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A study of the development of modern technology in India's banking industry

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Abstract

In India, today the banking sector has developed a lot. In the development of banking sector technological development plays very major role. Due to changing trends in technology the banking sector becomes trendy and easily developing their working style. In India, banking sector is continuously growing. Ever since 1990s the banking sector has adopted remarkable changes. The transactions through IMPS, NEFT, RTGS, ATMs, online trading are increased at highest number of scales.

Over the next decade, the banking sector is projected to create up to five million new job, the Government of India to incorporate financial services into rural areas. It also concentrates for developing the modern technology instead of traditional methods. Recently each and every type of banks uses modern technology for the banking system.

Keywords: Mega bank, plastic money, electronic funds transfer

Introduction

From the last decade's Indian Banking system growing rapidly. India's banking system is divided into various parts i.e. Rural Banks, Commercial Banks, Government Banks and Co-operative Banks. These Banks offers various facilities and opportunities to their customers. All the banks safeguard the money and valuables and provide credit, loans and payment services such as checking accounts, cashier's cheque and money orders. The banks also offer investment and insurance products for customers. In the last decades of the 18th century, Indian Banking in the modern sense originated. The first banks were Bank of Hindustan (1770-1829) and The General Bank of India established in 1786. The largest bank, and the oldest bank still in existence is the State Bank of India which originated in the Bank of Calcutta in June 1806, which almost directly became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Madras and the Bank of Bombay, all three of which were established under charters from the British East India Company. The three banks amalgamated in 1921 to form the Imperial Bank of India, which on India's Independence, became the State Bank of India in 1955. For several years the presidency banks acted as quasi-central banks did their Successors until the Reserve Bank of India was established in 1935.

In 1969, the Indian government nationalized all the major banks that did not already own and these have remained under government ownership. The Indian banking sector is made up of 4 types of banks, as well as the PSUs and the state banks; they have been joined since the 1990s by new private commercial banks and a number of foreign banks. In general, banking in India was fairly mature in terms of product range, supply and reach-even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India expanding its branch network and through the National Bank for Agriculture and Rural Development with things like microfinance. By then prime minister to bring bank accounts to the estimated 40% of the population included the 2014 plan that were still unbanked.

Recently the Government has declared the Mega Bank system. The one Banking system will develop under this system. All the banks which are working separately are merged into Mega bank and one banking-software with proper system is created. Banks has to expend more for developing several software. For reducing these expenses one uniform system should be develop. As per the plan, there will be seven mega banks and they will include/merge various other banks-

- **State Bank of India:** all 5 state banks

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- **Bank of Baroda:** IDBI bank, United Commercial bank.
- **Canara Bank:** Syndicate Bank, Corporation Bank, Indian Overseas Bank.
- **Bank of India:** Oriental bank of commerce, Punjab and siddh bank.
- (Source: Maharashtra times)
- **Punjab National Bank:** Vijaya Bank, Dena Bank.,
- **Central Bank of India:** Bank of Maharashtra, Indian Bank, Allahabad Bank.

Objectives

- To study the role of the development of modern technology in India's banking industry.
- To know the problems in using modern technology in banking sector.
- To suggest some new measures in banking systems.

Research Methodology

The data for the study is a secondary data. Secondary data was collected through various research journals and research papers on the same topic. Also the data is collected through various websites. In the development of the Indian Banking System the technological development is also very important. It uses various electronic devices and online transactions for the daily routine work. It increases the accuracy and speed in the transactions. At the initial period of banking sector the manual and traditional methods are used. Each and every day the new trends are introduced and implemented by the banks.

These new and popular technologies are as follows:

1. Automatic Teller Machine (ATM)

Automatic Teller Machine is the trendiest device in India, which enables the customers to withdraw their money 24 by 7. At present, India has all over one lakh ATMs. It is a device that allows customer who has an ATM card to perform routine banking transactions without interacting with a human teller.

2. Electronic Payment Services (EPS)

It is also called as E-cheque. It is introduced firstly in America. After that in India, E-Cheque was allowed by Negotiable Instrument in Indian Banking system. These are useful for generating online cheque and transfer to other accounts.

3. Electronic Funds Transfer (EFT): Is a system whereby anyone who needs to make payment to another person/company etc. can approach his bank and makes cash payment or give instructions to transfer funds directly from his own account to the bank account of the receiver. RBI is the service provider of EFT. It transfers money very faster and instantly.

4. Electronic Clearing Services (ECS): This service is used by the company or government agencies as well as Insurance companies for the routine and repetitive transactions. It transfers money through the account automatically.

Electronic Clearing Service is a payment system that can be used to make mass payments or receipts of a similar nature especially where each person's payment is of a repetitive nature and of relatively smaller amount.

5. Electronic Data Interchange: It is practically useful for transactions relating to any Business. Various companies use EDI for large scale transactions. Electronic Data Interchange is the electronic exchange of any business documents like shipping notices, purchase order, receiving advices, invoices etc. in a standard, computer processed, and universally accepted format between trade partners. EDI can also be used to transmit financial information and payments in electronic form.

6. Tele Banking: Tele Banking or Mobile Banking is very popular form of banking. Through the phone calls or SMS services customers can easily operate their bank accounts. They can transfer their money for making various payments as well as check their Account balances from any place at any time.

7. Plastic Money: Plastic money is the term used for all types of smart cards, bank cards, credit cards, debit cards etc. These cards are made from plastics and used instead of valid note money. There are five types plastic money- debit cards, credit cards, charge cards, prepaid cards, customer cards, etc. Through these cards amount can be transferred without any difficulty to other account. It is very simple and safe to carry and use it.

Problems or Challenges before banking system for using new technology:

1. There are some fake websites created by some hackers. They can't be easily identified by common people. Hence, all the information regarding some accounts can be easily hacked.
2. Many people are illiterate about the use of technology. So they can't operate it effortlessly. They do not believe that system is safe and sound.
3. It is not easy to implement or use these new technologies in the rural areas.
4. There are no norms for solving complaints about misuse of online banking systems or mobile-banking.
5. The safety measures are not that much strong for online trading. It can be easily accessed, hacked and operated by any person.

Conclusion

Currently, the each type of banks uses new technology. It increases the speed and accurateness. It is valuable for customers. It provides instant services to customers. So maintaining customers and retaining to them is become very easy. It saves time of the customers as well as time of banks. Bank can easily develop their infrastructure and various facilities. It helps the banks for the development. If the problems are solved, regarding the use of new technology than banking sector in India can tremendously develop. In recent times government has declared that all the transactions done by hard cash must be done through the banks. All the general public must have their bank accounts in nationalized banks.

Suggestions

1. Banking systems and use of modern banking must be promoted for the development.
 2. Banks should develop awareness programs for the use of these all new trends.
- So that all customers can easily use it and can identify easily

fake websites.

3. For development of Rural banking various programs must be undertaken.
4. Each and every bank should develop security settings or software's regarding hacking and viruses.

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