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## DIGITAL BANKING: A NEED OF TIME

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Swapna Kailas Godhade

*Assistant Professor Arts and Commerce College Soygaon*

*Tal: Malegaon Dist: Nashik*

*E-Mail ID- swapnakg7777@gmail.com*

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### **Abstract:**

Digital banking is one of the most important developments for the banking industry in its long history. However, even with the many benefits that online banking provides to customers, there are also a number of major concerns and challenges for marketers in the online banking sector. Traditional banking habits, security, technical issues, transaction difficulties, and small marketing budgets are all major challenges that online banking marketers will have to merge if they are to succeed in this field. Digital banking is part of the broader context for the move to online banking, where banking services are delivered over the internet. The shift from traditional to digital banking has been gradual and remains ongoing, and is constituted by differing degrees of banking service digitization. Digital banking involves high levels of process automation and web-based services and may include APIs enabling cross-institutional service composition to deliver banking products and provide transactions. It provides the ability for users to access financial data through desktop, mobile and ATM services

**Key words:** Digitalization, Banking in India, Innovations, Technology.

### **Introduction:**

Digital banking is the move to online banking where banking services are delivered over the internet. The advantages for banks and customers are providing more suitable and faster banking services. The shift from traditional to digital banking has been regular and should be rather described in degrees of service digitization than through a classification into yes and no. It involves high levels of process automation and web-based services and may include APIs enabling cross-institutional service composition to deliver banking products and provide transactions. It provides the ability for users to access financial data through desktop, mobile and ATM services. A digital bank represents a virtual process that includes online banking and away from As an end-to-end platform,

digital banking must include the front end that consumers see, the back end that bankers see through their servers and admin control panels and the middleware that connects these nodes. Ultimately, a digital bank should facilitate all functional levels of banking on all service delivery platforms. In other words, it should have all the same functions as a head office, branch office, online service, bank cards, ATM and point of sale machines. The reason digital banking is more than just a mobile or online platform is that it includes middleware solutions. Middleware is software that bridges operating systems or databases with other applications. Financial industry departments such as risk management, product development and marketing must also be included in the middle and back end to truly be considered a complete digital bank. Financial institutions must be at the front position of the latest technology on the way to ensure security and agreement with government regulations, banks need to master the bare necessities.

#### **Necessities of Digital Banking:**

In a world where already a third of all banks' interactions with their customers are on mobile devices, digitisation is no longer a 'nice to have'; it is very important as a recent survey from JD Power shows, customer satisfaction closely corresponds to the size and depth of a bank's digital offer. Every dissatisfied customer is a lost opportunity; especially now that it is easier than ever for them to take their custom elsewhere. Digital banks must meet increasingly high consumer expectations. We know that user satisfaction dwindles fast when technology fails to deliver the expected experience, serves up data that is insufficiently modified to the individual, or is unavailable on a favourite device. So, offering the digital experience that customers expect requires a system that can deliver certain basic functions. Here I've picked what I believe are the simple bare necessities.

**Any-time, anywhere, any-channel banking:** According to Capgemini, a third of all banking interactions are on mobile phones and mobile banking will soon overtake internet banking in popularity. Customers demand a consistent user experience across all banking channels, and banks must be ready for new

and up-and-coming channels such as chat bots, which have the possible to transform consumer banking experiences.

**Analytics that touch deliver the personal:** Banks have a wealth of customer and market data, and need to use it to improve interaction. By embedding analytics into the front-office platform, banks can provide their customers with product offers and personalised content, on the right device at the right time. Products can be personalized to the individual, with pricing, rates and terms that suit their lifestyle.

**A joined-up approach:** If a bank modernises its digital channels without addressing the all over the place nature of the primary infrastructure, it risks alienating customers. They expect to see a complete and real-time view of their financial affairs, and want to be able to use all products over all channels.

**Instant fulfillments:** Customer experience is heavily dependent on how quickly needs are met. People expect transaction information – whether a balance enquiry or product offer – in real time. This is where an end-to-end load up matters; allowing minimal human intervention in handling orders, so demand is fulfilled instantly.

**Openness to open banking:** In the most recent Tremens annual banking survey, 69 per cent of respondents saw open banking as much more of an opportunity than a warning. An extendable system that offers customers access to the most innovative and relevant products and services, whether in-house or from a third party, is key to allowing banks to benefit from the massive opportunity available. Banks who can connect open banking will not only be able to grow their revenues, but also be better placed to act as trusted advisers, helping people understand their affairs to make the best possible financial and commercial decisions.

