

Emerging challenges:-

- Asset quality is under tremendous pressure due to continued economic slowdown and increase in the rise of the levels of Gross nonperforming advances and NPA's.
- One of the major problems is Large Over dues of farmers in small branches of rural areas. And Government decision to waive to all farmers loans has added in the difficulties of such banks.
- Indian banks are facing bad loans or Non-performing assets (NPA), which means loans which are not paid by the borrowers on time, and hence causing huge burden on banks.
- Even after all the efforts made by the government, banks at rural areas are still in loss as rural people are still not familiar with banking system.
- There is also risk from political interference as the government can interfere with banking policies at the time of budget implementation.
- One of the emerging threats is Cyber threats as the most of the transaction are made through digital channels, which are not 100% secure.
- Many senior bank workers are still not familiar with the use of technologies in bank and young and inexperienced are replacing them.

Steps taken by Indian banking sector:-

- All banks are wholeheartedly working for the complete implementation of PMJDY (Pradhan Mantri Jan Dhan Yojna) making banking service available to everyone.
- For farmers, Kisan Credit Card scheme is launched to help them with Loans through banks.
- Protection of bank customers' information has one of the trust areas for RBI. And for this RBI has issued a charter of customer rights on the global best practices.
- With the implementation of KYC/AML norms banks are now able to remove all the fake accounts and with this monitoring of transactions is easy.
- To make payment easier, accessible and secure, banks and Government together launched AEPS(Adhaar enabled payment system).
- Banks are getting digitized means converting data into digital format, thus providing better services to customers.
- Banks are taking steps to reduce NPA and to strengthen the balance sheets and also working hard to strengthen NPA's recovery rules.

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Best practices worldwide :-

- SWIFT was launched by Bank for International Settlements (BIS) to solve the problems of block chain. it offers a code which is used to transfer money between banks on international level.
- BASEL Accords under this BCBC (Basel committee on banking supervision) published Norms such as “Basel 1” “Basel 2” and “Basel 3” to focus on Risk management in banks, and financial Procedure. India will start Basel 3 by the end of December 2019.
- NPCI (national Payments Corporation of India) launched NACH (National Automated Clearing House), its primary motive is to handle low value, high volume transaction based on electronic files.

CONCLUSION:

Indian banks are increasingly focusing on adopting integrated approach to risk management. Banks should have more autonomus powers under ‘Banking Regulation Act’ so that they can overcome problems such as Bad loans, NPA, low capital adequacy etc. Most of the banks have implemented the framework for asset-liability match, credit and derivatives risk management.

Afterwords :- What is your opinion on this topic? Express your thoughts in the comment section below.

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