



Trends in Banking: Innovation in Banking at PNB Bank

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ABSTRACT

A strong banking sector plays a pivotal role in the economic well-being of the nation. It is a foundation for the growth and development in all sections of the economy from the production of raw materials to finished products. The current banking system is an advanced financial system classified as public sector banks, private sector banks, foreign banks, cooperative banks, and industrial banks. Above them is the Reserve Bank of India, the apex body of banks.

The banking system in India has shown a dynamic environment for decades. From paper currency to making a paperless economy, banks have played an important role. This is due to the technological revolution and internet access that has simplified the process. Banks have introduced innovative products in the field of investment banking, merchant banking, corporate finance, wealth management, insurance, and financial analysis. This has led to unprecedented growth in the different sectors of the economy.

This paper aims to illustrate the new trends and the customer utilities available in the banking services of PNB bank, a public sector bank. The transaction facilities that are available to customers and point out the advantages of the shift in the mode of customer facilities to electronic mode from offline paper-based mode.

Key words: Banking trends, PNB, Innovative banking, Customer utilities, E-banking.

INTRODUCTION

Recent developments in information technology brought a stupendous change in the country. The banking sector is one of the benefited sectors of this change. Innovative products, enhanced productivity, real-time transactions, and effective and efficient management are some of its advantages. Technological upgradation and accessibility to it have made everything on tips.

OBJECTIVES

- To study the innovative technology in the field of banking.
- To examine the different e-services available at PNB bank.
- To understand the importance of technological change.

RESEARCH METHODOLOGY

This study is based on the secondary data available at the website of the chosen bank.

RECENT TRENDS IN BANKING

Artificial intelligence robots

The latest technology used by banks is artificial intelligence robots or commonly known as chatbots. This technology is made of machine learning, robotic process automation, intelligent analytics, and chatbots. It eliminates the chances of human error and provides exact solutions for customers. It accredits fraudulent activities and assists customers in financial decisions.

Virtual Banks

It is a unique and astonishing banking trend. These banks exist and operate online only. They do not have physical existence like traditional banks. They are popularly known as fintech companies. Payment Banks, Paytm, and Current Company are some virtual banks.

Smart Wearable

This is a futuristic technology for banking services on a wearable smartwatch. Smartwatch technology along with banking and financial services technology is aiming to design a wearable device working with a single click with easy access and better control for banking customers.

Phone banking

Mobile banking or phone banking is a recent advancement in the banking industry. It functions through Telebanking executives of banks or Interactive Voice Response System (IVRS).

Satellite Banking

It is a futuristic innovation in global banking. It is envisioned to build communication links to weak terrestrial places. It would help in connecting different parts of the country with a banking network.

Biometric verification system

This system is trending in the banking sector. It is more secure and maintains the KYC process. Biometrics may be helpful in the future to withdraw money without adding cards and pins to the ATM.

Blockchain Technology

Blockchain technology is used in cryptocurrencies like Bitcoin, an electronic currency. This technology is an advancement in the database mechanism that permits sharing of information transparently within a business network. The data is stored in blocks that are linked together in a chain.

This technology is helpful in securely keeping a track of transactions and promoting transparency in currency exchange and payments. It can save money and ameliorate customer experience.

Quantum Computers

These are machines to store data and perform calculations based on properties of quantum physics. They are remarkably advantageous in decision-making for investment portfolios etc.

UPI (Unified Payments Interface)

It is developed by NPCI to make real-time inter-bank transactions through mobile phones. It is quick and has simplified fund transfers with ease. Unlike other online transfer systems, it is available 24 hours, 365 days. Bhim UPI, Google pay, and Paytm are some of the platforms of UPI.

Demat Account

It is an electronic account maintained for storing shares and securities online instead of holding physical securities certificates. It aids brokers in buying securities online. Investors can register through stockbrokers like Kotak Securities, HDFC Securities, etc.

Universal banking

This banking system offers a wide range of banking and financial services compared to traditional banking institutions. The users of this banking are free to choose services of their choice. Keeping track of transactions, fund transfers, checking account balances, ordering chequebooks, making third-party payments, and applying for loans are some of the services provided by E-banks.

