

**DIGITAL BANKING: THE FUTURE OF BANKING****D.S. Jana<sup>1</sup>, A.E. Khedkar<sup>2</sup> and C.E. Khedkar<sup>3</sup>**<sup>1</sup>Dr D Y Patil School of Management, Lohegaon, Pune<sup>1</sup>debashree.aims@gmail.com**ABSTRACT**

*Digital Banking is the automation of traditional banking services. Digital banking enables a bank's customers to access banking products and services via an electronic or online platform. Digital banking offers several benefits such as convenience, 24x7 availability, paperless transactions and hassle-free payment of utility bills. From a macro perspective it helps the financial inclusion cause, avoid counterfeit notes and limits the growth of black economy. It helps accomplish wide range of applications such as funds transfer, cash withdrawal from ATMs, getting transaction statements, paying utility bills, investments, and other services such as stopping checks. With the growing penetration of internet and affordability of smartphones, digital banking holds promise to be the future of banking.*

**Keywords:** digital banking, internet, mobile banking, smartphones

**Introduction**

Digital Banking is the automation of traditional banking services. Digital banking enables a bank's customers to access banking products and services via an electronic or online platform. Digital banking means to digitize all of the banking operations and substitute the bank's physical presence with an everlasting online presence, eliminating a consumer's need to visit a branch (Tavaga, 2021).

**Benefits of Digital Banking**

1. Digital banking enables consumers to perform banking functions from the comfort of their homes, be it an older individual who is worn out on waiting in lines or a working-class professional who is caught up with work, or a regular individual who would not like to visit the bank's branch to run a single task. It also offers convenience.
2. Digital banking allows a user to carry out banking work around the clock, with 24\*7 availability of access to banking functions.
3. Probably the biggest drawback of traditional banking was the excessively placed importance on paper. Banking has become paperless with the advancement of digital banking as a service. A user can sign into their account at any point on schedule to monitor records.
4. Digital banking allows a user to set up automatic payments for regular service bills like power, gas, telephone, and credit cards. The customer no longer has to make a

conscious effort of remembering the due dates. The customer can choose alerts on upcoming payments and outstanding dues.

5. Online shopping has become a cakewalk with payment channels becoming very much integrated with the online shopping portals. Internet banking has significantly contributed to online payments.
6. Digital banking extending services to far off areas is seemingly a stage toward inclusive development. With smartphones at affordable costs and internet access in far off areas, the rural population can make the most out of digital banking services.
7. Digital banking-enabled fund transfers diminish the danger of counterfeit currency.
8. With the assistance of digital banking, a user can report and block misplaced credit cards at the snap of a button. This advantage greatly fortifies the privacy and security available to a bank's customer.
9. By promoting a cashless society, digital banking limits the circulation of black money as the Government can monitor fund movements.

**Literature Review**

There is ample research on the topic of digital banking. Below are a few abstracts from the recent literature.

Kaur et al. (2021), have posited that, the point of this qualitative study is to examine the part of in-branch efforts of banks on migrating customers from branch banking to digital banking in India. In depth semi structured

interviews were led with bank executives representing senior management from public and private sector banks in India. Qualitative content analysis technique was utilized to break down the data. Varieties of reactions got during interviews were clubbed into four main subjects dependent on data reduction, display, and conclusion drawing processes. In branch communication with customers, digital transformation of the branch, customer centric initiatives, and redefined job of branch staff hold the possibility to connect the customers migration to digital banking.

Bhasin and Rajesh (2021), have argued that, the Indian banking system is passing through the excursion of progressive changes from traditional banking to e collaboration of digital banking products and financial technologies (Fintech) companies. They are creating financial disruptions and changing the state of the payment system. Fintech is a new trendy expression in the banking and finance industry which need to combine the core traditional banking liability and lending functions with new financial technology. It's a win-win circumstance for both Indian banks that have a huge customer base and a wide network of branches. Then again, Fintech companies are exceptionally solid in technology, however they need to fabricate trust among the customer for the appropriation of new digital and Fintech products. This exploration paper follows the different difficulties and opportunities Indian banking system is facing in collaboration and co invention with Fintech firms.

