. Since then, the industry may have further evolved with new technologies and innovations. Increasing awareness of environmental issues has led to a surge in demand for sustainable banking practices. Banks are expected to invest in environmentally responsible projects, offer green financial products, and incorporate sustainability criteria into their lending and investment decisions. The nation's financial industries are changing due to a confluence of long-standing factors and more recent developments. Low interest rates during the past 20 years have had a Big Bang effect on the banking industry. They completely destroyed the basic equation of the sector, which states that deposits drive lending power. Money has essentially been free and of very little value to banks for the entire time.

Banks have changed their attention away from meeting the financial needs of their clients and towards fee-generating niche products. Fintech entrepreneurs emerged at the same time, bringing with them cheap financing and a preference for scalability over financial rewards. Banking goods are currently settling into a more recognizable and predictable orbit. Leading banks understand that in order to remain competitive, they must now expedite change.

Over time, the banking sector has seen a major transition as a result of the introduction of digital technologies. Customers may now access financial services from anywhere and at any time thanks to the growth of digital banking, which has improved the sector's efficiency and convenience. Digital banking is on course to overtake traditional banking as the industry norm as a result of the growth of digital technologies. The spark for banks' product innovation will be rising rates. It will take the shape of services resembling those offered by Amazon Prime. The modernization of technological banks is essential for economic growth. India's banking industry is seeing a rise in consumer growth. by offering cutting-edge bank services. The modifications made by banks are primarily targeted at financial inclusion for growth.

II. REVIEW OF LITERATURE

1. **Dr. K. LaxmanGoud (2021)** said that In the past few decades, the banking industry has undergone a number of significant changes. Banks have expanded the scope and scale of their operations, and some have grown to be quite large institutions with a presence across

the nation. This essay analyses the trends and development of the Indian banking sector while outlining the current banking landscape.

2. **NimeshPunj (2022)** briefed that the running of the banking sector is greatly influenced by digital technologies. According to the author, banks and financial institutions have revolutionised their digital banking systems in recent years as a result of investing capital and resources in cutting-edge workforce, data, advanced analytics, etc. The author has discussed both the financial technologies used by banks and the aspects of the online banking system.
3. **Kathiriya Priyanka,(2020)** said that as privatisation, globalisation, and liberalisation take hold in India, banks are putting more of an emphasis on R&D and implementing cutting-edge concepts and technologies. The author pointed out that the growth of the banking industry and modern technological advancements and electronic data processing are closely related. The current study focuses on significant technological advancements and trends in banking. The author also discussed the difficulties banks have had using new technology.
4. **Mutharasi.M, et.al, (2019)** stated that The Indian banking sector is increasingly implementing the best practises in risk management, corporate governance, and accounting. Interest rates have been deregulated, and the strictness of directed lending is gradually being relaxed. To meet the changing needs of their consumers, banks nowadays are constantly innovating, enhancing, and launching new kinds of services. Major commercial banks have significantly innovated and diversified their business.

III.OBJECTIVES OF STUDY

- To describe the most recent changes in the banking environment.
- To research the potential for banks in the evolving banking environment.
- To comprehend the makeup and development of the Indian banking industry.

IV.RESEARCH METHODOLOGY

The design of exploratory research has been used. Secondary data sources provide the foundation of the study. Research papers, news stories, and various publications are the sources for secondary data.

1. Futuristic Trends Shaping the Banking Sector:

- **Artificial Intelligence (AI) and Machine Learning:** The banking sector is using more and more AI and machine learning technologies. Banks are leveraging AI to improve customer service through chatbots and virtual assistants, personalize banking experiences, detect fraudulent activities, and optimize risk assessment and credit scoring.
- **Blockchain and Cryptocurrencies:** The financial industry is accelerating its adoption of blockchain technology. It offered safe and open transactions while assisting banks in streamlining procedures like supply chain financing and cross-

border payments. Cryptocurrencies like Bitcoin were being considered as potential digital assets and alternative payment options.

