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ABSTRACT:

Digital banking circumscribes composite services delivered over the World Wide Web which go for serving the two banks and shoppers as a methods for giving a helpful, speedier and preferable experience over conventional managing an account. The move from customary and advanced saving money is continuous and ought to be information through work areas , portable administrations and ATM administrations.



preferably depicted in degrees of administration digitization than through an arrangement into yes and no. It includes large amounts of process mechanization and electronic administrations and may incorporate APIs empowering cross-institutional administration piece to convey keeping money items and give exchanges. It gives the capacity to clients to get to money related

INTRODUCTION

Digitization in banking industry essentially means making banking smooth and seamless for the customers. In the recent years, there is a notable drop in the usage of branches and tremendous increase in digital banking consumption. Most of the private banks and public sector banks are focused on offering new technology-based services to its customers like mobile banking, mobile banking apps and e-wallets. The biggest advantage of digital channeling in banking is its ability to provide new propositions and customer specific business models by analysing this banking pattern which explores the customer value to the maximum.

Information Technology (IT) today has become an important tool for an efficient banking system, and Indian banks have put in place a fairly strong infrastructure to leverage its benefits. Digitization is not an option for banking industry rather it is envitable because every industry is being digitized and banking sector is no exception for that. Now India as well as Indians is ready to become cashless in the era of Digitization. It is no brainer that banks are the backbone of the economy, they sink and sail with it. With the advent of mobile banking services steadily moved forward with digitization to offer customer services through their fingertips and laptop screens. The 'Digital India' campaign Started by Mr. Narendra Modi has the potential to transform the Indian banking industry. While highlighting the progress of 'Digital India', more than 2,000 post office branches have been linked into payment banking. Apart from giving licences to private banks, many other policies and regulations are expected to be in place in the upcoming years which can bring a

paradigm shift in the Indian banking sector. The Digital India vision aims to transform our country into a digital economy with participation from citizens and businesses. Over 190 million accounts have been opened under the financial inclusion scheme, with around 38 per cent of these being zero-balance accounts. It aims at achieving the maximum -- maximum value, maximum empowerment to people and maximum technological penetration among the masses. India, being a nation which continues to be driven by cash, is also moving towards a cashless economy with financial inclusion policy and 'Digital India' campaign by the government with the aim of controlling the flow of black money.



DESCRIPTION

A digital bank represents to a virtual procedure that incorporates internet saving money and past. As a conclusion to-end stage, computerized managing an account must envelop the front end that purchasers see, the back end that investors see through their servers and administrator control boards and the middleware that interfaces these hubs. Eventually, a computerized bank ought to encourage every single useful level of counts on all administration conveyance stages. As it were, it ought to have all an indistinguishable capacities from a head office, branch office, online administration, bank cards, ATM and purpose of offer machines.

The reason digital banking is more than just a mobile or online platform is that it incorporates middleware arrangements. Middleware is programming that extensions working frameworks or databases with different applications. Money related industry divisions, for example, hazard administration, item improvement and promoting must likewise be incorporated into the center and back end to genuinely be viewed as an entire computerized bank. Money related establishments must be at the front line of the most recent innovation to guarantee security and consistency with government controls.

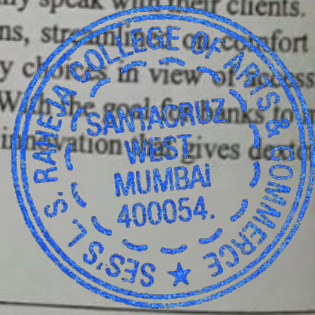
HISTORY OF DIGITAL BANKING

The earliest forms of digital banking trace back to the advent of ATM machines and cards propelled in the 1960s. As the web rose in the 1980s with early broadband, advanced systems started to associate retailers with providers and customers to grow requirements for early online lists and stock programming frameworks.

By the 1990s the Internet emerged and online banking started becoming the standard. The change of broadband and internet business frameworks in the mid 2000s prompted what took after the cutting edge advanced saving money world today. The multiplication of cell phones through the following decade opened the entryway for exchanges in a hurry past ATM machines. More than 60% of shoppers now utilize their cell phones as the favored strategy for computerized saving money.

The test for banks is presently to encourage requests that associate sellers with cash through channels dictated by the buyer. This dynamic shapes the premise of consumer loyalty, which can be sustained with Customer Relationship Management (CRM) programming. In this manner, CRM must be incorporated into an advanced saving money framework, since it gives intends to banks to specifically speak with their clients.

