

Trends and Encounters of Digital Banking in India

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Abstract: Various sectors are critical to the growth of every country's economy. The banking industry is the most significant part of Indian economic growth. The banking industry has evolved into the backbone of the Indian economy. Any advances in technology or other characteristics have a direct influence on economic growth. Various developments occur in the banking business as technology evolves. Customers are becoming more educated. They do not want to wait in line for numerous tasks such as making payments, depositing checks, opening bank accounts, depositing checks, and so on. With the passage of time, digital banking has emerged as a shining star in the financial industry. Today's generation readily accepts the notion of digital banking, and it has quickly become a more popular means of transaction in the market. We examine the topic of digital banking in this study. What impact it has on human lives. The study relies on secondary data. The notion of digital banking in the financial business opens up a plethora of options. However, with every gain comes some danger. Furthermore, there are various risks associated with digital banking.

Keywords: Financial Inclusion, Digital Finance, Financial Products, Financial Services, Innovative Financial Technology

I. INTRODUCTION

Banks are becoming a part of everyday life. Now, the Indian government is working to create a cashless economy. Digital banking is crucial in this process. In the modern period, the milkman takes wallet payments without hesitation, a man purchases a geometry set for Rs 100 with a credit card, and the vegetable vendor utilises a QR code-based "scan and pay" tool. New revolutionary digital technology and brilliant ideas have given rise to entirely new economic and societal dimensions. Bankers can use digital banking to meet their current and long-term business and technology needs.

Digital banking is a new paradigm in India that provides several benefits to the banking sector. It contributes to increased banking industry productivity and profitability. It is a technical advancement in a changing period.

This is primarily implemented to enhance the four Cs: cost, convenience, control, and customer happiness. The digital banking framework/structure is the outcome of the collaborative efforts of the IDRBT research team, bankers, IT professionals, and consultancy specialists. The term digital refers to the storing of data as digital signals. It has the potential to simplify banking operations. An ATM (Automatic Teller Machine) is a type of electronic communication equipment. It is the most prominent example of a digital banking system. Digital banking simplifies and simplifies transactions. Every consumer is now free to work at their own pace. Digital banking is a subset of the larger environment for the shift to online banking, in which financial services are supplied over the internet.

Definitions:

1. "Digital Banking- a new concept in the electronic banking era that aims to enhance standard online and mobile banking services by incorporating digital technologies such as strategic analytics tools, social media interactions, innovative payment solutions, mobile technology, and a focus on user experience."
2. "Digital Banking is the use of technology to ensure seamless end-to-end (STP) processing of banking transactions/operations initiated by the client, ensuring maximum utility to the client in terms of availability, usefulness, and cost; and to the bank in terms of reduced operating costs, zero errors, and enhanced services."

II. INDIA'S DIGITAL BANKING EVALUATION

The conventional banking system in India has been branch banking. Magnetic Ink Character Recognition (MICR)-based cheque processing was implemented between 1986 and 1988. With the development of LPMs (Ledger Posting Machines) in the late 1980s, banks began to computerise. In the 1990s, the new economic policy provided impetus for the introduction of digital banking in India. The year 1991-92 is a good year due of the market's quick expansion. Because of the New Economic Policy, private and international banks began to enter the Indian banking system. It has given birth to a very competitive market.

As a result, the tendency of digitization emerges. Banks' difficulties are now to accommodate requests that connect vendors with money via routes defined by customers. This is a dynamic form that serves as the foundation for client happiness. Customer relationship management (CRM) software can keep track of it. This is a critical feature of digital banking. It has the ability to communicate directly with customers. It can also serve as a hub for connecting clients and bank management.

III. REVIEW OF LITERATURE

Ruby investigated the issues and potential of electronic banking in his study. It also focuses on the benefits and drawbacks of digital banking and how these affect client views. They also emphasise the risks associated with adopting digitization into the market. For the study article, secondary data was utilised. They came to the conclusion that E-Banking provided a high level of convenience for managing finances for customers in the digital market. They also examined the risk in terms of financial security and client privacy.

Vishal performed research and discovered that clients always demand safety and security when doing financial transactions. This article focuses on the perceptions and opinions of urban mobile banking customers. He works on mobile banking practises, problems, and security issues in India. He employs the quota sampling approach. The information is gathered from the main data source. The sample size is 100 people divided into two groups: 50 mobile banking users and 50 non-users. The sample was collected in Ghaziabad. It was determined that understanding of how to operate a mobile phone was the most essential issue in mobile banking owing to the market's availability of multiple handset models supporting various types of technologies.

Aarti Sharma stated in his study paper that digital banking will be a watershed moment in the Indian economy. The research is analytical in nature and relies on secondary data. He believes that digital banking has an influence on the Indian economy. The economy is changing as a result of developments in the financial system's technology. It has the potential to give superior services to its clients. It is accepted in the market due to its quick expansion. After considering the advantages of digital banking, everyone in the market required it for overall expansion and success.

