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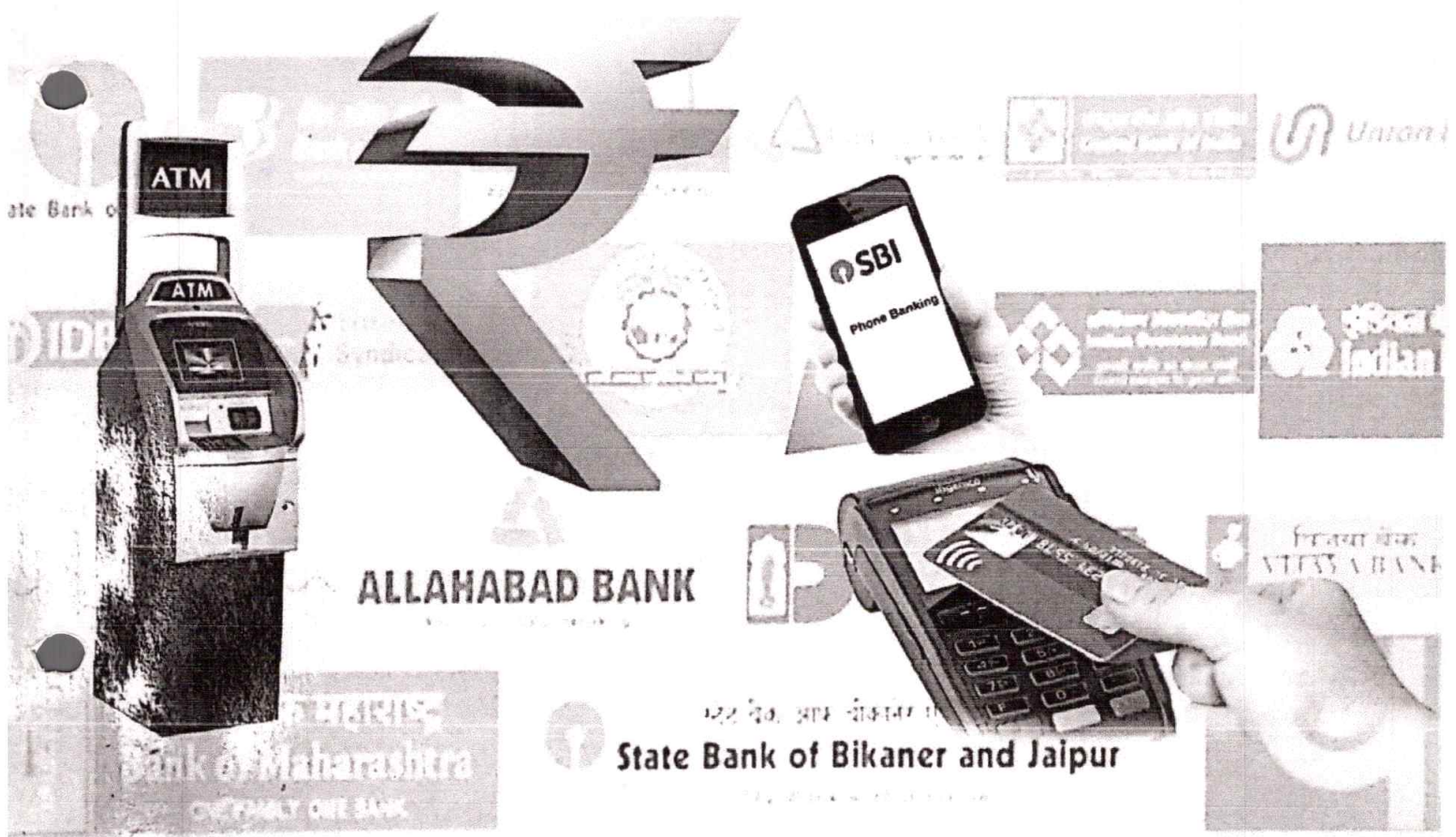
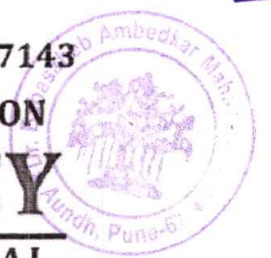
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Challenges Before Indian Banking System

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Abstract:

The banking industry in a country is the lifelines of the economy and plays an influential role in initiating and supporting economic growth, especially, in developing countries like India. Banking in India has been operating for a relatively longer period has resulted in contrary effect on the capital adequacy, asset quality and growth of our banks. With the changing times, new heights have been achieved by banking industry. Technology use has fetched a revolution in banks operational activities. Over the period, the industry has faced many issues and scams. But still majority of banks are still doing a wonderful job as they have succeeded in maintaining the people's trust and confidence. However, with changing dynamic forces in this industry, it brings many risks to its stakeholders. In this paper an attempt has been made to identify the emerging issues in banking sector. Present paper is divided into three parts. First part deals with the brief introduction of banking sector, which includes the introduction and general issues of Indian banking sector. The second part discusses the contemporary issues faced by Indian banking sector. And the last part concludes with the suggestions in order to make this sector a great contributor towards the sustainable economic growth.

Key words: Indian BankinRisk Management, Financial Inclusion, Employee Retention and Use of technology.

Introduction:

Increasing emphasis on globalization of the Indian economy has opened up new avenues and challenges for Indian banks. Financial sector reforms and liberalization of prudential regulations have thrown in a lot of opportunities for Indian bank to grow and diversify their areas of business operations. Moreover, globalization has ushered in restructuring of the banking and financial sector through a series of mergers and amalgamations and eventually brought in convergence of different activities and businesses in the banking sector. The Indian banking system has seen a complete transformation during the last two decades, in sync with the progress made by the real economy. The period saw banks moving beyond brick and mortar branches to adopt innovative delivery channels including internet banking, ATMs, call centres, kiosks, Business Correspondents (BCs), etc. New products such as retail banking gained prominence. To cater the needs of customers in a better way, various customized products were introduced in the sector in a useful manner. In today's competitive world, banks have to be proactive in their approach rather than a crisis-driven sector. In reality, after every scam our policy makers come with the new guidelines or regulations. Every year banks are confronting the issues which are at once familiar and evolving. Both the internal and external concerns are faced by the banks. It includes the third party relationships, workforce management, day-to-day operations etc. All these are somewhere interconnected. As we know that banking sector has the pivotal position in economy and various stakeholders have many expectations from this sector. They deposit their savings and hard earned money with these banks. Therefore, banks play a critical role when it comes to the economy sustainable growth. The Indian banking sector is faced with multiple and concurrent challenges such as increased competition, rising customer expectations, and diminishing customer loyalty. The banking industry is also changing at a phenomenal speed. While at the one end, we have millions of savers and investors who still do not use a

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