Point of sale (POS)

It is a mode of payment to be made through debit or credit card at the time of exchange of goods. It requires a PIN to make a transaction and transfer of amount from the buyer's account to the seller's account. It is mostly used at the time of shopping.

Data & Personalisation system

Technological advancement has provided banks with the ability to personalize data for users. Customers would prefer customization of bank data to assist their transactions based on their preferences. Most banks have effectively implemented this system through digital channels to personalize their customers' experience.

E– Payment and settlement system

These are e-payment systems available for gross and net settlement of financial transactions. It includes the following:

- **RTGS (Real Time Gross Settlement) system.**
It is a money transfer system for transferring money from one bank to another other at “real-time” or “gross basis.” Real-time means payment is processed instantaneously when the instructions are received and “Gross settlement” means that the settlement of funds transfer occurs line-wise or on a one-to-one basis [1].
- **NEFT (National Electronic Fund Transfer)**
It is an electronic payment system developed by RBI. It is meant to transfer funds from one bank to the other by customers.
- **ECS-Electronic Clearing System**

It is the transfer of funds from one bank account to another through electronic mode. It helps make large transactions like interest amount, pension, salary, distribution of dividends, etc.

- **EDI- Electronic data interchange**

It accelerates the inter-computer exchange of electronic business documents like invoices, purchase orders, prior shipment notices, etc. in a standard computerized format that is universally accepted for trading [2].

Letters of credit

It is a legal document issued by the buyer's bank to the seller's bank for the payment of import and export. The issuing bank (buyer's bank) will pay the advising bank (seller's bank) for a fee of service provided only when it meets the conditions of the letter.

Globalization of banking

The policy of liberalization of 1991 allowed foreign banks to set up branches in India with licenses granted by the RBI. It helped India to upgrade its technology since banks were the fundamental institution for globalization [3].

PUNJAB NATIONALBANK (PNB)

It is an Indian public sector bank, founded in May 1894. It is headquartered in Delhi. It is the second-largest government-owned bank in India. It has subsidiary branches in UK, Kabul, Dubai, Kowloon, and Hong Kong [4].

SERVICES AT PNB

Internet banking

The Internet is the connection of networks. Using this, the bank provides E-banking facilities to its customers. It includes Unified Payments Interface, Retail and Corporate Internet Banking, SMS Banking, PNB Cash Acceptor cum ATM, Electronic Cheque Deposit Machine, etc. All these facilities are made within reach through internet access.

DOORSTEP Banking Service

"Door Step Banking through Universal touch Point" is a multi-transaction service available to customers through an agent. It offers doorstep banking services on a common platform. It caters to current/saving account holders having KYC compliance with a registered mobile number and not to minor account, accounts of non-personal nature, and jointly operated accounts.

COVID-19 package

PNB's initiative towards restructuring the economy through its Covid-19 Emergency Credit Facility, PNB Stand-by Line of Credit, and Reassessment of Credit Facilities for MSME and other corporate borrowers. This framework is designed to provide credit for MSME, agriculture, corporate and personal loans.

Online services

Electronic services of PNB include PNB Loan EMI Repayment, PSB Loans in 59 Minutes, Saving Account, MSME helpline, Loan for Home & Car, Export Credit- Online App, Track Loan Application, Instaloes, Saving Account: 1) Instant e-KYC account 2) Video KYC account, online loans, LC submission through video KYC, locker availability, e-APY, pre-qualified credit card, KCC digital renewal, and e-OTS.

Online payment

Utility bill payment, PNB E-Tax for income tax returns, VAT payments, fees payments in universities, share trading and donation facilities are available through the internet.

Mobile banking app

PNB provides different banking apps for various purposes. PNB Verify, mPassBook, Bhim, PNB ONE, PNB We Care, PNB GENIE, PNB Financial Literacy, Mosambee PNB, PNB Bharat QR Merchant, and BHIM AADHAAR PNB.

Debit & credit cards

Online facilities for debit cards like generate debit card PIN, offers on debit cards, manage credit cards, and apply for credit cards are easily accessible.

Interest rates

Access to the interest rate on deposits, bulk deposits, loans, and advances accessibility through an online website.

Locate

Users can reach the nearest ATM, bank branch, update passbook machine, and bulk note acceptor machines by simply clicking on locate option.