IV. RESEARCH METHODOLOGY

The study's objectives are as follows:

- To learn about the role of digital banking in the lives of adults.
- To identify the digital banking services offered by Indian banks.
- To understand the benefits and drawbacks of digital banking.
- To comprehend the difficulties of digital banking.

Methods of Data Collection:

The information should be gathered from a secondary source. For this work, several research papers, bank data, and banking structure should be examined.

V. OUTCOMES

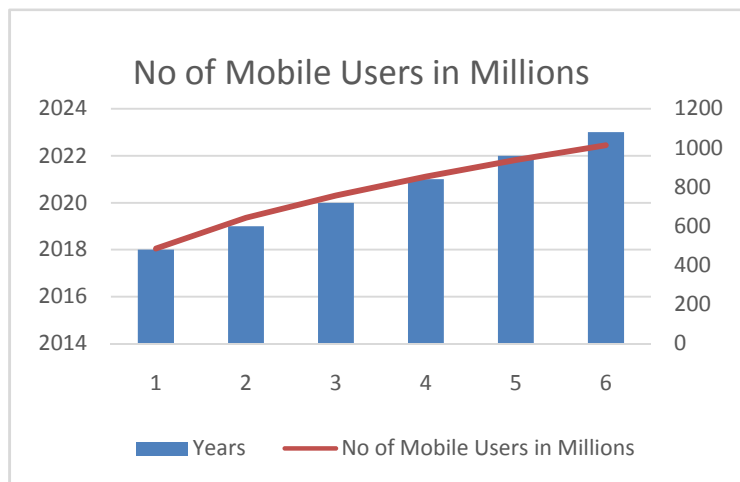
Objective 1: To learn about the role of digital banking in the lives of adults.

The timing has now been updated. Human life evolves in tandem with technological advancements. People used to go to banks and complete their work on their own. However, everyone is now educated and uses modern technology to advance. Due to a lack of time, no one like to visit a bank. Everyone is preoccupied with their work. I'm sure none of

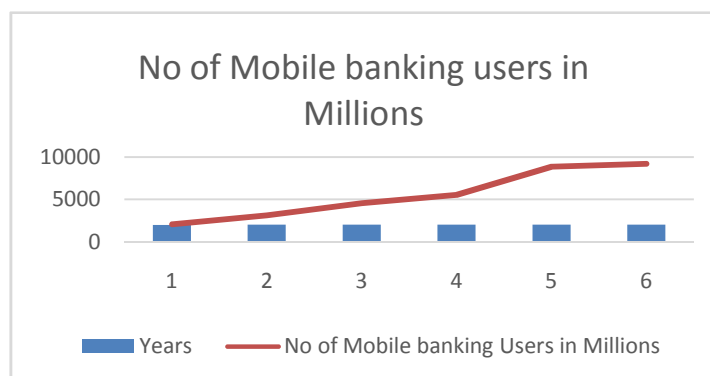
them wants to wait in queue to deposit or withdraw money. Everyone wishes for comfort and tranquilly in their lives. Previously, this queueing system was used.

Smart banking is now underway. And smart banking has entered our daily lives. It is a part of our everyday lives. Every transaction is now completed using mobile banking. Paying bills using mobile banking is now incredibly simple.

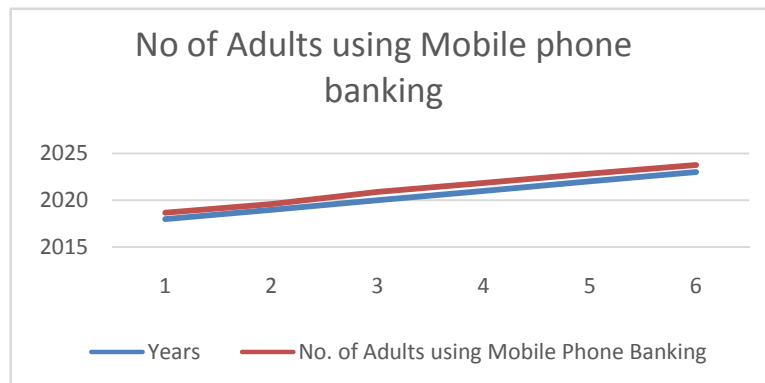
Years	No of Mobile Users in Millions
2018	485.14
2019	642.34
2020	757.2
2021	853.42
2022	938.27
2023	1013.57



Years	No of Mobile banking Users in Millions
2018	2071
2019	3134
2020	4572
2021	5554
2022	8840
2023	9192



Years	No. of Adults using Mobile Phone Banking
2018	69%
2019	62%
2020	90%
2021	86%
2022	83.50%
2023	77%



69% of individuals (3.8 billion adults) worldwide now use mobile banking. The Modi administration increased its attempts to boost the use of digitization in banking. The government-sponsored JanDhan Yojana initiative in India brought an extra 310 million Indians into the official banking system by March 2018, many of whom may not have had the opportunity to use their new account.

