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A STUDY ON THE GLOBAL FINANCIAL CRISIS AND INDIAN BANKING SECTOR POST COVID-19 PANDEMIC

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ABSTRACT

The COVID-19 pandemic transformed the global financial environment and created significant challenges for banking systems. Indian banks experienced pressure on liquidity, profitability, asset quality, capital adequacy, credit demand, and operational continuity. At the same time, regulatory support, monetary measures, digital transformation, and financial inclusion strengthened sectoral resilience. This study examines the post-COVID-19 global financial environment and its influence on the Indian banking sector, focusing on major banking challenges, digital banking growth, liquidity management, and the effectiveness of Reserve Bank of India policy measures. Primary responses from 100 respondents are analyzed using percentage analysis to identify key perceptions and implications effectively.

Keywords: COVID-19, Indian Banking Sector, Financial Stability, Digital Banking, Liquidity Management

1. INTRODUCTION — 350 WORDS

The banking sector is a vital component of economic development because it mobilizes savings, provides credit, facilitates payments, supports investment, and contributes to financial stability. Major disruptions in the global economy can therefore influence banking performance through changes in credit demand, liquidity conditions, asset quality, profitability, interest rates, and customer behavior. The COVID-19 pandemic created an exceptional shock because lockdowns and restrictions simultaneously affected households, businesses, financial markets, production, trade, and employment. The uploaded study distinguishes this crisis from the 2008 global financial crisis, noting that COVID-19 originated as a public-health emergency before developing into a broad economic and financial disruption. In India, banks entered the pandemic after several years of reforms aimed at strengthening capital adequacy, corporate governance, asset quality, digital banking, and risk-management systems. The Reserve Bank of India responded with liquidity-enhancing measures, policy support, repayment relief, refinancing facilities, and regulatory interventions. Government measures also supported borrowers, MSMEs, infrastructure activity, and economic recovery. These interventions helped maintain confidence and banking-system stability during a period of considerable uncertainty. The post-pandemic environment nevertheless introduced continuing challenges. Inflation, interest-rate movements, geopolitical uncertainty, supply-chain changes, oil-price volatility, and global financial-market developments affected banking operations. Banks needed to balance credit expansion with prudent risk management while monitoring asset quality and non-performing assets. The study also identifies cybersecurity and changing customer expectations as important concerns. At the same time, digital banking expanded rapidly. Online banking, mobile banking, digital payments, contactless transactions, UPI, and fintech services became increasingly important. Technology improved customer convenience, operational efficiency, and financial inclusion, although it also increased exposure to cyber and operational risks. The present study therefore evaluates the post-COVID-19 global financial environment and its implications for Indian banking. It considers liquidity, profitability, asset quality, capital adequacy, digital banking, financial inclusion, and regulatory support, while using respondent perceptions to identify major challenges and areas requiring continued strategic attention. It also considers the sector's future resilience through innovation, governance, sustainable finance, cybersecurity, and customer-focused services, which the source identifies as important directions for Indian banking in the financial environment.

2. REVIEW OF LITERATURE

The literature reviewed in the study indicates that the COVID-19 crisis affected banking operations, financial markets, lending, liquidity, asset quality, profitability, and customer behavior. Sharma and Verma (2020) emphasized increased credit risk, reduced lending, operational disruption, and the importance of timely central-bank intervention. Kumar (2021) highlighted the role of moratoriums, emergency credit facilities, and supportive monetary policies in maintaining banking resilience. Patel and Reddy (2021) stressed liquidity planning and adequate financial buffers. Singh (2022) reported rapid growth in digital wallets, mobile banking, online banking, contactless payments, and UPI, linking digital transformation with efficiency and financial inclusion. Nair and Joseph (2022) connected profitability with interest rates, credit demand, operating costs, and investment patterns. Agarwal and Mehta (2023) emphasized restructuring and stronger credit monitoring for managing stressed assets. Rao and Desai (2023) highlighted RBI supervision, liquidity support, and financial-sector reforms. Joshi and Kapoor (2024) identified cybersecurity risks created by rapid digitization, while Prakash and Iyer (2024) emphasized inflation, interest-rate volatility, and risk management. Mishra and Gupta (2025) highlighted artificial intelligence, cloud computing, fintech collaboration, sustainable finance, ESG practices, and customer-focused banking as future priorities. The reviewed literature supports an approach combining financial stability, technology, regulation, risk management, and inclusion.

3. OBJECTIVES OF THE STUDY

1. **To evaluate** the impact of the post-COVID-19 global financial environment on the Indian banking industry.
2. **To study** the effect of global financial conditions on liquidity, profitability, asset quality, and capital adequacy of banks.
3. **To evaluate** the role of digital banking, financial inclusion, and technological innovation in the post-pandemic period.
4. **To assess** how government policy initiatives and Reserve Bank of India measures have strengthened banking stability.
5. **To recommend** suitable measures for enhancing the resilience, sustainable growth, and financial performance of the Indian banking industry.