There is an interest for end-to-end consistency and for administrations, streamlined, convenient and client encounter. The market gives cross stage front finishes, empowering buy choices in view of accessible innovation, for example, cell phones, with a work area or Smart TV at home. With the goal for banks to meet shopper requests, they have to continue concentrating on enhancing advanced innovation that gives diversity, versatility and productivity.



DISRUPTIVE FINTECH COMPANIES

Traditional banks are confronting developing rivalry from FinTech new organizations, which are budgetary advancement firms that rely upon PC systems that energize dealing with a record and cash related services. These organizations have the potential for perpetual problematic advancement. Cases of computerized keeping money administrations and organizations are:

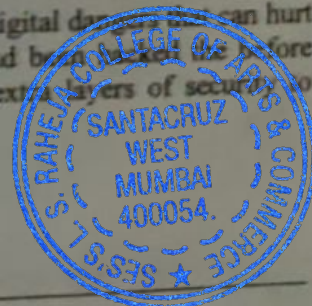
- Stripe - online installment condition for private people
- Ayden - internet business for advanced organizations including Facebook
- Lending Club - biggest worldwide distributed loaning stage
- Commonbond - commercial center for minimal effort understudy advances
- Kabbage - gives private venture subsidizing
- Robinhood - cell phone application for contributing while at the same time bypassing commissions
- Wealthfront - robotized venture benefit giving "roboadvisors"
- Billguard - cautions clients about tricks, charging blunders and concealed expenses

What digital banking means for banks

A study conducted in 2015 revealed that 47% of brokers see potential to enhance client relationship through computerized saving money, 44% consider it to be a way to create upper hand, 32% as a channel for new client obtaining. Just 16% accentuated the potential for cost saving.

Major benefits of digital benefits are:

- Business efficiency - Not just do advanced stages enhance communication with clients and convey their necessities all the more rapidly, they additionally give strategies to making interior capacities more effective. While banks have been at the front line of computerized innovation at the buyer end for a considerable length of time, they have not totally grasped every one of the advantages of middleware to quicken profitability.
- Cost savings - One of the keys for banks to cut expenses is computerized applications that supplant repetitive difficult work. Conventional bank preparing is expensive, ease back and inclined to human blunder, as indicated by McKinsey and Company. Depending on individuals and paper likewise consumes up office room, which keeps running up vitality and capacity costs. Computerized stages would future be able to diminish costs through the cooperative energies of more subjective information and quicker reaction to showcase changes.
- Increased accuracy - Traditional banks that depend fundamentally on paper preparing can have a mistake rate of up to 40%, which requires adjusting. Combined with absence of IT incorporation amongst branch and back office staff, this issue decreases business effectiveness. By disentangling the confirmation procedure, it's less demanding to execute IT arrangements with business programming, prompting more precise bookkeeping. Monetary precision is critical for banks to conform to government directions.
- Improved competitiveness - Digital solutions help oversee showcasing records, enabling banks to achieve more extensive markets and manufacture nearer associations with educated buyers. CRM stages can track client history and give speedy access to email and different types of online correspondence. It's viable for executing client rewards programs that can enhance unwaveringness and fulfillment.
- Greater agility - The utilization of robotization can accelerate both outside and inward procedures, both of which can enhance consumer loyalty. Following the fall of budgetary markets in 2008, an expanded accentuation was set on chance administration. Rather than banks enlisting and preparing hazard administration experts, it's workable for chance administration programming to distinguish and react to showcase changes more rapidly than even prepared experts.
- Enhanced security - All businesses big or small face a developing number of digital dangers that can hurt reputations. In February 2016 the Internal Revenue Service proclaimed it had been hacked before year, as finished a couple of real tech associations. Banks can benefit by extra layers of security to guarantee data.



The digital transformation of the economy and society

Since their emergence at the end of the twentieth century, the digital technologies have achieved a rapid adoption in a very short space of time, leading to a process of transformation which is profoundly changing society and the economy. The number of connections, interactions and transmissions of information that we carry out using digital technology is growing exponentially, blurring physical barriers and reducing the cost of accessing information. Interconnectivity, the Internet of things and automation are the main exponential technologies to which companies have to adapt now. Let me say a word on each of the three.

• **Interconnectivity/Mobile technology:** In the past ten years the use of mobile devices connected to the Internet has taken off, thanks to the roll-out of mobile broadband networks and the growing affordability of the devices. Their low price and ease of use have narrowed the digital divide, extending the benefits of digitisation to practically the whole world population.

