



# BANKING INDUSRY

Chapter 2

# TOPICS

HISTORY OF BANKING INDUSTRY IN INDIA

EMERGING TRENDS IN BANKING

BANKING CRISIS

CAUSES FOR BANK FAILURES

CHALLENGES TO BANKS

CURRENT DEVELOPMENT IN BANKING SECTORS

# HISTORY OF BANKING INDUSTRY IN INDIA

## Pre-Independence History

Presidency Banks

Paper Currency Act, 1861

1921 P B ACT

IMPERIAL BANK- SBI  
COMMERCIAL BANK

Reserve Bank Of India Act, 1934

Indian Companies (Amendment)  
Act, 1936

## Post-Independence

Phase 1 : Early Years Of  
Independence(1947 – 1969)

1949 BANKING REG. ACT

1951 FIRST FIVE YEAR – RURAL/  
PRIORITY SECTOR  
DEVELOPMENT

1ST JULY 1955 SBI - ASSOCIATES

Phase 2 : (1969 – 1991)

Phase 3 : Banking Sector Reforms  
Since 1991

# OBJECTIVES OF BANKING SECTOR REFORMS

ENABLING MEASURES

STRENGTHENING MEASURES

INSTITUTIONAL MEASURES

# EMERGING TRENDS IN BANKING

BRANCH BANKING

UNIT BANKING

GROUP BANKING

CHAIN BANKING

CORRESPONDENT BANKING

INVESTMENT BANKING

MIXED BANKING

DEPOSIT BANKING

VIRTUAL BANKING

LOCAL AREA BANKING

UNIVERSAL BANKING

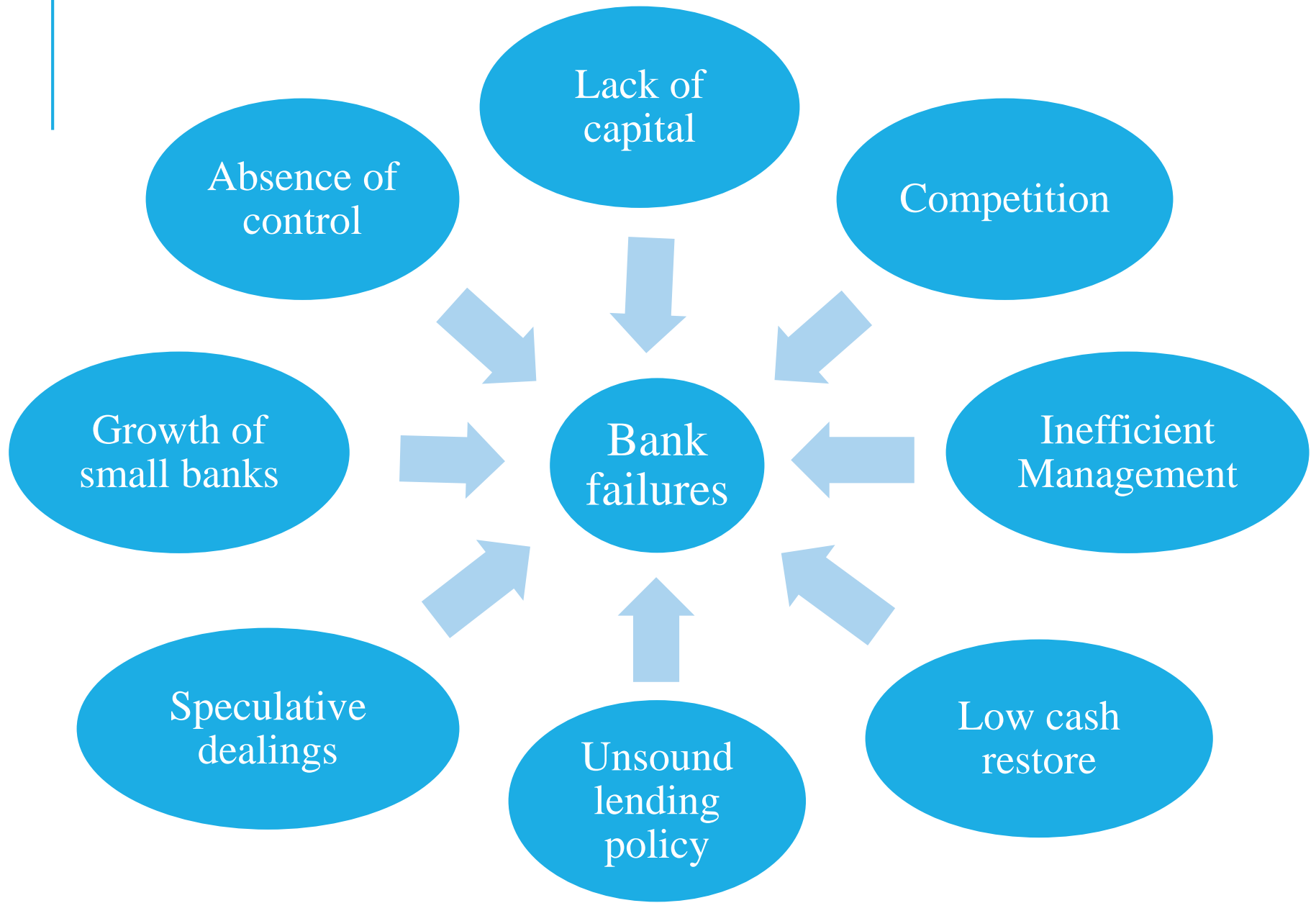
ELECTRONIC BANKING

INTERNATIONAL BANKING

# BANKING CRISIS

- (A) BANKING CRISIS, 1913
- (B) BANKING CRISIS, 1938
- (C) BANKING CRISIS, 1946-47

# CAUSES FOR BANK FAILURES



# CHALLENGES TO BANKS

## CHALLENGES

- Profitability
- Risk Management
- Management of NPA
- Competition
- Preventing Customer Defection
- Reforming Human Resources
-



# CURRENT DEVELOPEMENTS

## USAGE OF TECHNOLOGY

ATM , CARDS, Point of Sale

## PAYMENT SETTLEMENT SYSTEMS

ECS, EFT, NEFT, RTGS, AEPS, UPI, IMPS

## FINANCIAL INCLUSION

INCLUSION OF THOSE PEOPLE IN THE FINANCIAL SYSTEM  
WHO WERE EARLIER NEGLECTED/UNABLE TO ACCESS BANKING SYSTEM

MOBILE BANKING

MSMEs

Micro finance

# CURRENT DEVELOPMENT IN BANKING SECTORS

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graph TD; A[COMMERCIAL BANKING SYSTEM] --> B[SCHEDULED BANKS]; A --> C[NON-SCHEDULED BANKS]; B --> D[88,562 BRANCHES]; C --> D;
```

COMMERCIAL BANKING SYSTEM

SCHEDULED BANKS

NON-SCHEDULED BANKS

88,562 BRANCHES

UNION BUDGET 2013-14 announced to set up a bank for woman



**PUBLIC SECTOR BANK**



**Rs. 10 billion (initial capital)**



**RBI gave license on Sept 25, 2013**



As on March 2012 there was 92432 no. of Primary Agricultural Credit Society (PACS) in India.

Total income of Regional Rural Bank (RRB) during the financial year 2012-2013 was Rs. 208 billion.



First Regional Rural Bank (RRB) in

Tamil Nadu

Pandyan Grama Bank

“No Frills” account scheme called 'Elimai Account’

Maintained with zero balance



31 foreign bank

182 branches

at the end of march 2009