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## DIGITAL BANKING : A NEED OF TIME

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### **Abstract**

Banks play an important role in the financial system of an economy by facilitating the creation and maintenance of a robust payment system to meet the requirements of government and general public. The modernization of banking sector , after the introduction of IT & Technology has benefited both customers and banks . The banking now is not just limited to the physical transactions in banks but has made its way into hand held devices. This current phase of banking is aptly called as ‘Digital Banking’. The ongoing COVID-19 pandemic has made the need for digital banking greater than ever. This pandemic has forced consumers to access their funds and use banking services only through digital channels. This change has left banks rushing to ensure that they have the technology infrastructure set up , which can give start to finish contributions of administrations and items, by means of advanced channels. This paper discusses the impact of COVID-19 on digital banking in India. The present study is descriptive and uses secondary data to study the challenges and opportunities using digitalized banking.

**Keywords-** Digital Banking, COVID-19, Technological infrastructure

### **Introduction**

#### **Defining ‘Digital Banking’**

Digital Banking also known as E-banking or online banking or internet banking is a system which enables banking transactions like payments, deposits, withdrawals of cash virtually with the help of internet rather than physically visiting the bank branches. Digital banking is a term which is synonym to the frequently used term e-banking. Both these terms are used in place of each other

many a times stating no or very minimal use of paper cash and shifting to plastic money Jain et al (2020).

### **Modernization of banking**

Modernization of banking sector and shifting to digitization is a ceaseless cycle that influences both the outside and inside environment by updating inner cycles and existing techniques. There are many reasons that digital transformation happens, for example, overhauling far off regions without physical branches, separation from contenders or decrease of working expenses. Regardless, there are a great deal of questions about the acceptance of digital technologies (Kitsios, Giatsidis, & Kamariotou, 2021). The patterns and progress in the Indian Banking the innovation advancements area is show: The send off of United Installments Interface (UPI) in April 2016 and Bharat Interface for Money in December 2016 by Public Payments companies of India (NPCI) are huge strides for development in the installment framework space (Jain, Sharma, Kumar, & Kansal, 2020).

UPI is a portable connection point where individuals can make moment subsidizes move between accounts in various banks based on virtual location without referencing the financial balance. In August 2016, around 93,000 UPI exchanges occurred through 21 banks. This, in July 2018, increased complex to 23.5 crore exchanges through 114 banks. The shift towards UPI accumulated pace post-demonetization, when there was a shortage of money on the lookout. BHIM application, which was sent off in December 2016, has additionally seen a tremendous leap in the exchanges from a simple 43,000 toward the starting to 1.64 crores in July 2016 (Jain, Sharma, Kumar, & Kansal, 2020).

### **Covid-19 and Digital Banking**

Coronavirus has altogether changed our way of life on numerous fronts. From the manner in which we take care of our expert responsibilities, approach our day to day obligations to arranging or overseeing funds, we as a whole have been pushed to embrace digital technologies. ATM cash withdrawals and footfall at actual bank offices are down, while online business and contactless installments have expanded altogether. The information shows a significant

expansion in advanced reception during the hour of COVID-19, the monetary foundations should constantly audit the necessities of retail client portions and make it simple for their clients to embrace the computerized innovations Sharma, B. & Gupta (2017).

Banks can take a gander at the computerized reception across fragments and gadget means to build the reception rate. The Essential Banking needs like survey records and exchanges, making installments, benefiting advance and credits, stay comparable for various sections in spite of the pandemic. The pandemic has essentially affected how much traffic to branches, and money withdrawals from ATMs. It has likewise brought about a flood sought after to utilize computerized channels to do fundamental banking, look for virtual help assuming there are issues and furthermore have online instructional exercises to assist clients with understanding how to utilize web based financial devices. Furthermore, the pandemic has affected the monetary prosperity of the retail client portion, driving interest for difficulty help, extra credit, and ordinary cash the executives instruments on the web, Sharma(2021).

### **Rationale**

COVID-19 has recently hit the Indian economy and has impacted digital banking in this respect. Many research works are conducted in the field of digital banking nationally and internationally but only a handful are done in the field of digital banking with respect to COVID-19 scenario. Therefore , the presented descriptive study will help in identifying and analyzing the impact of pandemic on digitization and to provide further with different opportunities and challenges in the adoption of digital banking.

