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# Rise of debit cards, new payment tools makes life easier for customers, bank strikes are less relevant now

By Sidhartha, TNN | Updated: Sep 03, 2016, 11.23 AM IST

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NEW DELHI: Not so long ago, [bank strikes](#) would impact everyone -from large companies to the common man, who queued up at a branch to withdraw money or deposit a cheque. Now for most, bank strikes pass off as a non-event given the advent of other payment channels -from plastic money to mobile wallets.

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Add to that the rise of private banks and weakening grip of unions. On Friday, when trade unions called a nation-wide strike to push their demands, the All Indian Bank Officers' Confederation (AIBOC) pulled out of the strike at the last minute, even as five other unions went ahead. As a result, the impact was limited at lenders such as SBI.

And, banks' work process has undergone a big change. "Money transfer can be done 24x7. There are options such as Immediate Payment Service (IMPS), which are outside the branch network and are not affected by strikes," said A P Hota, who heads National Payments Corporation of India (NPCI), the agency working on developing payment channels. Agencies such as NPCI and Clearing Corporation of India are also not affected by strikes, resulting in seamless transaction.

Besides, banks have outsourced a lot of payment-related work and data centres are not part of the banking set-up in several cases. Similarly, reconciliation does not mean manual debit and credit entry and the clearing centres are not part of the RBI or SBI networks.

New channels such as [ATMs](#) and the tiny point of sale terminals have not only resulted in tellers in bank branches being just one of the windows, but have also sounded the death knell for metal tokens -which were a currency of sorts till a decade ago. Faced with manpower shortage, public sector banks, which still control nearly 70% of the banking [business](#) in the country, have more than doubled the number of ATMs and point of sale terminals over the last four years. In contrast, the number of bank branches has gone up by around 36%.

With more terminals where you can swipe your card or pay online, the proportion and number of cheque clearances or MICR-based transfers are lower. From nearly half the volume of transactions in June 2012, this payment tool now accounts for 6%. There are withdrawal slips too but data was not available.

Usage of [debit cards](#) has shot up, driven by use at ATMs, suggesting that cash remains the preferred mode of payment. Bankers said mobile wallets could soon be the most preferred mode of payment due to ease of transaction.

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Share of transactions that require physical intervention is falling...		2011-12 % share	2016-17 % share
Paper clearing*		46.9	6.1
Real-time gross settlement & CCIL-operated		2.4	0.6
...while share of electronic transactions is growing			
Retail electronic clearing^		22.9	22.5
Debit cards		14.7	59.8
Pre-paid instruments#		0.0	5.5





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