

INNOVATIONS IN BANKING SECTOR IN INDIA -A SPECIAL REFERENCE TO SOLAR ATMS

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ABSTRACT

Ever since the nationalization of banks in India, this sector has been growing without leaps and bounces and catering to the needs of various segments of the society. Banking sector plays a very important and crucial role for the development of Indian Economy. There is a lot of new innovation which has emerged in Indian banking sector. These are ECS, RTGS, ATM, Debit & credit cards, mobile banking, e-banking etc. An attempt has been made in this paper to examine various innovations in Indian banking sector and also focused on solar ATMs, how these ATMs are working in India. In the present scenario Indian banking sector introducing solar ATMs to providing facilities in rural areas and also in urban areas to provide facilities to each and every person in the country. The beauty of these banking innovations is that it puts both banker and customer in win-win situation. Effective use of Technology spread in growth and development.

Key words: Innovation in banking, Solar ATMs, Protection of Environment.

1. Introduction

India's banking system has seen some major financial innovations in the past decade as well as steps to promote financial inclusion, schemes that aim to take banking services to yet-to-be-banked areas. Now a day's banking sector plays a very important role in human life, banks motivate human to make saving money for their future needs. It provides number of facilities to the people, banking service has become a need of the society. Banks began to use technology to provide better quality of services at greater speed. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors. The banks like other business organizations are deploying innovative sales techniques and advanced marketing tools to gain supremacy. The main driver of this change is changing customer needs and expectations. Customers in urban India no longer want to wait in long queues and spend hours in banking transactions. This change in customer attitude has gone hand in hand with the development of ATMs, Mobile phone and net banking along with availability of service right at the customer's doorstep. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability. There are so many innovations which take place in Indian banking sector, among these solar ATMs used in rural areas where there is no power due to power cuts. Solar ATMs providing services to the customers in the rural and urban areas with low installation cost which also protect environment.

2. Innovations in Indian banking sector

Although the Indian banking sector has made rapid progress particularly in the number of innovations introduced, some analysts are skeptical about the efficiency and practical use of many of these services. There are so many innovations which take place in the Indian banking sector. These are as follows:

2.1. Electronic Payment Services - E Cheques

Nowadays we are hearing about e-governance, e-mail, e-commerce, e-tail etc. In the same manner, a new technology is being developed in US for introduction of e-cheque, which will eventually replace the conventional paper cheque. India, as harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include; Truncated cheque and E-cheque instruments.

2.2. Real Time Gross Settlement (RTGS)

Real Time Gross Settlement system, introduced in India since March 2004, is a Interlink Research Analysis system through which electronics instructions can be given by banks to transfer funds from their account to the account of another bank. The (RTGS) Real Time Gross Settlement system is maintained and operated by the RBI and provides a means of efficient and faster funds transfer among banks facilitating their financial operations. As the name suggests, funds transfer between banks takes place on a 'Real Time' basis. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours.

2.3. Electronic Funds Transfer (EFT)

Electronic Funds Transfer (EFT) is a system whereby anyone who wants to make payment to another person/company etc. can approach his bank and make cash payment or give instructions/authorization to transfer funds directly from his own account to the bank account of the receiver/beneficiary. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name etc. should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster. RBI (Reserve Bank of India) is the service provider of Electronic Funds Transfer (EFT).

2.4. Automatic Teller Machine (ATM)

Automatic Teller Machine is the most popular device in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a device that allows customer who has an Automatic Teller Machine (ATM) card to perform routine banking transactions without interacting with a human teller. In addition to cash withdrawal, Automatic Teller Machines (ATMs) can be used for payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc. In the recent years solar ATMs are using by banks to giving better services to the customers.

2.5. Point of Sale Terminal

Point of Sale Terminal is a computer terminal that is linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer. During a transaction, the customer's account is debited and the retailer's account is credited by the computer for the amount of purchase.

2.6. Tele Banking

Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this devise Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.

2.7. Electronic Banking

In the future, banking will be driven more of technology and telecommunication systems. Aided by improved telecommunication and technology, Public sector banks have made rapid strides in product innovation and delivery, thereby improving quality of customer service. Technological changes have brought about paradigm shift in the process today's banking may be redefined as 'Triple A.' banking- anytime anywhere, anyhow banking .Internet banking will enable three profit centers', namely treasury, corporate banking and retail banking, to launch new products and provide quality service to a wider customer base.