• **Internet of things/Big Data:** Big data analysis techniques are geared to analysing and extracting value from large volumes of information at high speed. The types of data that can be processed now include not just structured information but also unstructured data in huge and exponentially growing quantities thanks to the hyper-connectivity among people and machines (the Internet of Things).

• **Automation/Artificial intelligence:** It will be the next technological frontier with a significant impact on the labour market, and which will be an essential part of this 4.0 industry. This discipline is devoted to designing IT systems based on highly flexible algorithms with characteristics normally associated with human intelligence and behaviour, such as understanding language, learning, reaching own conclusions, etc. In the medium term we shall most probably see the automation of certain activities, which will require productive processes to be redefined so that humans continue to contribute value where they perform best.

Back End Banking Architecture

A key in which digital banks can pick up a critical focused edge is building up a more vigorous IT engineering. By supplanting manual back-office strategies with mechanized programming arrangements, banks can decrease representative blunders and accelerate forms. This change in outlook can prompt little operational units and enable administrators to focus on enhancing undertakings that require human intercession.

Automation reduces the requirement for paper, which unavoidably winds up consuming up room that can be possessed with innovation. By utilizing programming that quickens profitability up to half, banks can enhance client benefit since they will have the capacity to determine issues at a quicker pace. One way a bank can enhance its back end business proficiency is to partition many procedures into three classes:

- full automated
- partially automated
- manual tasks

Despite everything it isn't viable to mechanize all operations for some, monetary firms, particularly those that direct money related surveys or give speculation counsel. In any case, the more a bank can supplant bulky excess manual assignments with robotization, the more it can concentrate on issues that include coordinate correspondence with clients. The hindrances as of now keeping banks from putting resources into a more computerized back end condition are:

- banks have customarily organized propelling new items that are as yet hard to mechanize
- mergers and acquisitions, new items and government controls have officially settled complex IT engineering hard to update
- IT groups don't generally get a handle on business needs
- many banks do not have the in-house IT skill past customary centralized computer conditions

DIRECTION TOWARD DIGITAL CASH

Digital cash eliminates many problems associated with physical money, for example, removal or the potential for cash to be stolen or harmed. Furthermore, computerized money can be collected and represented all the more precisely in instances of debate. As shoppers locate an expanding number of opening readily available, there is less need to convey physical trade out their wallets.

Different signs that interest for computerized money is developing are featured in the illustration of shared installment frameworks, for example, PayPal and the ascent of untraceable digital means of money, for example, bitcoin. Nearly anything possible that can be paid with physical money can also be paid

with the swipe of a bank card, including stopping meters. The issue is this innovation is as yet not inescapable. Trade course became out the United States by 42% in the vicinity of 2007 and 2012, with a normal yearly development rate of 7%, as indicated by the BBC.

The idea of an all computerized money economy is not any more only an advanced dream however it's still improbable to outdate physical trade out the not so distant future. Every single computerized bank are conceivable as a purchaser alternative, however individuals may in any case have a requirement for physical trade out specific circumstances. ATMs enable banks to cut overhead, particularly on the off chance that they are accessible at different key areas past branch workplaces.

Emerging Digital Solutions

Emerging forms of digital banking are

- BaaS - Banking as a Service (takes into account outsider mix)
- BaaP - Banking as a Platform (for coordinating center frameworks with programming)
- Cloud-based Infrastructure (permits less dependence on IT staff)
- White Label Banking, (for example, co-marked charge cards)

These arrangements expand on upgraded specialized designs and diverse plans of action.

Future of Digital Banking

The decision for banks to add more digital solutions at all operational levels will majorly affect their budgetary steadiness. While not all banks are in a position to roll out snappy improvements to IT framework or the engineering over it, banks intending to be disrupters can advance toward expansive end-to-end robotization can do as such finished around a six month time allotment.

CONCLUSION:

The Banking sector is now witnessing a new waave of evolution with innovations in the fintech space, especially with the proliferation of prepaid wallets. Indian Banking Industry has shown considerable resilience during the return period. The second generation returns will play a crucial role in further strengthening the system. Indian banking system will further grow in size and complexity while acting as an important agent of economic growth and intermingling different segments of the financial sector. It is sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations. Adoption of stringent prudential norms and higher capital standards, better risk management systems, adoption of internationally accepted accounting practices and increased disclosures and transparency will ensure the Indian Banking industry keeps pace with other developed banking systems. Finally the banking sector will need to master a new business model by building management and customer services. Banks should contribute intensive efforts to render better services to their customer. Nationalized and commercial banks should follow the Recent trends and to get advantage of opportunities in changing banking scenario.

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