

# 'Changes in banking sector on the cards'

RBI Governor hints at advent of small finance banks, payment banks and more online banking

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**NIBM Road:** Reserve Bank of India Governor Raghuram Rajan said that more changes are in the offing in the country's banking sector that will open up new opportunities.

He was speaking at the 11th convocation of the National Institute of Bank Management (NIBM) here on Friday.

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"The banking sector is going to go through a lot of changes. In future we will have a whole set of new institutions like small finance banks, payment banks and a possibility of postal banks, which will provide a lot of new opportunities," said Rajan.

"These changes in the banking sector will provide a lot of new opportunities and the derivatives market will also become more vibrant. The information technology used by these banks and their clients will also become very different from what it was in the past, as many of these cli-



**CONVOCATION CEREMONY:** (3rd from left) Dr Arvind Subramaniam, Chief Economic Advisor to the government and (4th from left) Reserve Bank of India Governor, Raghuram Rajan at the 11th convocation of NIBM of the PGDM 2013-15 batch on Friday.

ents may not even physically visit the banks and will conduct their businesses online," Rajan said, adding that the existing public sector banks would also undergo changes.

The chief economic advisor to the Union Finance Ministry, Arvind Subramaniam, said that India is a bright spot in world economy.

"The growth rate of In-

dian economy is more than that of the Chinese at this moment. But economists should not compare India to other Eastern Asian economies. India is not a homogeneous society like the coun-

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tries from East Asia. This diversity affects our politics and economic policies as not everyone agrees on them, creating conflict. This makes it difficult to develop public goods like education, infrastructure and the rule of law," he said.

According to Subramanian, the Indian economy is precocious in nature as it tries to grow with its disadvantages rather than using its advantages.

"Skilled manpower is not easily available in the country, yet it is trying to grow using it," he said, adding that the effects of growth have far-reaching effect and can help bring about social changes.

Citing research carried out recently, he said that economic prosperity has helped bridge social issues in the country.

"India, a fast-growing country has a democratic set-up. India sustains democracy at a low level of income and we should let democracy lead the change instead of striving for Chinese model. In the last few elections, bad performance by the ruling party has made them lose in the polls, while good performances have been rewarded, which is a very good sign," he said.