

## STUDY OF CUSTOMER BANKING SERVICES PROVIDED BY BANKS IN INDIA

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**Abstract:** The banking industry is crucial to the growth of nation's economy. In many ways, the banking industry's expansion depends on the services it offered to the customers. They are the most important depositories of household savings and also the most significant source of finance. In addition, to these traditional functions, banks also provide various types of services to its clients like Remittances, collection of cheques & bills, locker facility, internet banking etc. Today, all banks are competing with each other in connection to the evolution of new products matching with global standards. Therefore, knowledge about these services is very important. This paper provides an insight into numerous banking services provided by financial institutions in India.

**Keywords:** Financial Institutions, Banking services, Advances, Deposits, Credit Cards, Mobile Banking, Internet

### 1.0 Introduction:

Where do you think you could safely store your hard-earned money if there were no banks. From whom would you borrow money. Who would you go to in order to get paid for your services. Banks are a type of financial institution that are crucial to the operation of our daily lives as well as expansion of an economy. It might be hard to believe but banks have existed forever, in one form or the other. There are evidence for banking practices dating back to the when merchants wandered the towns landing money to the farmers and dealers in exchange for their commodities and grains. Banks have developed over the years and became a type of financial organization where customers can deposit and withdraw funds. Later, with advancement of technology banks pursued diversification and now banks provide more than just cash management services. This paper focuses on wide range of services offered by banks at present and future prospects of diversification.

### 2.0 Banking services offered by Banks:

Banks are financial institutions which act as a link between savers and investors or household and producers. Banks help people in mobilizing their savings on the one hand and assist businesses in borrowing and investing activities. Banks offer a wide variety of financial products and services to their customers. Below explained are the services provided by banks:

#### 2.1 Acceptance of Deposits:

Customers, or members of the general public, can deposit money into a bank. Customers keep their money in current accounts, which pay no interest, or in savings accounts, which are also called saving deposit accounts and pay a small amount of interest. Most of the time, businesses open current accounts to make it easier to do a lot of transactions. Saving accounts are opened for individuals where there may not be any commercial transactions. The customers can get their deposit back whenever they want or need it in either of these scenarios. Because of this, currents accounts and saving accounts are also referred to as demand deposits, and account holders can withdraw money by writing cheques. Customers with savings account receive ATM cards with which they can withdraw cash from the machines. Term deposits are accounts in which customers or savers can keep their money for a longer period of time. Fixed deposits, recurring/cumulative deposits, monthly income deposits, and so on are all examples of term deposits.

#### 2.2 Loans and Advances:

Deposit interest must be paid by banks at agreed upon rates. Additionally, they must cover their operating costs. Consequently, banks must invest or lend the funds to earn interest. As a result, lending money through a variety of loans and advances is a fundamental tradition function of a bank. A bank uses the money it gets from deposits and loans to make loans and advances in order to in order to make money through interest spreads, or the difference

between the average interest rates on loans and deposits. A significant portion of a bank's operating profit comes from interest income from loans and advances.

**2.3 Remittance Services:**

Businesses need to make payment for various purposes in the business. This make it necessary to move money from one place to another. In the absence of banks, it becomes mandatory for people to travel long distance to make payments, which will be inconvenient as it would mean carrying large bags of money to places which involves high risk of theft also. Hence, existence of a good payment and settlement system becomes imperative to enable growth and development of trade and commerce in the country.

**2.4 Overdraft Facility:**

This services allows customers to withdraw money in excess to what they have in their bank account. This can be said to be a type of advance to the banks' clients. Needless to mention this amount pertains to certain interest value. This is short-term credit facility provided by the banks through which banking institutions supply money according to the need of customers.

**2.5 Consultancy services:**

Expansion of businesses is a common phenomenon for most of the enterprises in fast growing Indian economy. When business entities expand their businesses, they are in the dire need of currency exchange which are provided by banks. Banks hire legal, financial advisers, market leaders and other experts for providing consultation to their customers regarding industry income, trade and investment etc.

