



## **AN ANALYSIS OF THE COMPETITIVE LANDSCAPE IN THE FUTURE OF RETAIL BANKING IN INDIA**

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### **ABSTRACT:**

The retail banking industry in India has risen significantly in recent years, and it is now one of the most important parts of the country's banking industry as a whole. The Retail Banking Report contains a wealth of information on this rapidly expanding business. Its primary objectives are to examine the existing status, emerging trends, critical challenges, and factors impeding the growth of the retail banking market. This article provides researchers, academics, consultants, banks, financial institutions, and international banks with more information about India's fast developing retail banking business. However, powerful text analytics technology currently allow retail banking executives to conduct in-depth analyses and use the insights gained to make critical business choices, develop competitive business strategies, and provide proactive service. It is critical for retail banks to be able to leverage customer analytics to motivate consumers to take action so that insights can be effectively exploited. Because of improved customer engagement and analytics technologies, service providers may now turn client talks into actions.

**Keywords:** *Business strategies. Credit card, Customer, Retail banking.*

### **INTRODUCTION**

Many of the difficulties and trends in retail banking are similar to those in our high-tech world. Customers of retail banks are more technologically savvy than ever before. In fact, the majority of them have more devices at home than we do at work. As a result of these technological advancements and significant changes in what clients want and need from their banks, it's clear to see why many financial services organizations are reconsidering how they operate and provide services.

### **INDIAN RETAIL BANKING OVERVIEW**

Because of the economic crisis and increased public awareness of banking fraud, the banking industry has received increased attention from the media and clients. Regulatory changes, the Credit Card Act, the increase of checking fees for certain types of consumers, and a reduction in retail bank revenues are all having an impact on the firm. To compensate for the legalization of cheaper debit card swipe costs, there are now monthly fees for in-person customer assistance and paper invoices. Credit card fees would rise from 20 rupees to 599 rupees each year.

Photographic costs for checks that were declined.

Using a savings account to protect against overdrafts costs Rs. 25 per move.

Non-customers will face new or increased ATM fees.

The incentive program will be abolished or scaled back.

As a result, there is more focus and discussion on the likelihood of higher levels of client loss.

### **Present Scenario**

- The retail banking sector in India has expanded significantly in recent years.
- The retail sector accounted for 78% of loan increase in 2011-12.

- For the last five years, the CAGR has been greater than 68%.
- The amount of store credit exceeded 1028K crore in 2011-12.
- It is no longer a "seller's market" but rather a "buyer's market." It now comprises a diverse range of product categories, delivery methods, and clients.

### **Challenges**

- Bringing people from rural areas into mainstream banking, keeping customers loyal, lowering non-performing assets and fraud, keeping consumers out of debt traps, ensuring retail customers can access credit information in the banking system, and fixing the fact that CBIIL hasn't done enough to solve the problem are all challenges that must be addressed. There must also be a means to eliminate multiple loans, such as personal loans.
- The number of non-performing assets (NPA) from personal loans is increasing; the loan-to-value ratio is high, which might be problematic in a slowdown; and consumer credit is experiencing uncontrolled asset sales.
- Fraud and hacking are getting more widespread.

## **STRATEGIES FOR FUTURE**

### **Understanding Customer Sentiment**

Do your customers enjoy working with you? Do they prefer your competitors to you? Are the business communications you're sending effective? So, why? If not, what's the matter with them? Using mood analysis, businesses can learn a lot about how their customers feel about their products and services. Banks can utilize the knowledge gleaned from monitoring consumer sentiment to determine where adjustments should be implemented first.

### **Cross-channel Analytics**

Even though social media platforms like Twitter provide rapid access to client discussions, it is vital to remember that customers communicate with their banks in a variety of ways. To thoroughly and correctly comprehend the customer experience, a bank must examine all of the conversations that customers have via all of their communication channels.

### **Spotting Emerging Issues**

When people today are more self-sufficient, they frequently hunt for solutions on the Internet. The organization's website is a key tool for clients to contact them and assists in keeping support costs down. Using modern analytics, banks can quickly identify these types of problems, known as "hot spots." Banks can learn helpful things about problems that are just beginning to appear or have progressed from a "normal" level of complaints to a critical or "hot" level by keeping a watch on them over time.<sup>4</sup>

### **Detecting Intent to Churn**

Any retail bank that wishes to remain in business must be able to detect and prevent customers from leaving. To help safeguard consumers, new restrictions are being examined. Churn can occur both in the direction of and away from the bank. You may gain new clients and retain existing ones by identifying consumers who are considering moving banks, learning why they are doing so, estimating what they will require, and making offers to assist them in completing the transfer or encouraging them to switch to your bank. As a result, this ability can bring in fresh money while maintaining old ties.

### **Monitoring the Success of a New Offering**

Adding new goods and services to the banking business is expensive due to the numerous tasks that must be completed, such as creating marketing campaigns, training call center employees, and ensuring that all of the various front-end and back-end systems operate together. Thanks to excellent text analytics, providers and manufacturers can now immediately obtain market input on new products. Once they have this information, they can modify their launch strategies to meet the needs of the market.

### **Future of Retail Banking**

The retail industry's rapid development can be attributed to historically low prices. In comparison to

global metrics, the degree of penetration remains significantly lower.

The percentage of store credit predicted to increase from 42% to 68%.

Retail credit is predicted to rise at a 67% annual rate and reach 1080,000 crores by 2012.

Bank credit portfolios are expected to alter slightly during the next five years. Housing and auto loans will continue to be the two fastest growing industries. In order to grow and broaden their business, banks should focus on non-urban segments as well as a variety of income and demographic categories.

It is critical to capitalize on the enormous potential that rural areas have to offer.

## CONCLUSION

The competitive study of retail banking strategies for the future in the global market in India reveals critical insights crucial for the industry's advancement. Through comprehensive analysis, it's evident that adapting to technological advancements, enhancing customer-centric approaches, and fortifying digital infrastructures are pivotal for sustained growth.

In this dynamic landscape, the fusion of innovation and customer-focused solutions emerges as a cornerstone for success. Banks must prioritize the integration of cutting-edge technologies like AI, blockchain, and big data analytics to streamline operations, personalize services, and anticipate customer needs proactively.

Furthermore, the shift toward a seamless omnichannel experience and robust cybersecurity measures is non-negotiable. Embracing a holistic approach that amalgamates physical branches with intuitive digital platforms is imperative for meeting diverse customer preferences and ensuring security in an increasingly interconnected world.

Collaborations and partnerships, both within the industry and with fintech disruptors, stand as a strategic move to leverage expertise, broaden service offerings, and drive innovation. Simultaneously, fostering a culture of adaptability and continuous learning within banking institutions will be instrumental in navigating unforeseen challenges and capitalizing on emerging opportunities.

In conclusion, the future of retail banking in the global market, especially in India, hinges on a proactive stance toward technological evolution, a relentless commitment to customer satisfaction, fortified security measures, strategic collaborations, and a culture of adaptability. Embracing these tenets will empower banks to not just survive but thrive in an era defined by rapid transformation and heightened competition.

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