

Level of Digital Banking Awareness in Indian People

USHA

COMMERCE AND MANAGEMENT
DELHI UNIVERSITY

Gist

This paper reviews the digital and new banking technology awareness in Indian consumers. Banks have upgraded its Digital banking technologies and there is a large number of products introduced such as deposits, ATMs, debit cards, mobile payments, and the like. This paper examines the impact and understanding the effect of digital technology in the domain of Indian phenomena.

Following the Saraf Committee's 1994 recommendations concerning electronic funds transfer and the adoption of electronic banking technologies, digital banking began to emerge as a vital component of India's banking sector. These developments laid the foundation for faster, more convenient, and increasingly accessible banking services, transforming the way customers conduct financial transactions.

Digital banking refers to the transactions made online and banking services through online mode which offers more ease to the customer. Now customer need not to come physically to the bank, they can use banking services as per their convenient at their home or from anywhere in the country or outside.

Therefore, digital banking becomes more important to create more awareness among customer regarding their online banking services because information brings more safety.

Introduction

Due to rising market demand, Bank is offering its services through digital channels. With the help of these channels Customers can complete transactions more quickly, accurately, and conveniently and Bank has also upgraded the old practices through which they interact with their clients.

The Government of India has sought to expand digital awareness across the country as part of its financial-inclusion agenda established in 2015. To support this objective, the Government launched initiatives such as the Digital India programme in 2015 and related digital banking campaigns thereafter. These efforts have contributed to the growth of digital banking; however, a significant gap remains between policy objectives and actual adoption. Urban consumers generally demonstrate greater awareness and confidence in using digital banking services than rural consumers, who continue to face barriers such as limited digital literacy, inadequate internet and smartphone access, lower income, and concerns about security. Therefore, expanding digital banking requires more than technological infrastructure; it also demands targeted awareness programmes, user-friendly banking platforms, and continuous guidance for rural and less digitally literate customers.

Literature reviews

(Kaur et al., 2021)

Previously, the banking procedure took a long time. Customers were required to preserve physical records of their transactions or banking histories. However, the advent of digitalization has made paperless banking a reality for everyone. The development of technology has been a key factor in India's banking industry's progress.

(Haralayya, Dr. (2021)

This qualitative study aims to analyze the impact of bank in-branch initiatives on consumers' transition from branch banking to digital banking in India. Customers' transition to digital banking may be facilitated via in-branch customer interaction, branch digital transformation, customer-centric initiatives, and redefining the role of branch staff.

In order to win clients' confidence and trust in digital banking, the study contends that integrated cultural and organizational changes at the bank level are a vital component in increasing its adoption of the practice in India.

(Kaur et al., 2021). The way people live and conduct business has altered as a result of the fastest-growing technologies in recent years. The existence of the internet and mobile devices has resulted in a significant shift of many industries, including banking and finance, from manual to automation activity and from offline to online transaction.

(Popova, Y. 2021)

The study's results indicate that a number of positive aspects of digital banking, including its ease of use for accepting payments, its ease of use for making payments, its ease of use for managing business expenses, its ease of use for saving time, and its ease of use for preventing cash theft or misallocation, are helping MSMEs in India grow.

Objectives

- To identify digital banking awareness in consumers and challenges faced by them.
- To provide suggestion for improving the awareness.

Review

However, the trend of Paytm, PhonePe, and Google Pay is considered as digital awareness, but this is not true. Digitalization is broader term and most of the Indian customers are still not able to understand and enquire about their financial statements."

"There are many Customer who are using Paytm's but unable to use banking official apps & Internet banking. As per their perception these apps and online banking is very complicated and not user friendly. people still want a physical printed copy of their Passbook & other financial transaction, like FDR & RD's and these habits are making the digitization complicated. Genrally Digitization is running between online and offline banking. This is due to different class of customers some of them prefer traditional and some of them are looking for modern banking

As per Data, India's digital literacy is only 37% and in urban areas it is near to 61% and in rural areas is lags behind approximately 25% to 31%.

In rural areas, digital literacy is only on papers, these people are not familiar with online banking system. They still having a fear of online internet banking. They have a regular practice to visit the Bank and printing all transactions from the Bank.

Due to their low education & income background, banking practices is still some for them. They are resisting the change and don't want to adopt the new financial system.

