

Retail Banking in India: An Overview

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Abstract— Banks are a conspicuous and imperative piece of the monetary framework in India. They are one of the greatest supporters of the development of the economy and advancement of the nation. Retail banking is a standout amongst the most natural segments of the business banking framework and is of most extreme significance to the overall population. It is a rising pattern that is viewed as a magnificent advancement in the financial part. Developing economies like India have profited breathtakingly because of this rising pattern of retail loaning. The consistently developing innovation is one of the primary purposes behind the development of this area. Retail banking happens at nearby offices of business banks. It must be noticed that it could essentially be a division of a bank that handles people's general needs of setting aside and spending cash. This paper intends to give an outline of retail banking in India.

Keywords: Retail, Banking, Lending

I. INTRODUCTION

Retail Banking is likewise named as customer banking. As the name proposes, it is a piece of the business banking framework related with the overall population and individual clients. Retail banking frameworks intend to give banking administrations like financial records, opening records, investment accounts, advances, platinum cards, and more to the natives. This framework targets individuals from the overall population and their own needs of taking care of cash. It prohibits organizations, organizations, and partnerships which may require increasingly complex financial arrangements. For a large portion of the general population, banks are just a reference to retail banking administrations like reserve funds, exchanges, contracts, check cards, charge cards and that's only the tip of the iceberg. In India, this may not be another wonder, yet changes in client socioeconomics and innovative development have made this an indispensable piece of everyday working.

II. OBJECTIVES

- To understand the concept of Retail Banking.
- To explore the functions, types and recent trends in retail banking.

III. RESEARCH METHODOLOGY:

Research Type: Descriptive Research

Type of Data/Data Source used: Secondary Data

The present study is based on secondary data. Basically, the required information has been derived from

- 1) Articles from Newspapers, Magazines, and Journals, and
- 2) Various related websites

IV. ORIGIN AND HISTORY OF BANKING IN INDIA

The starting point of banking exercises in India can be followed back to the Vedic time of old India. At the time, cash loaning and getting were a couple of types of banking

exercises. Manusmriti, an antiquated lawful content, has referenced about cash loaning and guidelines with respect to rates of premium.

In Modern India, banking frameworks rose in the last piece of the seventeenth century. One of the primary banks to be opened in the pre-autonomy India were Bank of Hindustan and General Bank of India. In the midst of the unrests and revolts between pre-freedom and post-autonomy, the biggest and the most established bank that still stays solid is the State Bank of India. SBI began as Bank of Calcutta in 1806. The name was later changed to Bank of Bengal. It was one of the three banks that were opened by the administration government deciding around then. Bank of Bombay and Bank of Madras were the other two banks that were propelled by the administration government. After Independence, every one of them were converted into State Bank of India in 1955.

In the nineteenth century, a few banks were framed the nation over. Be that as it may, huge numbers of these were disintegrated because of chaotic administration. Hold Bank of India was established in 1935 to handle the monetary issues after the First World War. It was simply after the freedom, RBI turned into the focal financial expert of India in 1949 under the Banking Regulation Act that enabled RBI to manage, control and investigate the banks of India.

The 1960s saw the primary influx of nationalization of a portion of the 14 biggest business banks. The 1980s saw the second wave wherein 6 additional banks were nationalized. Things started to change during the progression during the 1990s. Affected by advancement, the administration gave a permit to a couple of private banks like UTI (Axis Bank), ICICI, HDFC, and Oriental Bank of Commerce. The business sectors were presently opened to International banks. These banks were known as new age banks, utilizing educated techniques to work. This shook the financial arrangement of India.

Then, India was getting ready for the IT transformation that took the financial area by a tempest. This made a requirement for Private and Public division banks to embrace the Core Banking framework, which prompted sorted out and exhaustive computerization of banking activities. Pushing ahead, the 90s saw the selection of current installment frameworks, protections settlement, check clearing, Electronic Funds Transfer, Check Truncation System, establishment of Automated Teller Machines and other present day techniques for banking.

By 2018, India had 21 open part banks. 19 of which are nationalized; and 40 private segment banks, 31 State Co-employable banks, and 45 remote banks.

V. FUNCTIONS OF RETAIL BANKING

While retail banking in various structures has existed for quite a while, it is a moderately new idea. Over the timeframe, it has risen as a significant part of customary and current financial frameworks and a significant market portion. In straightforward terms, retail banking deals with all financial

needs of individual clients. There are three essential elements of purchaser banking. Right off the bat, banks offer to store cash for investment accounts, repeating store accounts, fixed store accounts, and other money related administrations to securely verify the capital for the overall population. Furthermore, it offers credit as far as premium earned on setting aside cash and advances and home loan. Thirdly, retail banks help customers in dealing with their cash and dealing with their cash through different retail banking arrangements and administrations. These sorts of administrations help the clients in their money related issues and every day exchanges.