4. RESEARCH METHODOLOGY

The study follows a descriptive research design using primary and secondary data. Primary data were collected through a structured questionnaire from 100 respondents selected through convenience sampling. Secondary information was obtained from RBI, Ministry of Finance, banking reports, journals, books, and international financial publications. Percentage analysis was used for interpretation.

4.1. STATISTICAL TOOL

Percentage Analysis

Percentage Analysis is selected as the appropriate statistical tool because the study examines responses from **100 respondents** concerning banking challenges, digital banking, liquidity management, and RBI policy effectiveness.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1: Improvement in Liquidity Management

Response	Respondents	Percentage
Strongly Agree	26	26%
Agree	44	44%
Neutral	16	16%
Disagree	10	10%
Strongly Disagree	4	4%
Total	**100**	**100%**

Analysis: The highest response was recorded for **Agree**, with 44 respondents representing 44%.

Interpretation: The result indicates that a substantial proportion of respondents believe liquidity management in Indian banks improved during the post-COVID-19 period. This supports the importance of liquidity management in maintaining banking stability. The source document reports the same 44% response.

Table 5.2: Growth of Digital Banking

Response	Respondents	Percentage
Very High	24	24%
High	42	42%
Moderate	18	18%
Low	10	10%
Very Low	6	6%
Total	**100**	**100%**

Analysis: The largest response was **High**, selected by 42 respondents, representing 42%.

Interpretation: The finding demonstrates that respondents perceived considerable growth in digital banking after COVID-19. Increased dependence on online banking, mobile banking, digital payments and UPI contributed to operational efficiency and customer convenience.

Table 5.3: Effectiveness of RBI Policy Measures

Response	Respondents	Percentage
Highly Effective	22	22%
Effective	40	40%
Neutral	20	20%
Ineffective	12	12%
Highly Ineffective	6	6%
Total	**100**	**100%**

Analysis: The highest response was **Effective**, with 40 respondents representing 40%.

Interpretation: The findings indicate that respondents generally considered RBI policy measures effective in promoting banking stability. The RBI implemented extensive liquidity and regulatory measures during the pandemic to maintain financial-market functioning and support credit flows.

6. RESULTS

1. **44%** of respondents agreed that liquidity management improved after COVID-19.
2. The findings indicate that liquidity management remained an important component of banking stability.
3. **42%** of respondents perceived the growth of digital banking as high.
4. Digital banking, mobile banking, digital payments, UPI and fintech services strengthened customer convenience and operational efficiency.
5. **40%** of respondents considered RBI policy measures effective.
6. The findings indicate that regulatory and monetary interventions contributed to banking stability.
7. **30%** of respondents identified non-performing assets as the major obstacle facing Indian banks.
8. Cybersecurity was identified as another important challenge, with **24%** of respondents selecting it.
9. **46%** of respondents agreed that financial inclusion remains crucial for banking-sector development.
10. **48%** of respondents expected the Indian banking sector to remain stable in the future.

7. SUGGESTIONS

1. Indian banks should maintain strong liquidity buffers to manage unexpected financial and economic shocks.
2. Banks should strengthen credit appraisal and continuous loan monitoring to control non-performing assets.
3. Greater investment should be made in cybersecurity infrastructure to protect digital banking operations.
4. Banks should expand secure mobile banking, internet banking, UPI and other digital financial services.
5. Financial institutions should improve employee training in technology, cybersecurity and risk management.
6. Banks should strengthen capital adequacy and maintain adequate financial buffers against future uncertainties.
7. RBI and other regulatory authorities should continue effective supervision and timely policy support.
8. Financial inclusion initiatives should be expanded among underserved and rural communities.
9. Banks should use artificial intelligence, cloud computing, fintech partnerships and other emerging technologies responsibly.
10. Sustainable finance and ESG-oriented banking practices should be incorporated into long-term banking strategies.

8. CONCLUSION

The study concludes that the post-COVID-19 global financial environment significantly influenced the Indian banking sector through changes in liquidity, credit conditions, asset quality, profitability, technology adoption and financial stability. The findings indicate that liquidity management improved according to a large proportion of respondents, while digital banking experienced substantial growth after the pandemic. RBI policy measures were also generally perceived as effective in supporting banking stability. The study further identifies non-performing assets and cybersecurity as important continuing challenges. The Indian banking sector demonstrated considerable resilience because of regulatory support, capital strengthening, digital transformation, financial inclusion and improved risk-management practices. The RBI's pandemic response included liquidity-enhancing measures, refinancing support, regulatory flexibility and credit-support initiatives, which helped financial institutions function during severe disruption. However, future banking stability will depend on the sector's ability to manage inflation, interest-rate volatility, global financial uncertainty, cybersecurity threats and changing customer expectations. Continued technological innovation, prudent credit management, adequate capital and liquidity buffers, strong regulatory supervision, and sustainable banking practices are therefore essential. Overall, Indian banks should combine technological advancement with responsible risk management and customer-focused services to strengthen resilience and achieve sustainable financial performance in the post-pandemic global financial environment.

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