



## A STUDY ON RECENT TRENDS IN BANKING SECTOR IN INDIA

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### ABSTRACT:

Banks emphasize on customer satisfaction to enhance customer loyalty. Private sector banks adopt modern technology to deliver online banking facilities properly to the customers. Rural masses face difficulties to avail banking facilities due to inadequate infrastructure of banks. People avoid online banking due to security threat. Banking habits among urban people is more than rural people. The number of bank branches is very less in rural areas. Customers prefer online banking more than traditional banking as they can avail banking services round the clock through online banking. The cost of online banking is less than traditional banking. The study is based on primary data and secondary data. Primary data has been collected from the customers of public and private sector banks. Primary has been collected from urban and rural areas. Secondary data has been collected from journal articles. In this paper, an attempt has been made to find out recent trends in banking sector in India.

### KEYWORDS:

**BANK, BANKING SECTOR, ONLINE BANKING, CUSTOMER.**

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## I. INTRODUCTION

The inclination of customers towards online banking has increased in recent years. The cost of online banking is less than traditional banking. Online banking saves the time of customers. Private sector banks provide better online service than public sector banks. Private sector banks emphasize on customer satisfaction more than public sector banks. The number of bank branches in rural areas is very less. Rural masses face difficulties to avail banking services due to poor infrastructure of banks. Customer satisfaction plays an important role to enhance customer loyalty. Banks emphasize on service quality to enhance the level of customer satisfaction. Customer satisfaction depends on several factors such as cost, security, accessibility, reliability etc. The employees of banks need proper training so that they can provide banking services appropriately to the customers. The objective of the study is to find out recent trends in banking sector in India.

## II. LITERATURE REVIEW

Customers perform various tasks through e-banking such as checking account balances, transferring fund between accounts, paying bills electronically and applying for loans (Subedi and Adhikari, 2024). Commercial banks emphasize on quality of service for retention of customers. Customer

service plays a vital role behind business growth in competitive banking scenario (Kamboj et al., 2022). Digital banking has several advantages such as reduction in human error, reduction of cost for banks and customers, better customer experience (Anthony, 2017). Banking sector collect fund and guide the customers to take right decision about investment of their money (Goud, 2021). Banking system in India include commercial banks, development banks and co-operative banks (Rehman and Lakshmi, 2024). Quality of service has immense impact on customer service. E-banking plays an important role to achieve higher customer satisfaction (Yuvaraj et al., 2023). Commercial banks emphasize on service qualities to meet customer expectations (Ghimire and Agarwal, 2024). Training of employees has significant impact on employee commitment in banking industry (Takeed et al., 2024). Banks play a vital role to promote trade, commerce and industry (Samuel et al., 2024). Banks provide financial support to socially and environmentally responsible projects and organizations (Huang et al., 2023). The trust and confidence of people plays a significant role behind development of banking sector (Kapparashetty, 2020). Banks are employing artificial intelligence to deliver better services to customers (Svoboda, 2023). Working conditions play a vital role behind the effectiveness of

employees in commercial banks (Adah et al., 2020). The concept of banking has changed due to digitization (Sreenivasmurthy, 2022). Banks establish appropriate guidelines regarding interest rates and payment terms for customers (Singh, 2023). Banking sector is regulated by Reserve Bank of India (Sah, 2024). Mobile banking provide various information regarding bank account to the customers (Jhamb, 2022). Banking sector in India has changed due to digitization in recent years (Padhy, 2023). Customers avail several technology based services through digital banking (Kavitha, 2024). Banks should analyze customer services to deliver better service (Sharp et al, 2024).

### III. METHODOLOGY AND DATA ANALYSIS

The study is based on primary and secondary data. Primary data has been collected from the customers of public and private sector banks. The sample size of the study is 200. 68% of the respondents are male and 32% of the respondents are female. The respondents are from urban and rural areas. 22% of the respondents are between the age of 20 years to 30 years. 37% of the respondents are between the age of 31 years to 40 years. 29% of the respondents are between the age of 41 years to 50 years. 9% of the respondents are between the age of 51 years to 60 years. 3% of the respondents are above 60 years of age. 61% of the respondents have studied upto graduation. 7% of the respondents have studies upto post graduation. 47% of the respondents are service holders. 32% of the respondents are businessmen.

The customers face difficulties to avail banking facilities due to poor infrastructure of banks in rural areas. 82% of the respondents agree that rural masses suffer due to poor infrastructure of banks. Private sector banks avail modern technology to provide banking services properly to the customers. 76% of the respondents agree that private sector banks adopt advanced technology more than public sector banks. Many customers avoid online banking due to security threat. 67% of the respondents agree that people avoid online banking due to security threat. Customers suffer to avail online banking due to poor internet service. 73% of the respondents agree that customers face problems to avail online banking facilities due to poor internet service. Banks have inadequate number of branches in rural areas. The people of remote areas suffer to avail banking services due to lack of bank branches in remote areas. 91% of the respondents agree that rural masses face problems to avail banking facilities due to lack of bank branches in rural areas. The inclination of customers towards online banking has increased in recent years. Customers can avail online banking facilities without visiting bank branch. 62% of the respondents agree that customers prefer online banking more than traditional banking in urban areas. Banks emphasize to increase banking habits among rural masses. 64% of the respondents agree that the banking habits should be enhanced among rural masses. Many people avoid online banking due to lack of knowledge. 58% of the respondents agree that people avoid online banking due to lack of

technological knowledge. Urban people prefer online banking more than rural people. 89% of the respondents agree that urban customers avail online banking more than rural customers. Customers can save time by availing online services. 86% of the respondents agree that customers save time by availing services through online banking. The service quality of private sector banks is better than public sector banks. 93% of the respondents agree that service quality of private sector banks is much better than public sector banks. Customer satisfaction plays major role behind customer retention. 91% of the respondents agree that private sector banks emphasize on customer satisfaction more than public sector banks.

### IV. CONCLUSION

Customers prefer online banking than traditional banking as they can avail banking facilities without visiting bank branch. Customers can avail banking services round the clock through online banking. The number bank branches in remote areas is very less. Rural masses suffer a lot due to inadequate number of bank branches in rural areas. The cost of online banking is less than traditional banking. Urban customers prefer online banking more than traditional banking. Rural people avoid banking facilities due to lack of knowledge. Rural masses face difficulties to avail online banking due to poor internet service. The employees of public sector banks are not able to provide banking facilities properly to the customers due to lack of training. The banking habits of rural people is less than urban people. Private sector banks emphasize to improve the quality of service to enhance customer satisfaction.

### V. SUGGESTIONS

The infrastructure of banks should be proper in rural areas. Public sector banks should adopt modern technology to provide banking facilities appropriately to customers. Banks should take proper steps regarding security in online banking. The quality of internet service should be increased for the proper delivery of services through online banking. The number of bank branches in rural areas must be increased. Banks must take necessary steps to increase banking habits among rural masses. Banks should take proper steps to increase online banking habits among both urban and rural customers. The service quality of public sector banks must be increased for the benefit of customers. Public sector banks must take necessary steps to increase the level of customer satisfaction.

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