**2.6 Online Banking:**

With the advancement of technology and assistance from the internet, banks allow their customer to do several financial activities without physically walking to the banks which was the case earlier. This facility allows customers to withdraw or deposit cash as well as remit money at their own authority sites.

**2.7 Mobile Banking:**

Mobile Banking is similar to the online banking in many aspects. It allows customers to perform banking operations, through their mobile phone applications. Bank or financial institutions provide a software usually called an application for facilitating transactions. This service is generally provided for 24 hours a day, however it is highly dependent on the availability of internet.

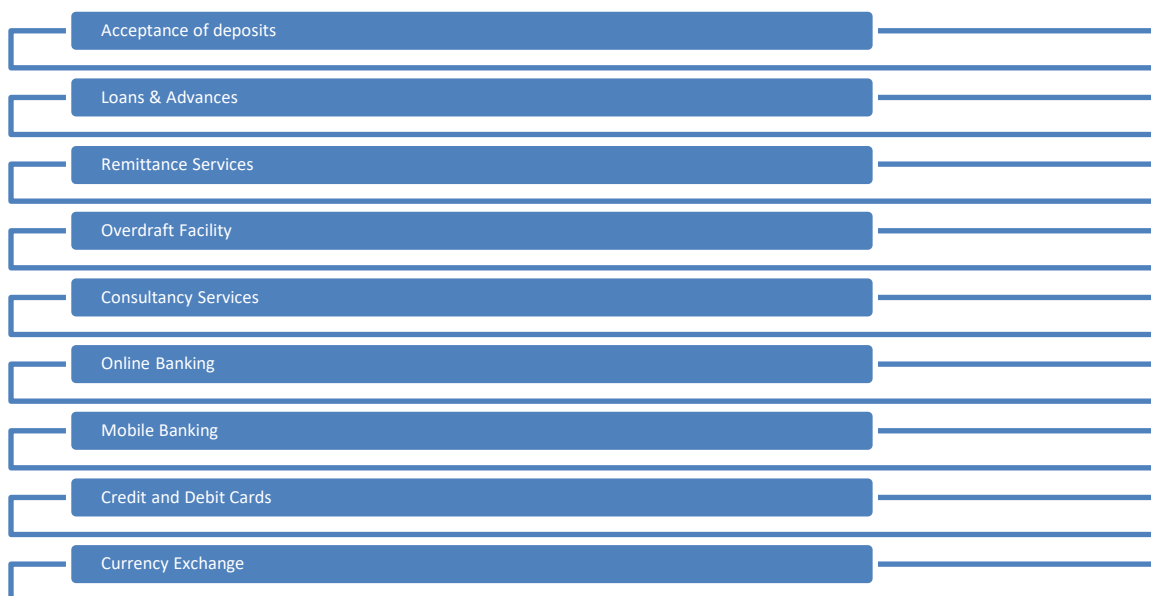
**2.8 Credit & Debit Cards:**

Almost all the banks give credit and debit cards to their customers so that they can utilize these to purchase items or withdraw cash. This is the most notable step towards cashless economy.

(i) Currency Exchange:

Currency exchange facility is provided by banks at a very nominal fee to their customers. It implies exchange of paper bills, or coins of one currency for another, both in online or physical mode.

Fig.1 Banking Services Offered by Banks



**3.0 Conclusion:**

In the nutshell, it can be said that in addition to the primary functions of accepting deposits & advancing loans, banks offer a variety of services such as safe deposits lockers, safe custody of expensive belongings, letter of credit, bank guarantee, collection of outstation cheques or bills, trustship, solvency certificates, shared finances, coverage products and so on. It can also be observed that banking industry has evolved over time and now it is changing at faster speed with the adoption of latest technology. There is tough competition amongst banks for capturing new banking business. New products are being launched such as Xoom, Paypal Services, Chime, Rebank, Multipass, etc. The decision for banks to add more digital solutions at all operational levels will have a major impact on their financial stability. Indian financial institutions are undergoing outstanding change and therefore are forecasted to develop tremendously. (Dr. Bhadrappa, Haralayas)

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