Chapter 1

Boundless Banking: The Role of Evolution in Personal Banking for Financial Inclusion in India

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ABSTRACT

This chapter covers the evolution and growth of the personal banking industry (i.e., banking for customers) and its role in leading to financial inclusion. Since the personal banking industry deals with making banking an ease for customers. The chapter will emphasize the various milestones in the personal banking industry that were significant to improve and increase financial inclusion in India. Personal banking has come a long way from paper formats to now fully computerized formats and this all has been a boon for all customers in the banking industry in India. The chapter looks at the evolution of regulation, technological innovation, and customer acceptance as modern delivery systems outpaced the old. The research article’s emphasis is on how the customer has found it easier to perform personal banking transactions over time.

INTRODUCTION

“The term ‘financial inclusion’ was used for the first time in April 2005 in the Annual Policy Statement presented by Y. Venugopal Reddy, the then Governor, Reserve Bank of India.” Financial Inclusion is the process of making financial services available to all easily and Personal Banking has a major role in this process. This is because, as the name suggests “Personal” Banking helps in catering to each and
every individual in the country which will help in Financial Inclusion. Financial Inclusion will eventually lead to the growth and development of the country.

Later on, this concept gained ground and came to be widely used in India and abroad. While recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, banks were urged to review their existing practices to align them with the objective of financial inclusion. Even though this term was first used in April 2005 Personal Banking has provided a base for implementing Financial Inclusion. Personal Banking has evolved significantly especially over the four decades. Personal Banking has offered various services to the consumers which were not available earlier which has made finance and banking very affordable, secure and safe. If Personal Banking had not evolved at such a rapid pace it would be difficult to implement Financial Inclusion that easily.

Like any human generational change, personal banking too has embraced change over the last four decades. While banking regulators gave the initial impetus, information technology (IT) and the communications revolution in India spurred the growth of personal banking sector to its present incarnation. The paper will look to cover these various stages which are a compilation of events that made personal banking a friendly and time-saving process to help encourage Financial Inclusion. Presented here are the milestones that helped the personal banking sector to where it is today.

- **The Passbook Period (Paper Formats)**: This includes the initial stage of banking when it was a very slow and tedious process. But this was still important to help the banking industry to reach where it is currently.
- **The Transition Into Technology**: Since there was a need for improving the flow of money and speed of transactions this stage will cover the steps taken for the purpose of the same
- **Cash Cache**: These are the various services and features of the personal banking industry which are major attractors helping in Financial Inclusion. The paper will also cover a lot of marketing strategies used by banks here in the various services they provided. Eg: ATM, MICR, CTS, Debit and Credit Cards
- **Wonderful Web**: This is the process of using the internet
- **The Future to Financial Inclusion**

All these stages will be covered in a way to show their importance and role in Financial Inclusion. The paper will also show various marketing strategies employed by Financial Institutions, Regulatory Bodies in the various stages to encourage Financial Inclusion. The Marketing strategies which were used by the above mentioned are very significant to help to enroll each and every individual possible
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