**Low-cost low-risk systems:** A system with high levels of mixing and automation leads to lower spend on IT and back-office staffing, and better cost efficiency. In addition, the more automated the system, the lower the risk of user error or outages caused by large queues of transactions being processed in

batches. Both can eventually affect one of a bank's most important assets: its reputation.

**Future-proof systems:** Customer expectations when it comes to banking are changing fast, and successful digital banks need a system that can cope with constant upgrades. A pieced together of interconnected but not integrated systems cannot do this without data duplication, high risk of failure and very big maintenance bills. A better solution is a packaged approach for their front and back-office applications.

**Ability to launch new products, fast:** When banks are slow at getting their products to market, it gives their competitors the edge. We know that out of shape systems put a slow down on innovation, with 80 per cent of banking executives surveyed by Ovum in Europe saying that outdated core systems were making it harder for them to bring out new products. Parameter-driven systems cut out months of coding and testing when launching new products or extending a current range.

**Systems that can scale up:** As mobile payments and micropayments become the standard the number of transactions carried out online is increasing exponentially. Banks need to plan for a hundredfold increase in the number of transactions and enquiries handled by their platforms over the next 10 years. PSD 2 and the Internet of Things will only add to the pressure, opening up bank platforms to a countless of new intermediaries and communications Digital banks must choose systems that are linearly scalable and able to continue to operate fast and accurately as the demands on them increase.

**Cloud compatibility:** Not all banking institutions are ready to run core processing in the public cloud, but the only way to drive down cost and work at scale is to do so. Operating costs can be as much as 50 per cent lower for institutions that run in the cloud. Security can be higher, too, since data-centre providers invest heavily in cyber protection. It is significant that regulators around the world are now open to banks putting core applications in the cloud, with Singapore introducing new guidelines and the UK FCA indicating that cloud-based systems could increase competitiveness. The banks that succeed are

those who offer what customers want and expect, not once, but time and time again, creating a bond of trust between them. With these 10 necessities in place, banks can be sure that their investment in digitization will translate into customer satisfaction – and from there into growth.

**Objective:**

The paper exclusively aims to provide a detailed understanding to its readers about the:

1. Concept of Digital Banking
2. Necessity of Digital Banking
3. Opportunities available to banks using Digital Banking channels
4. Challenges faced by the users of Digital Banking services

**Hypothesis:** Supposed usefulness is a customer's awareness of the ability to improve work efficiency, for example by saving time, when accessing services to services in multiple ways. When customers feel the service useful they have a positive attitude towards the service and directly increase their meaning to use the service. At the same time, the good attitude with service will increase the intention to use customer services.

**Research Methodology:** The paper is based on exploratory research. Secondary sources of data collection have been adopted for the present study. The relevant and required data are collected from the national and international journals, books, newspapers, Internet etc.

**Conclusion:**

Today digital banking has taken a new shape in the world of technology. The banking industry is re-shaping itself and moving to a technological approach from traditional approach. Digital innovations are creating a new picture of banking services. Due to the adoption of digitization, the banking sector in India is facing some remarkable changes as well as hurdles. As we are living in the digital era, it is not possible to avoid the growth and services of digital banking. Everyone uses modern mobile devices called smart phones, which can be easily used to access many digital banking services. Most of services provided by digital banking are available to anyone, at anywhere and at any time. As people want to

have convenient banking services so they feel very comfortable to use this system. People feel more comfortable and convenient to use digital banking than traditional banking. Banking sector has also become more competitive with the advent of digitization and the digital India program for ensuring better customer service, thereby attaining the goal of cashless economy. The digitization in banking has started shifting the paradigm of cash and paper-based banking to cashless and paperless banking. On the other hand, the technology has cyber threats which should be properly covered by such a high security system. Low internet connectivity rate, lack of awareness are some other hurdles in the path of digital banking

**Suggestions:**

1. Bank should adopt some new policies and incentives to the online banking customers for making large number of transactions.
2. Bank should improve the technical and physical accessibility of online banking services.
3. Bank should provide more facilities like training program, awareness camps to all types of customers.
4. Bank should make collaboration with other financial institution to collect their bill payment premium and other finance related matter online.

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