

Restructuring of Indian Economy: Digital Transformation of Banking Sector

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Abstract: *In the Indian economy, public sector banks are considered the backbone of the economy and now more than ever, private companies are entering the fray. This is great news for many customers, as customers are offered an expanded menu of savings and loan products and innovative services like online banking and easier transaction methods are being introduced. Banking system is an important aspect of every country's economy. Public Banks make transactions easy and efficient. The Indian banking sector has been experiencing a wave of change over the past decade. The growth in mobile banking and biometrics has affected the traditional business model of banks to some extent. However, most banks have shown tremendous resilience to these changes through adaptability and innovation. Advances in banking technology lead mobile banking to bring banking into the digital age: on the one hand, this duality between digitization and human factors is reflected in the banks' multichannel strategies. Accordingly, society's trust in the use of digital tools and processes in the economy has increased.*

Keywords: Indian Economy, Banking sector, Transformation, Digitization

Objective in the Study:

- To guide the digital system in rural areas.
- To make common customers understand the benefits of online system.
- Ensuring the security of the banking digital system.
- Strengthening the commitment to quality and excellence in banking management

Methodology: The study is based on both primary data and secondary data published collected from the magazines, news paper, various publication by the agencies were also referred to valuable secondary information was obtained from the libraries.

I. INTRODUCTION

The Digital Banking definition is banking done through the digital platform, doing away with all the paperwork like cheques, pay-in slips, Demand Drafts, and so on. It means availability of all banking activities online. The earliest forms of digital banking can be traced back to the advent of ATMs and cards launched in the 1960s. With the rise of the Internet along with early broadband in the 1980s, digital networks began to connect retailers with suppliers and customers which led to the development of the need for online cat log and inventory software systems.

In India, digital banking started taking shape in the late 1990s with ICICI Bank being the first one to bring the service to their retail clients. Digital banking became main stream only in 1999 as internet charges were reduced and there was increased awareness and trust with respect to the internet. In the 1990s, the Internet became widely available and online banking became the norm. Improvements in broadband and ecommerce systems in the early 2000s led to what the modern digital banking world looks like today. The proliferation of smart phones over the next decade opened the door for transactions to go beyond ATM machines. More than 60% of consumers now use their smart phones for digital banking.

Digital banking is part of the broader context of moving to online banking where banking services are delivered over the Internet. The shift from traditional banking to digital banking has been gradual and ongoing, and banking services have been created in varying degrees of digitization. Digital banking involves a high level of process automation and

web-based services that provide users with the ability to access financial data through desktops, mobile tabs and smart phones.

1.1 Need and Importance of the Study

In today's time, the banking sector has become most relevant for everyone. Through online banking, we can do our transactions from anywhere and at any time. The Internet has made sending money and transferring funds from one account to another at no cost. Thus, these core areas of banking have drastically changed the way people with access to the Internet do their banking in 2018. Online Banking is a facility where consumers can carry out their banking tasks, like paying bills, checking balances, etc. A few banks have announced that they will soon be offering new services for their clients.

Public sector banks are the backbone of the Indian economy, and now more than ever, private players are entering the fray. This is good news for customers, who will be offered a widening menu of savings and loan products and innovative services like online banking: an introduction to easy transaction methods. However, it is also good news for banks, as they will be forced to improve their services and compete more aggressively to retain customers. The banking sector in India has been undergoing transformation, driven by public sector

Help increase financial transactions and business efficiency. Digital platforms not only improve interactions with customers and serve their needs faster, but also provide methods to make internal operations more efficient. While banks have been at the forefront of digital technologies at the customer end for decades, they have not fully embraced all the benefits of middleware to accelerate productivity "Cost and Time Savings" one key for banks to reduce costs and time is automated applications that replace unnecessary manual labor. Relying on people and paper also takes up office space, increasing energy and storage costs.

Digital platforms can reduce costs in the future with more qualitative data and faster response to market changes accuracy in transactions. Traditional banks that rely mainly on paper processes can have an error rate of up to 40%, requiring rework. Along with lack of integration between branch and back office staff, this problem reduces business efficiency. By simplifying the verification process, the solutions are easy to implement with business software, leading to more accurate accounting. Financial accuracy is important for banks to comply with government regulations improved competitiveness.