Cyber security tips/ alert

It provides guidelines for cyber security on its website to be aware of cybercrimes.

Update Aadhaar

One can easily update Aadhar directly from the link provided.

Get your form 16A

Just entering PAN details about an individual, Form 16A could be retrieved. This could save time from going and collecting it in hard copy [5].

Preventive Vigilance (PV) portal

PNB launched this portal for staff members to check regular lapses and promote good practices.

WhatsApp Banking

PNB launched WhatsApp banking for its customers and non-customers. Users can get access to WhatsApp banking by texting hi or hello to the official number provided by the bank [6].

PNB's 6S Campaign

This program is to extend financial services during the festive season at a concessional rate. '6S Campaign' encapsulates various schemes such as – Swabhimaan, Samruddhi, Sampark and Shikhar, Sankalp, and Swagat. The aim is to create awareness for the development of financial services in the country, improve the penetration of social security schemes, accelerate credit growth, and create digital banking accessibility.

The '6S Campaign'

- Swabhimaan- Bank aims to induce financial inclusion through social security schemes namely pension and insurance sectors, Atal Pension Yojana, Pradhan Mantri Suraksha Bima Yojana, and Pradhan Mantri Jeevan Jyoti Yojana.
- Samruddhi – the objective of this scheme is to make credit accessible in the agricultural sector.
- Shikhar, Sankalp, and Swagat schemes – under these schemes special credit rates are set for MSME and retail sector [7].

IMPORTANCE OF E-BANKING**24*7 availability**

The Internet has made the world a global village. With its easy access, it has made online services 24*7, 365 days available. Irrespective of day and night hours, customers can avail of banking services at any time.

Transparent

Online mode of banking has increased transparency in all transactions from deposits to availing credit and paying interest.

Convenient and easy

E-banking allows users not to visit bank branches every time, especially elderly people, and the working class. Most of the work could be executed through banking apps available to customers.

Simplified banking

E-banking has made it easy to understand and process the utilities. Everything is at a mouse click with lucrative graphics and directions of usage.

Up to date

Users do not have to wait for hours to get transactions updated. Transaction done is updated within seconds. Waiting in queues and manual working hours are reduced or removed with the use of the internet.

Financial discipline

Transactions operated are recorded as per the rules and guidelines of the bank thus maintaining financial discipline. The details are auto-filled which also assists in maintaining records.

Reduces operating cost

Full automation of repetitive tasks and a smaller number of workers for the banking activities aids in the reduction of operating costs to banks.

Reduced mistakes

Artificial intelligence used by banks helps in reducing mistakes in transactions by avoiding manual data entry mistakes.

Easily attract customers

Banks can offer various attractive schemes via emails, apps, and telephones. Interested customers can get information about it without visiting the branch office.

Product personalization

This enables account holders to choose services according to their choice and needs. Chatbot technology simplifies the process with ease to choose and personalize.

Wider coverage

It could reach far places where physical presence is not possible. It covers rural areas and sub-urban areas too.

Centralized database

Data is saved at a central place and could be reached by anyone without following any kind of hierarchy. Anybody from any place can open their accounts without being present at that place or being out of the country too.

Saves time

It enables digital transactions at one click, timely alerts about utility bills like electricity, phone, gas, etc, applying for a credit card, avoiding standing in queues, accessible on time, filing IT returns, reachable offers, avoiding redundancy and repetition of work, etc. all these facilities save time.

Paperless economy

It helps in green banking by saving paper. Digital banking saves paper through an online generation of receipts and maintains digitalized records. It also helps the economy to be cashless.

Economic growth

E-banking broadens business opportunities. Many online markets and business ventures flourish which led to increased income with less maintenance.

No topographical hindrances

Since E-banking is available worldwide, therefore, geological distances could not cause any restrictions.

Increases efficiency

It facilitates efficient work due to its easy access and timely availability.

CONCLUSION

Banking in India has changed its form from conventional ways to IT-based. This has brought massive changes in the functioning of banks and the money flow in the country. Technological development has simplified our lives. Recent innovations in the banking industry will bring revolution to the economy. Thus, changing traditional banking to convenience banking and converting mass banking to class banking. This study leaves scope for future researchers to study the impact of changes in the banking system and whether the implementation of new technology is beneficial or not.

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