- **Open Banking:** By enabling users to safely exchange their financial data with third-party providers, open banking is changing the face of financial services. This enabled the development of innovative financial apps and services, ultimately leading to improved customer experiences and increased competition.
- **Biometric Authentication:** For safe and convenient access to banking services, biometric identification techniques like fingerprint, facial recognition, and iris scanning are being employed more frequently. This enhanced security and reduced the reliance on traditional passwords.
- **Internet of Things (IoT) and Wearable Devices:** IoT and wearable devices are being integrated into banking services, enabling customers to make payments and conduct transactions through connected devices, like smartwatches and fitness trackers.
- **Voice Banking:** With the increasing popularity of smart speakers and voice assistants, voice banking is becoming more prevalent. Customers could perform banking tasks using voice commands, enhancing accessibility and convenience.
- **Robotic Process Automation (RPA):** Banks are deploying RPA to automate repetitive tasks, such as data entry, customer onboarding, and compliance checks, leading to increased efficiency and reduced operational costs.
- **5G Technology:** The adoption of 5G technology was expected to transform the banking sector by enabling real-time data processing and communication and by delivering quicker and more dependable connectivity.
- **Personal Finance Management:** Advanced personal finance management tools and apps are being developed, leveraging data analytics to provide customers with real-time insights into their spending habits, budgeting, and financial planning.
- **Quantum Computing:** Though still in its infancy, quantum computing was being explored for complex financial modeling, risk analysis, and optimization problems, which could potentially revolutionize banking operations and decision-making.
- **Augmented Reality (AR):** Augmented reality is likely to change how customers interact with banks by enabling them to access banking services through immersive experiences. Customers can engage in interactive banking experiences using augmented reality technology, viewing their accounts, making transactions, and interacting with customer support agents virtually.
- **Voice Banking:** As voice assistants like Amazon's Alexa and Google Assistant become more common, voice banking is another innovation that is likely to influence the future of banking. Customer voice is accepted

- **Digital Banks and Crypto Exchanges:** Exchanges for cryptocurrencies may be provided by banks. Customers can purchase and sell cryptocurrencies using fiat currency on these exchanges. Banks can give their consumers a more practical way to access cryptocurrencies by offering cryptocurrency exchanges. Due to the ability to charge fees for transactions on their cryptocurrency exchanges, this can assist banks in increasing their revenue.

- **Digital Bank and Crypto Loans:** By providing bitcoin loans, banks can also make the switch to cryptocurrencies. Customers are able to borrow money using these loans and their cryptocurrency as security. Banks can give their consumers a more flexible option to get credit by offering bitcoin loans. In this way, banks can reduce risk by holding the borrower's cryptocurrency as security. When switching to cryptocurrency, traditional and digital banks must overcome a few obstacles. Compliance with regulations is one of the major difficulties. When providing bitcoin services, banks must make sure they are in compliance with all applicable laws because cryptocurrencies are still largely unregulated. To retain their reputation and stay out of trouble with the law, banks must go through this complicated and drawn-out process.

- **Findings:**
 - The popularity of mobile payments and contactless transactions is rising due to their convenience and security.
 - Traditional banks are increasingly collaborating with fintech startups to leverage their innovative technologies and cater to changing customer needs.
 - Data analytics and Artificial Intelligence helps banks to understand customer preferences and to offer tailored financial solutions.
 - AI will improve banking with Chatbots and Virtual Assistants.
 - Customers can now access sophisticated digital assistants through banking apps.

V. SUGGESTIONS

Banks may reduce call centre traffic, automate consumer FAQ responses, and provide staff members more time for other tasks. On the majority of devices, including smartphones and tablets, banks should offer these technologies as conventional banking apps. Although the banks face a few obstacles, technology should continue to advance, and with the cooperation of the banks, the government, and the end users, these obstacles will undoubtedly be overcome. In order to provide the best advisory services, banks need upskill and train their relationship managers with the correct information and client knowledge. In order to succeed in the market and keep existing consumers for segment growth, an organisation must become customer-centric and customer-first.

VI. CONCLUSION

The world is changing quickly, and the financial sector is broadening its financial services and products to keep up. The banking sector is undergoing considerable transition, and digital technologies are driving this change and innovation. A few of the digital banking developments changing the sector include mobile banking, chatbots, open banking, and artificial intelligence. The "Cashless Economy" is built on the foundational elements of the

upcoming banking trends. In the upcoming years, voice banking, augmented reality, personalized banking, and cybersecurity will all have a major impact on the banking sector.

Adopting cutting-edge technologies, boosting customer-centric strategies, and encouraging innovation will determine the future of banking. The next phase of banking will be defined by the successful integration of these themes, which will promote efficiency, inclusivity, and long-term financial sector growth. To enable a smooth transition to the banking of tomorrow, these developments also pose difficulties relating to data privacy, regulatory compliance, and cyber resilience that must be adequately handled.

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