Digital solutions help manage marketing lists, allowing banks to reach wider markets and build closer relationships with tech-savvy customers. In this platforms can track customer history and provide instant access to email and other forms of online communication. It is effective in implementing customer reward programs that can improve loyalty and satisfaction and faster processes. The use of automation can speed up both external and internal processes, both of which can improve customer satisfaction. After the financial market crash in 2008, more emphasis was placed on risk management. Instead of banks

All businesses, large or small, face an increasing number of cyber threats that can damage reputations. In February 2016, the Internal Revenue Service announced that it had been hacked the previous year, as had several large tech companies. Banks can benefit from additional security layers to protect data. hiring and training risk management professionals, risk management software can detect and respond to market changes better than even experienced professionals.

Digital systems reduce the need for paper, which inevitably takes up space occupied by technology. By using software that increases productivity by up to 50%, banks can improve customer service as they can resolve issues faster. One way the bank has improved its back-end business efficiency is by dividing hundreds of processes into three categories

- Fully automatic
- Partially automated
- Manual functions Automating

All operations are still not practical for many financial firms, especially those that perform financial reviews or provide investment advice. But the more a bank can replace cumbersome redundant manual tasks with automation, the more it can focus on issues that directly interact with customers. Barriers currently preventing banks from investing in a more digital back end environment include banks have traditionally prioritized launching new products that are still difficult to automate mergers and acquisitions. new products and government regulations have already established complex IT

architecture difficult to revise IT teams do not always grasp business priorities many banks lack the in-house IT expertise beyond traditional mainframe environments

- Banking wherever you need to be.
- There are many common banking tasks you can do without ever coming into a branch.
- Save time. When you are ready to deposit that check, so is our Union Bank® Mobile Banking app.
- Easy-to-use.
- Lower fees.

The purpose of the banking system is to provide security and confidence to the economy. The banking system works by managing the flow of money between people and businesses. The functions of a bank are mentioned below: Withdrawal and acceptance of deposits.

II. RESULTS AND DISCUSSION

The digital transformation of the bank is bringing many benefits. Improved security at all levels for information handling Most importantly, it increases the security of all types of transactions, customers don't like to wait, so they get faster and better facilities in less time A large information processing system ensures fast and secure transaction processing Better analysis and risk management is done for banking operations As the banking system has good fraud detection systems, you will not face fraud issues in any of the schemes. The digital banking sector enables the ability to eliminate potential mistakes of customers and other employees and to anticipate future problems and changes that will be faced and is the key to your financial success.

A digital system will help you prepare ahead of time, with reliable information on various possible scenarios, from any kind of minor disruption to a global economic crisis. In this way, you can make the right business decisions and integrate winning solutions in front of your competitors or change your business to another more promising and financially profitable industry. Customers don't like receiving standard offers that they don't need but are positive about receiving timely offers aimed at solving their specific needs.

Banking organizations will benefit from implementing the following measures in terms of their digital transformation strategy:

- Fraud detection system
- Know your consumer software Big data analytics platform
- Data encryption virtual assistant
- Providing online banking application Making online banking loan facility easy Preference given to professionals Building
- Big Data Mining and Processing Software with Micro service-Based
- Architecture Developing modelling and simulation software for predictive analytics needs
- In this way digital innovation will revolutionize every sector and make the Indian economy progressive.

III. CONCLUSION

- The digitalisation of banks is seen as the omnipresent challenge which the banking industry is currently facing. In this digital change process, banks are facing disruptive innovation that requires adaptation of almost all cooperative processes. Digital transformation in the financial industry is associated with obstacles that seem to hinder smooth implementation of digital approaches.
- In today's time, the banking sector has become most relevant for everyone. Through online banking, we can do our transactions from anywhere and at any time.
- The Internet has made sending money and transferring funds from one account to another at no cost. Thus, these core areas of banking have drastically changed the way people with access to the Internet do their banking in 2018.
- Online Banking is a facility where consumers can carry out their banking tasks, like paying bills, checking balances, etc. A few banks have announced that they will soon be offering new services for their clients.

- Growth of Digital Banking in India Covid - 19 has successfully established a new dimension to the future of digital banking in India. India saw a meteoric rise in digital adoption in that period. The emergence of new digital participation from other financial entities aided transition at the micro level.
- Can be enhanced by customer relationship management software. Therefore, this software must be integrated into the digital banking system, as it provides the means for banks to communicate directly with their customers. End-to-end compatibility is in demand for services optimized for convenience and user experience.
- The market provides cross-platform front ends, enabling purchasing decisions based on available technologies such as mobile devices, desktops or smart TVs that can facilitate customer engagement. The interest of the customer should be considered as important and should be given first priority.
- For banks to meet customer demands, they need to focus on improving digital technologies that provide agility, scalability and efficiency.

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