Meher et al. (2020), have opined that, the motivation behind this paper is to define a multiple regression model by considering those factors which are decidedly affecting the development of Micro, Small and Medium Enterprises (MSMEs) in India. The data utilized in this study are primary in nature which are collected through questionnaire technique. The questionnaire involves the nature and size of business and opinion of the proprietors and administrators of 454 MSMEs in Katihar region, a semi-metropolitan area of Bihar in India, regarding the various favorable factors of digital banking on a Likert size of 1 to 10. The findings of the study recommend the various favorable factors of digital banking

with significant coefficients are contributing towards the development of MSMEs in India.

According to Singh and Srivastava (2020), the Indian banking sector can exploit the proliferation of smartphones just as the governments encouragement of cashless transactions to speed up the use of mobile and online banking. The motivation behind this study is to understand the initial acceptance of mobile banking by existing online banking users. To this end, a hypothetical model was created using the technology acceptance model, which was reached out to cover the adoption factors that influence users of online banking to use mobile banking. These adoption factors comprise perceived ease of use, perceived security, mobile self-efficacy, social influence and customer support. The dependent variable is customers' behavioral intention to use mobile banking. The study tracked down that the adoption factors fundamentally affected customers' behavioral intention to use mobile banking.

According to Das (2020), in the goods industry, the product is considered the primary brand with various attributes. In any case, for the situation of the services industry, the company itself is a primary brand. This study is based upon primary exploration of the services (banking) sector as an instance of service branding with services extended marketing mix variables. A model has been created to recognize the effect of services extended marketing variables on customer-based brand equity. Two components of customer-based brand have been given consideration, for example, brand awareness and brand association. For this reason, a structured questionnaire was ready, and a survey was conducted on 400 respondents, and a structural equation model has been applied.

Moreover, Malar et al. (2019), Kaur et al. (2020) and Gaur et al. (2019), have dealt with various aspects of digital banking.

### **Applications of Digital Banking**

1. Fund transfers: The ability to transfer funds is quite possibly the main advantages of Digital Banking. There's no need to go through the hassle of issuing checks or Demand Drafts. Digital Banking assists with transferring funds to anyone, anytime.

- There are several choices available, similar to IMPS, RTGS, NEFT, and so on. It's much easier to do it on the MobileBanking App.
2. Cash withdrawal: With ATMs all over the place, there is no need to visit a bank branch. Digital Banking allows to withdraw cash from the ATM at any time, day or night.
  3. Getting statements: Using Digital Banking bank statements can be downloaded for any period at any time. There's no need to visit a bank branch and get a printout.
  4. Paying the bills: Digital Banking has made it such a great deal easier to pay the bills. Regardless of whether it's electricity, gas, phone or different bills, they can be paid via logging in. And moreover, there is the auto-charge facility that allows the bills to be paid automatically as and when they arrive.
  5. Investments: Investing has never been easier, thanks to Digital Banking. Opening a Fixed Deposit with the bank takes a couple of moments. Further, Digital Banking can be used to make investments in different instruments as well.
  6. Mobile Banking: The primary phase of the Digital Banking insurgency was through the internet. The second phase of Digital Banking involves mobile phone platforms. After smartphones came into the market, Digital Banking has taken off amazingly.

7. Keeping track of transactions: Digital Banking has made it incredibly easier for customers to track transactions.
8. Stop checks: Digital Banking makes it extremely easy to stop checks (HDFC Bank, 2021).

### Conclusion

Digital Banking is the automation of traditional banking services. Digital banking enables a bank's customers to access banking products and services via an electronic or online platform. There are several benefits of digital banking. First, it offers a great convenience. Second, the digital banking transactions can be done any time during the day or night. Third, it offers paperless transactions and avoids any type of record keeping. Fourth, it helps pay utility bills without any hassle. Fifth, it helps the financial inclusion cause. Lastly, it helps avoid counterfeit notes and limits the growth of black economy. Digital banking has several applications, such as, online fund transfer using IMPS, NEFT or RTGS, cash withdrawal from ATMs at any time, getting transaction statements, paying utility bills, investments, and other services such as stopping checks. With the growing penetration of internet and affordability of smartphones, digital banking holds promise to be the future of banking. The way people bank will definitely change, for the better.

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