VI. TYPES OF RETAIL BANKS

These banks are regularly named as individuals' banks as they take into account the necessities of the overall population. It is once in a while additionally alluded to as close to home banking or mass-advertise banking. Ordinarily, huge business banks have nearby offices to meet different targets of retail banking. Some normal sorts of retail banks are:

A. Commercial Banks:

Also known as banks all in all. In any case, this class prohibits venture banks and money related foundations. They help their customers through different financial administrations like individual banking, business banking, internet banking, monetary administrations, and loaning and acquiring.

B. Regional Rural Banks:

RRBs are likewise known Gramin Banks, which have been built up at a territorial level in different conditions of India to take into account low-pay gatherings or individuals living in local territories. These banks offer customary retail banking administrations and furthermore incorporate advances and home loans.

C. Private Banks:

These are typically the banks that work in urban regions and take into account moderate to abnormal state pay gatherings.

D. Post Offices:

In locales where individuals don't approach ordinary banks, the National Postal System offered essential financial administrations like record opening, investment funds, repeating stores, and then some. For creating nations, this is an advantageous and secure method of banking in territories where immature segments of society can't achieve the bank.

VII. RETAIL BANKING SERVICES OFFERED BY BANKS

The coming of banking innovation has seen an emotional change in the working and activities of retail banking in India. The banks have received the most recent innovation to connect with customers, satisfy their needs and desires, learn client conduct, increment profitability, staff productivity, increment deals and oversee cash. Different retail banking services given by banks incorporate a scope of money related items that can be named retail store items, credit administrations, and installment administrations. Following are a couple of retail banking arrangements and administrations offered by banks to its customers.

A. Savings Bank Accounts:

This is a sort of financial balance that clients can open at a bank, giving retail banking administrations to store cash and get enthusiasm on it.

B. Current Account:

Some different terms used to allude to this kind of financial balance at a retail bank are: financial records, exchange record, and request store account. It is made accessible to the record holder according to their interest. The record holder can likewise make visit exchanges through it.

C. Debit Card:

It is a plastic installment card that is utilized rather than money to make installments at ATMs and different spots. The vast majority of the banks give this card to every present or investment account.

D. Credit Card:

Just like platinum cards, this is a plastic card to make installments rather than money. Banks enable cardholders to make the installments using a credit card with a guarantee to pay the bank the sum spent and conceded to extra charges.

E. ATM Cards:

These cards are limited to pull back and do different exchanges at ATM.

Some different items offered by retail banks to the people incorporate term store account, fixed store, repeating store account, zero parity compensation records, and investment account for senior natives at a higher rate of premium.

F. Loans:

Banks loan cash to their clients for different purposes. Credits in India through retail banks incorporate home advances, automobile advances for new/utilized vehicles, purchaser advances, training advances, crop advances to ranchers, business advances for little scale organizations.

Aside from the previously mentioned highlights of retail banking, banks enable their customers to profit safe store storage spaces for supervision of their resources at yearly charges. Assets move, NEFT, RTGS, Core Banking Solutions, Internet banking, portable banking, data framework, electronic clearings administration, check freedom, settlements, installment settlement and more are some other significant administrations given by retail banks. Retail banking is an exemplary case of innovative transformation changing the financial framework.

VIII. ADVANTAGES OF RETAIL BANKING

Retail banking is an option for banks just as individual clients. The significance of retail banking burdens the upsides of administrations offered by banks. In contrast to corporate banking, retail banking focuses on little units and people for income. Throughout the years, it has demonstrated to have expanded income and organizations for banks. It has diminished operational expenses and has helped banks in setting up a brand picture in the market among the overall population. Also, banks have created client association with

their customers. This has expanded and reinforced the client base.

The retail segment is a huge supporter of the income earned by banks just as financial advancement. It diminishes the hazard for banks on the off chance that they rely upon credits for their salaries. Moreover, it gives a protected method to keep your reserve funds and capital secure.

IX. RETAIL BANKING TRENDS IN INDIA

In the previous 10 years, the financial business has experienced a noteworthy development. Because of the ascent of rivalry, the IT upheaval, development of Fintech and non-money related administrations, and changing client socioeconomics and desires have incited banks to receive new procedures and methods. Banks are moving towards the advanced change that offers better client experience, decrease in working expenses and lower cost for banking exchanges. In the meantime, web banking and versatile banking are the most quickly rising patterns in the retail banking part. Mechanical development has made banking simple and advantageous. This pattern is anticipated to result in a drop in bank visits radically in the coming years. Utilization of man-made consciousness and voice collaborators to convey customized and contextualized administrations are innovatively forward advancements expected to change banking frameworks. Reception of biometrics validation and KYC frameworks are a couple of changing patterns that are relied upon to lower dangers of misrepresentation and false exercises.

X. CONCLUSION

As referenced, retail banking has various favorable circumstances. This is one reason why it is a tremendous accomplishment for banks and clients. Today, it is an alluring financial fragment that has drawn monstrous consideration from speculators and quickening agents. Innovation is always developing that makes the eventual fate of retail banking in India questionable. Advanced change is only the start, there is significantly more in the pipeline that is going to change the matter of cash.

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