A Performance Review of the Banking Sector during COVID-19 Pandemic

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Abstract: ***The purpose of this study is examining the financial systems used in complicated situations, with a focus on the COVID pandemic. We looked at the differences between the emergencies during the pandemic-induced emergency in order to improve awareness of the financial effects of the COVID-19 pandemic. Even if the COVID-19 epidemic has accelerated the financial system's digitization, banks have always needed to upgrade and implement computerized processes. This was true even before the pandemic started. Additionally, we provide an evaluation based on a poll on narrative writing and a summary of the key elements that changed the financial structure in the context of the COVID-19 epidemic. Since the COVID-19 epidemic was a brand-new global experience, writing about it and its implications for the financial system is still developing.***

Keywords: banking strategies; pandemic; adaptive management; digitalization of banking industry; COVID-19; social responsibility.

1. Introduction

The Indian banking system continuously outlines adjustments to lessen the effects of COVID-19. Big Indian companies including Aditya Birla, BHEL, TATA Motors, Larsen, and Turbo reduced their industrial operations. Indian banking sector also impacted by the COVID-19 pandemic.

The new Corona Virus causes flare-ups in banks. Businesses and borrowers face with risky issues such as lost jobs, business interruptions, and decreased benefits as the illness spreads over much of India. Banking customers required financial assistance, and the Reserve Bank of India gave public banks the authority to alleviate their needs by presenting excellent financial arrangements to customers. It was decided to provide an office for employees to work from remote areas due to concerns about security and representation. It was shown that the corona virus may survive in banknotes for a considerable amount of time, hastening the death of the disease. One of the biggest changes brought about by the corona virus in India is that banks are preparing for the move to digital marketing.

People in India now rely on phone banking, online banking, and contact centres. In India, HSBC Banks first operated by segregating people. The problem of non-performing assets has increased at the bank level. NPA in India had a spike increase. India's current non-performing loan (NPA) rate is similar to China's at 2%, but the proportion of credit costs may be worse.

Due to a decline in resource quality and a sustained disruption in economic activity caused by the COVID-19 pandemic, the Indian banking system went from being stable to negative. The investigation revealed that the nature of the resource steadily declines for corporate Small and Medium Enterprises (SME) and the retail sector when it comes to lending, putting pressure on banks' capital and productivity. Lockdowns and decreased productivity have started to have a detrimental impact on the business area's finances. The COVID-19 Pandemic has caused Indian banks to confront a overabundance of challenges.

2. Research Methodology

Examining relies on how COVID-19 has affected the Indian banking industry. Since the entire planet has gone through an extremely terrible situation. Indian banking also had an impact. Creditors' ability to repay loans is reduced. India's gross domestic product decreased. India's economic development slowed. The Reserve Bank of India and the Indian Government are continuously developing new strategies to help mitigate the effects of COVID-19. In this way, we observe how the financial system respond to certain challenges that arise in an uncertain time that humanity has never faced before. The information for the research study is acquired from The Reserve Bank of India's website, manual, and initial guidelines were provided by the RBI, copies, newspapers, magazines, books, and through the internet.

Objective of the Study

To detect how the financial industry can adjust to the crises and support the financial environment that ensures banks can grow in a controlled way.

3. Analysis and Interpretation

Actions to improve risk management by identifying the various risk components,risk-weighting of different asset types, related lending standards, and riskfocus, using the marked-to-market approach for an investment portfolio, and placing restrictions onallocation of funds for delicate endeavours.Establishing people's courts, or Lok Adalat, as well as debt recovery tribunals, asset reconstruction firms, advisory groups for settlement, corporate debt restructuring mechanisms, and other measures to facilitate speedier collection and restructuring. Securitization Regulation and Financial Reconstruction.The Securities and Enforcement of Securities Interest (SARFAESI) Act, as well as the amendments that followed, uphold the rights of creditors.