Factors Affecting in making Digital :

1. Educational background of customer
2. Smartphone & internet availability
3. Income & financial level
4. Learning ability of customers

Challenges

Now a days customer becoming more aware about digitization, still there are many challenges and issues raising such as cyber security and payment issues like wrong amount transfer and sometimes wrong beneficiary transfers.

- **Reckless Transactions:** Due to digitization there is free customer's authority to make any type of transactions in his account. Hence, Customers doing reckless transactions in their accounts without knowing its consequences, cases like account freezing and blocking from CFRMS cell increasing everyday.
 - **Security Risks:** Digital payments face regular cyber security threats, including incorrect amount entries and wrong beneficiary transfers.
 - **Account Enforcement:** Due to reckless and unauthorised digital activities, there is a multifold rise in bank frozen cases or blocked by systems like the **CFRMS** (Citizen Financial Cyber Fraud Reporting and Management System).
 - **Core Socioeconomic Factors:** Digital adoption and safety are heavily dictated by the customer's educational baseline, financial standing, internet access, and cognitive learning pace.
 - **App Preference Bias:** Users readily adopt simplified fintech wallets like Paytm but actively avoid official mobile and internet banking platforms because they find them too complex.
 - **The Paper Dependency:** A heavy psychological reliance remains on physical verification. Users prefer printed passbooks, fixed deposit receipts (FDR), and recurring deposit (RD) records, which slows down digitization.
 - **Rural Realities & Fear:** In rural sectors, digital literacy is mostly theoretical ("only on papers"). Deep-rooted fear and unfamiliarity with digital systems drive people to visit physical branches for basic updates.
 - **Resistance to Change:** Low socioeconomic metrics (education and income) reinforce archaic banking habits. This creates a cultural barrier where users actively resist transitioning to modern digital financial ecosystems.
- The "Awareness" Illusion:** Simply using common peer-to-peer payment applications does not equate to genuine digital financial literacy. True digitalization includes the capacity to monitor, comprehend, and audit one's personal financial statements.

Conclusions

Digitization is very important for consumers as mini loans and other many services like insurance and instant payments are possible only through using the digital channel.

But Digitization, still very low among Indian consumers in today's modern era of 2026, mainly due to safety concerns and low financial literacy rate. But being digital is the future and after advent of A.I. using these online channels has become more simpler with A.I. assistant and through Biometric passwords Online payment safety has been enhanced.

Govt. & Banking systems need to be more strengthened to spread the digitization, they should create more camps, workshops & advertisement for cyber safety and financial literacy to strengthen the digitization. UPI systems should be more secure and ease, so that every ordinary customer can understand and perform."

Keywords:

- FDR- Fixed Deposit Receipts
- RD-Recurring Deposits
- CFR- Citizen Financial Cyber Fraud Reporting and Management System
- AI-Artificial Intelligence

Sources

The publications and articles are obtained from a variety of sources, including researchgate.com, science direct, and google scholar. articles that are relevant to this topic were gathered and looked at. The overall conclusion of this study shows that the majority of earlier studies focused on how financial inclusion and digital banking positively benefited economic and social growth.

References

1. Kaur, B. et al. (2021) "Digital Banking in Northern India: The risks of customer satisfaction," Risks, 9(11), p. 209.
Available at: <https://doi.org/10.3390/risks9110209>
2. Haralayya, B. (2021). How Digital Banking has brought innovative products and services to India. Journal of Advanced Research in Quality Control and Management, 6(1), 16-18.
3. Kaur, S. J., Ali, L., Hassan, M. K., & Al-Emran, M. (2021). Adoption of digital banking channels in an emerging economy: exploring the role of in-branch efforts. Journal of Financial Services Marketing, 26, 107-121. DOI:[10.1057/s41264-020-00082-w](https://doi.org/10.1057/s41264-020-00082-w)
4. Popova, Y. (2021). Economic Basis of Digital Banking Services Produced by FinTech Company in Smart City; Journal of Tourism and Services, 23(12), 86-104.
[Doi: 10.29036/jpts.V12i23.275](https://doi.org/10.29036/jpts.V12i23.275)

Athors / Institutions: Usha (2026) Net qualified, MBA-finance and M.com