2.8. Debit card

A debit card is a plastic card that one can use as a convenient payment mechanism. The card is generally issued by the bank and is connected the ATM. Debit cards allow the holder to spend only what is in his account and purchases. Debit cards allow only "on line" transactions, also point of sales.

2.9. Credit card

It is a small plastic card issued to customers. A credit card is part of a system of payments. The card entitles its holder to buy goods and services based on the user's promise to pay for the goods and services. The most important point is that the banker who issues card grants a line of credit a sanctioned limit, up to which the customer can use the card. Its operation is through Electronic Fund Transfer (EFT) installations and interbank network.

3. Solar ATMs in India

The introduction of ATMs in banks has transformed banking by providing banking services. The customer is saved the risk or bother of carrying hard cash or traveler's cheque while travelling. It has also given cost savings to banks. Entry of ATM has changed the profile of front offices in bank branches. Customers no longer need to visit branches for their day to day banking transactions like cash deposits, withdrawals, cheque collection, balance enquiry etc. The use of solar energy in India has folded many times and started to produce electricity that is now powering telecom towers, bank branches, data centers and ATMs, in much power deficient in rural India. Solar power producers have confirmed that various sectors are taking along the support from government. Solar ATMs are the recent origin; still it is in growth stage only. In India solar based ATMs are introduced by Vortex Engineering to provide ATMs to people in rural and urban areas of India. In this solar power based ATM called Gramteller providing services purely in rural areas. Gramteller ('Gram' means village) solar ATM deals with the rural customers, where no power due to the power cuts. In fact, a solar-powered ATM saves over 90% of annual expenses spent on traditional ATMs. The Grammatellers have a 12-hour back-up battery and needs at least five hours of sun light daily to keep it charged. Customers can also use ATMs even when power is cut off to the rest of the village. At present, the adoption of solar ATMs in the banking sector it is aggressively picking up.

The first Gramateller Duo ATM was bought by Amarnath Chougule, chairman of DAC Bank, an urban cooperative bank in Vadgaon, in the Kolhapur district of Maharashtra. The initial lot of 400 solar ATMs, aptly called Gramateller, the world's largest order, placed by the state bank of India (SBI), has been winning accolades for performance and substantial energy savings. State bank of India (SBI) success with solar ATMs, the Catholic Syrian Bank also placed an order for 50 Gramatellers and Indian Bank placed 20 solar ATMs, other banks placed nearly 10 ATMs related to solar. Solar ATMs consumes only about 10% of the total energy requirement of a conventional ATM. Conventional ATMs require about 1800 units of electricity per month, a "Gramateller" of vortex requires only 72 units per month. Using of Solar ATMs can reduce in CO₂ emissions by at least 18,500 Kg. per annum. It shows the protection of the environment. It is also benefited in reduction in the monthly electricity bills. Gramateller comes with a biometric touch pad to prevent fraud and tell villagers that their money is safe. Vortex's Gramateller ATM, for instance, can run on solar power, has a built-in uninterrupted power supply (UPS), doesn't need air-conditioning, prints receipts in regional languages, is designed to work in extreme temperatures and can operate through biometric authentication. It could also count on some institutional support: around 50 ATMs in remote areas were used by Government authorities to distribute wages under the National Rural Employment Guarantee Scheme. Solar ATMs are less cheap than the regular ATMs. At present there are around 725 Gramateller Duo ATMs in India, of which nearly 550 are placed at State Bank of India branches. Solar ATMs provides a clean source of energy with zero carbon emissions and also protect against load shedding and power cuts.

4. Objectives of the study

The study has following objectives:

1. To study the various innovations in Indian Banking Sector.
2. To study the use of solar ATMs placed in Indian banking sector.

5. Methodology of the study

For the purpose of present study secondary data has been collected from various magazines, textbooks, websites have been referred to get the relevant information related to the research area.

6. Conclusion

In the present study how the solar ATMs working across the country. From my study some banks especially state bank of India is placed large number of solar ATMs comparatively from another banks. Still the banks are lagging behind the installation of solar ATMs. If the banks can placed a large number of solar ATMs, it should reach even in rural areas also where there is lot of power cuts. Indian banking innovations should also try to reach the rural areas also. Now a day's even though India is facing a problem of electricity, to avoid this problem banks should also concentrate to install solar ATMs to protect environment and also save the electricity. The cost of solar ATMs is less than the regular ATMs, the banks can also reduced its installation cost and continuous services can also provide in rural areas also.

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