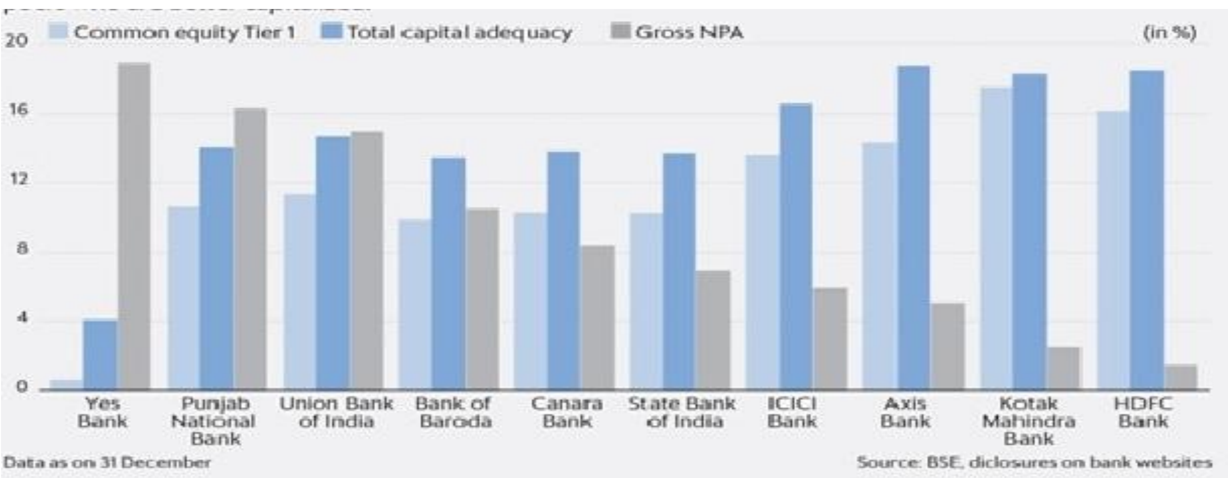
Financial Institution form the reforms for Business Continuity which are as follows:

- Financial Institute provide COVID-19 insurance to the customer for facing unpredicted circumstance.

- Financial Institution giving loan term relaxation to the public.
- Financial institution works on data partnership for trade finance.
- Financial institute provide plug and play non-financial services for Small Manufacturing Enterprises.
- Financial Institute work on to form comprehensive digital platform for customer service.
- Financial Institute provide digital trade financing to the customer for giving effective service.
- Financial Institute also work on Revamping of their Internal System. Migration to cloud system toenable employee remote access by Managing Talent-Given assurance to employees for job security.

Problems faced by customers

- Standing in ATM queues
- Waiting for the formation of the account
- Lack of awareness of online banking facilities
- Lack of Source to avail the facilities
- Security and privacy issues



Source: https://www.google.com/search?q=health+of+banks+with+differential+exposure+to+covid+19+in+india&tbm=isch

Assets quality pressures arising out of the Covid 19 lockdown among the already slowing economic growth on capital adequacy. Th above picture depict various bank equity, capital adequacy and gross NPA during pandemic. Yes bank has the highest NPA & HDFC has lowest. Common equity was lowest for Bank of Baroda bank. Axis bank has highest capital adequacy.

4. Findings

The government of India reports an aid package of Rs. 1.7 trillion for the poor, which includes food security and cash transfers. Monetary institutions announce larger corporate rescue packages.The government implements exceptional or crisis measures to maintain financial stability.The Indian government is strengthening its regulatory framework to effectively distribute the benefits of welfarescheme.

The Indian government is bolstering local organizations to ensure the effectiveness of disaster response effortsthe emergency board.The government transfers funds from banks to areas in need.The Indian Reserve Bank has imposed a three-month moratorium on term credit payments.The Reserve Bank of India informs the public about the unwinding of the Asset Classification Norms andbanks in private areas.

The RBI provides guidelines for setting up operational cutoff points for clients to emphasize the underlyingThe Reserve Bank of India lowered the REPO Rate by ninety basis points.RBI subsequently decreased the REPO rate by 2-3%.The Reserve Bank of India maintained a decline in REPO rates, eventually approaching zero.RBI employs 25,000 caregivers. Extended-range Repo Operation (LTRO)

5. Conclusion

The Monetary Institution works with representatives in a sound and pleasant environment and deskills people on new job cycles. They employ cutting edge channels to enhance client-driven methodology.

RBI describes the framework for ensuring the coherence of corporate operations. Participate in association to improve understanding and optimize cycle. Reorder sections and the client portion according to the profile of hazards and development. Due to the COVID-19 epidemic, the government is enabling people to devise creative plans of action for the altered business environment. focusing on creating a demanding digital environment using the newest technology.

The foundation for a more effective financial system has been laid out by the various change gauges used thus far. There is a perceived need for more reform, which is why a Committee on Capital Account Convertibility has been established. The entirety of the experience provides us with the essential confidence to confront the challenges of the future, and our current wealth encourages us to move forward in optimism.

6. Suggestions

1) In spite of COVID-19, the RBI must take all reasonable steps to maintain sufficient liquidity in the financial system and its participants.
2) Sufficient bank credit streams are essential for restarting small and medium-sized enterprises after the lockdown is lifted
3) The government must make decisions and take actions to lessen economic vulnerability and financial anxiety.
4) Considering the current situation, individuals should switch to internet bankingand payment services for e-wallets to complete their financial transactions.
5) To inform the public about the advantages of online banking and the necessity of making the move, the government should organize awareness campaigns.
6) The RBI should lower the fees associated with e-wallet and UPI payments and encourage these online services.

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