

# STUDY ON ROLE OF DIGITIZATION IN INDIAN BANKING INDUSTRY

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Abstract:

Banking is the major Part of Indian market, from ancient period the banking is going on in every part of the world and likewise many major and crucial changes are taking place in the Banking Industry. In current scenario, the demand of banking is anytime, anywhere banking, which requires innovative robust secure optimized. Digital transformation is moving from traditional banking to digital banking. This transformation leads to the major changes in the organizations as well as from the point of view of customers. This Paper covers all the role of digitization in Indian banking industry, differentiated between traditional banking and digital banking in India, latest trends of digital banking in India, technological milestones in Indian banking also the transformation in Banks condition. The study is based on secondary data. The data has been extracted from the various sources like research articles, publications from government of India, and authenticated websites. The study found that, digital banking has reduced the operating costs of banks. Digital Banking made it possible for banks to charge lower fees for services they offer higher interest rates for deposits. Customers are more in favour of Digital Banking instead of Traditional Banking because of anytime, anywhere feature. Lower operating costs meant more profits for the banks. The study also found that, digital banking is having enormous potential to change the financial industry. Easy to use and handle is the mainstream feature and USP for Digital Banking.

## **Introduction:**

The banking industry has undergone numerous changes because of rapid development of technology in the last decade. This changes are good as well as bad at the same time. Digitization is not an option for banking industry, it is inevitable. The new trend in India now a day is cashless Banking. Successful implementation of demonetization, has lead the government to implement digital transactions. Digitalization means the adoption of technology. Digitalization of banking requires platforms like Unified Payment Interface (UPI), Aadhar Pay, Debit

Cards and Immediate Payment Service (IMPS), etc.

Digital banking is adoption of various existing and emerging technologies by the banks. In the present scenario, we find ourselves in a digital wonderland. Digital banking provides solutions to bankers for their short term and long term business and technological requirement in both factors software and hardware. In the present scenario, various factors like customer satisfaction, unified customer experiences, faster output, infinite banking volumes, financial inclusion, scale of economy etc. are being sought by grip of digital banking technologies. With the existence of Digitization traditional them of banking is fading away as customers from small scale to large scale are moving towards the digital banking.

### **Objectives:**

- Comparative study on Traditional and Digital Banking.
- To Study the changes occurred after Digital Banking came into existence in Indian Market.
- To Study to Online/Digital Banking Trends in Indian Banking.
- To Study the transformation in Banks condition because of Digital Banking.

### **Literature Review:**

#### **Impact of Digitalization on Indian Rural Banking System and Rural Economy:**

The paper focuses on the review and summarizes various studies which were made by different researcher of different location across India on the impact of digitalization on rural banking system of India. The study found that, digital banking is having enormous potential to change the landscape of financial inclusion. The study also found that, with the features as low cost, ease of use digital banking can accelerate the integration of unbanked economy to the mainstream.

#### **Study of Consumer Perception of Digital Payment Mode:**

India exposure towards digital banking is high on the pick after demonetization took place in India. This paper focuses on the different banking and money transferring process through various digital platforms like UPI Payments, AEPS, Mobile wallets, Internet Banking and etc. Digital payments in India have been experiencing exponential growth and with growth of internet and mobile penetration, in coming years the country is ready to witness a huge rush in the adoption of digital payments.

#### **The Impact on Digitalization on Banking and Financial Stability:**

This paper covers the impact of digitalization on banking activities and challenges that imposes for financial stability. The study found that, digitalization is an opportunity to reduce marginal costs and increase productivity in financial services.

#### **Study on e-banking vs. Traditional banking in India:**

This paper covers about the various advantages and disadvantages regarding E-banking and Traditional Banking also challenges faced by the same, like new coping with the new trends coming also the habit of traditional

banking, understanding of new technologies etc.

### **Methodology:**

Research Methodology is a procedure or technique used to defining and redefining of problems, formulating hypothesis or suggested solutions, collecting, organizing, and evaluating data, making deductions and reaching conclusions, and at last carefully testing the conclusion to determine whether they fit into the formulating hypothesis. This whole research is based on the secondary data also the data has been extracted from various sources like research articles, publications from various bulletins of RBI, websites, newspapers, magazines etc.

### **Findings:**

The research is based on study role of digitization in Indian banking industry, following are the findings drawn from the research:

- Digital banking has drastically reduced the operating costs of banks. This has made it possible for banks to charge lower fees for services they offer to customers
- With convenience of anytime, anywhere banking, the number of customers has increased for banks. Human error in calculations and record keeping is reduced. With records of every transaction being maintained electronically, in which reports and other various data information can be maintained with ease
- The benefits of digital banking stress its importance by themselves. Whereas traditional banking is getting behind with the time, people with less technical knowledge faces most of the problems with digital banking.
- With a high rate of crime and corruption, digital banking is a safe way to handle financial transactions.
- Safety options has increased with various options of digital transaction.
- Digital banking is having enormous potential to change the landscape of financial inclusion.
- Digital Banking has become the mainstream of banking industry in the current scenario.

### **Suggestion:**

- Technical difficulties must be avoided by employing well trained and expert technicians in field of computers.
- Seminars and workshops should be organized by the banking professionals for various topics such as utilization of e-banking services especially for those who are ATMs or computer illiterate.
- E-banking services should be customized on basis of marketing mix.
- It is important for banks to work on not only good website, social media connect and mobile banking etc.
- Banks must be careful regarding cyber threats; Banks should be prepared to handle cyber-attacks.
- New regulations constrain banks to adopt their digital offerings, widening the competition form new players.
- Banks must be aware about the safety and RBI policies regarding digital banking

## **CONCLUSION:**

Overall, from this research we can conclude that with the increasing usage of smart phones, digitalization of banking sector is inexorable to catch up the increasing expectations of the world. It has reduced the human errors and increased convenience. With the help of digital banking, most businesses do not have to rely on the bank operation timings. The number of customer base has also increased because of the convenience in 'Anywhere Banking'. Digitization has reduced human error. With anytime, anywhere banking solution customers are more reliable and can do work anytime with more comfort and ease. In rural areas it might get difficult for the people to come up with the digitization situation but soon people will understand the importance of Digital banking in day to day life.

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