Since 2011, the contribution of adults in India has more than quadrupled to 80%.

Credit card and debit card transactions totalled 1.4 billion and 3.3 billion, respectively, in 2017-18. Prepaid payment instruments (PPIs) recorded around 3.5 billion transactions worth Rs 1,416 billion. According to an Avaya poll, Indians prefer a digital-first approach to banking and will not hesitate to complain about poor service. Online banking is used by 51% of Indians. 26% of Indian clients prefer to access services through their bank's website, and the same percentage would rather use a mobile app than speak with a person employee.

Benefits of Digital Banking for Student's:

- There is no need to bring cash (plastic notes).
- Avoid standing in large lines.
- A very secure system.
- There is no need to be concerned about money loss or theft.
- Money is easily accessible.
- A single card can be used for various purposes.
- Cut operating costs.

Digital banking Users according to Age Group:

Age Group	% of Users
Below 18	33.3
18- 29	78.6
30- 49	67.
50- 59	33.3
60 and Above	NIL

Objective 2: To identify the digital banking services offered by Indian banks.

- Tablet banking.
- Mobile check deposit.
- Tax alerts.
- E-Statements.
- Online Bill pay.
- Deposit Account opening.
- Account statement.
- Cheque book Issue.
- Fund Transfer facility.
- SMS Banking.
- Request status enquiry

Objective 3: To understand the benefits and drawbacks of digital banking.

Advantage	Disadvantage
1. Satisfaction of customers.	1. Increase the number of cyber-attacks.
2. Cost-cutting measures.	2. Concerned about privacy and security.
3. Work with less paper.	3. A rise in unemployment.
4. Compete with others.	4. Increase the expense of training and development.
5. Minimise human error.	5. It is ineffective for the uninformed.
6. Simple Account Management.	6. Computer literacy is required.
7. Transactions that do not involve cash.	7. The customer's view has shifted.
8. Enhanced Productivity.	8. Slow internet connection.
9. Improved staff performance.	9th. Transactional Fees.
10. It saves time.	10. Common reasons.

Objective 4: To comprehend the difficulties of digital banking.

- **Safety/privacy:** This is the most pressing issue in digital banking. Everyone is concerned about the privacy and security of digital banking. They are sceptical about digitalization. They only accept cash transactions. The majority of clients' attitudes about banking remained unchanged. They believe that as technology advances, some concerns will arise. Customers do not want to take any chances with the money they have worked so hard for their entire lives. With digitalization comes antiviral software that might damage your life.
- **Familiarity of Digitalization:** Many individuals are unfamiliar with the notion of digitalization. This system requires periodic updates to increase its accuracy. This digitization works only when customers are informed and knowledgeable about it. This is the problem of wanting to cover more and more clients. Because this understanding is crucial.
- **Internal Barriers:** The banking sector, like any other, has departments. The shift in technology has an impact on the departments of the corporation. Customers and bank workers are the most crucial components of the banking system. Employee understanding of digitization is vital because consumer awareness of digital transactions is important. How can staff influence consumers if they are unaware of this? As a result, banking systems may train their workers to keep up with technological advancements. It has the potential to improve staff performance and productivity.
- **Non-financial Institutions:** In addition to government banks, various other institutions like as Google, Facebook, and Paytm provide comparable services to their clients. Customers can use these non-financial institutions to pay money straight to someone else's bank account. These institutions were not subject to any rules or regulations. However, financial institutions were subject to certain restrictions. This is the most difficult topic for financial organisations to grasp.

- **Digital banking system:** The demand for digitisation is increasing rapidly these days. However, most banks lack the courage to use this strategy swiftly. For this, the greatest and most skilled management will be necessary, so that their policies and plans benefit the organisation. Some choose a ready-made system, while others prefer to design and deploy their own. It takes a long time to make a decision that will benefit the organisation. This makes deciding which system to implement difficult for the company because each option includes some cools and flames.

VI. FINAL REMARKS

Digital banking has a substantial market share. With technological innovation, there is a shift in the banking business these days. Every consumer now accepts digital banking for their convenience. However, some faults arise as a result of this development. As a result, there are some technological concerns that affect consumer impression. According to the survey, there are 562 million active digital banking customers in India.

Digital banking is transforming traditional banks into larger and more efficient venues to do business. Customers' transactions are simplified thanks to digital banking.

They can simply pay their bills, move money from one location to another, and check their bank data. The expansion of digital banking in India can aid in.

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