### **Review of Literature**

Jain et al. (2020) examined the development of Digital financial scene in India and the difficulties which are lying ahead, which should be handled so the country can go on in the way of becoming digitalized economy. Kitsios et al. (2021) shown the view of bank representatives concerning new advancements and gave a commonsense commitment to chiefs of Greek financial associations to plan designated instructive projects to work with the progress to the new

computerized period for their workers. Shettar et al. (2019) studied the role of digitization in Indian Banking and found that the overall operating costs of banks is reduced due to digital shift. (Lakshmi & Kavitha, 2020) studied the demographical profile of customer using digital banking and found the level of customer satisfaction on digital banking. Joshi et al. established the fact that customers are in the process of getting acclimatised with the notion of digital banking and that despite all the challenges, their perception towards digitalization is fast changing. (C.B & V, 2020) examined recent trends in digital banking services, benefits, opportunities, hurdles and challenges of Digital Banking System in India.

### **Objective**

- 1- To analyse the impact of Covid 19 on digital banking in India.
- 2- To study the challenges and opportunities using digitalised banking.

### **Hypothesis**

Covid-19 Pandemic has increased the number of users on the digital platforms.

### **Methodology**

The paper analyzes the impact of COVID-19 on digital banking platforms and presents some opportunities and challenges pertaining to this field. The research is based on secondary data and the paper has used explorative method to draw conclusions and come up with the suggestions and recommendations. The information is collected from various authentic websites, journals, articles and e-support. The major information is collected from the government publication also.

### **Findings**

Digital banking has become increasingly more throughout the long term, and the COVID-19 pandemic just underlined the requirement for helpful, sans contact monetary foundations. Customers presently expect that advanced financial will be accessible to them, paying little heed to where they do their banking. That request has placed tension on many banks to extend their advanced contributions and stay up with the quick changing monetary administrations industry. Advanced banking conveys various advantages to the

business in general, like simpler and more helpful exchanges with clients. All things considered, advanced financial carries its own arrangement of difficulties to monetary establishments, as well, for example, greater online protection risk and a more noteworthy requirement for dependable, "on all of the time" IT frameworks. Banks need to consider that large number of difficulties and open doors cautiously to execute an effective advanced change.

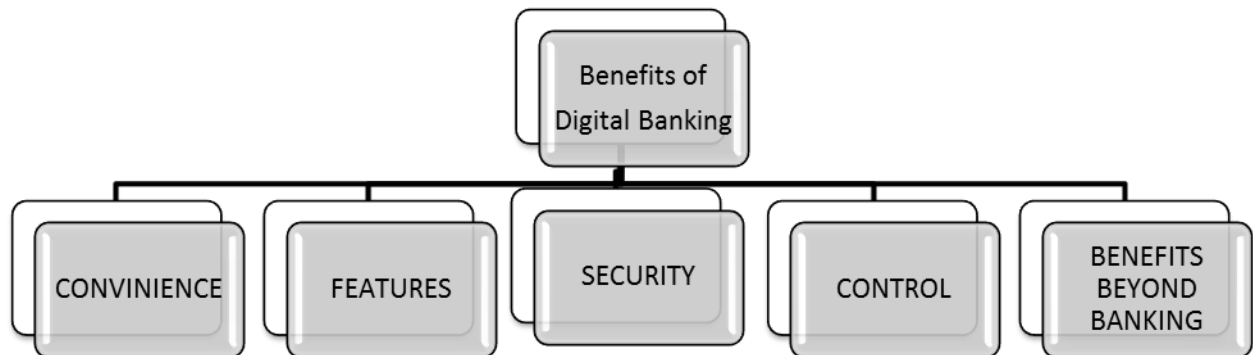


Figure 1

### Convenience-

The capacity to bank any place and anyway you need is one of the principle advantages of portable and web based financial arrangements. Our cell phones and PCs are ordinarily promptly accessible, permitting day in and day out account admittance to deal with quite a few financial undertakings rapidly. Versatile banking applications. Simultaneously, you can check your equilibrium, move assets and set up a notice to alarm you in the event that you overdraft your record all without the need to visit a branch. It's an ongoing saver. Computerized banking additionally offers longer-tail comforts.

Paying with cash isn't as convenient as an electronic transaction. Electronic transactions are more secure (you aren't carrying cash), they're better from a cleanliness standpoint (you aren't touching cash) and you can track what happens with your transaction electronically. "A cashless society with digital transactions is much more efficient and it allows for much better management of your financial resources".

### Features-

Many banks' portable and online encounters are rich with highlights. "Banks could offer customized monetary counsel, reserve funds apparatuses, huge buy

mini-computers or even menial helpers who can assist them with concluding what goes overboard they can really bear, all inside the accommodation of an application". Versatile really look at store. Finding close by ATMs, cardless ATM withdrawal and planning and following instruments are advantages your portable application might propose too. "Buyers ought to search out banks that focus on offering a human touch even in their advanced channels, finding some kind of harmony between the human component and computerized computerization".

### **Security-**

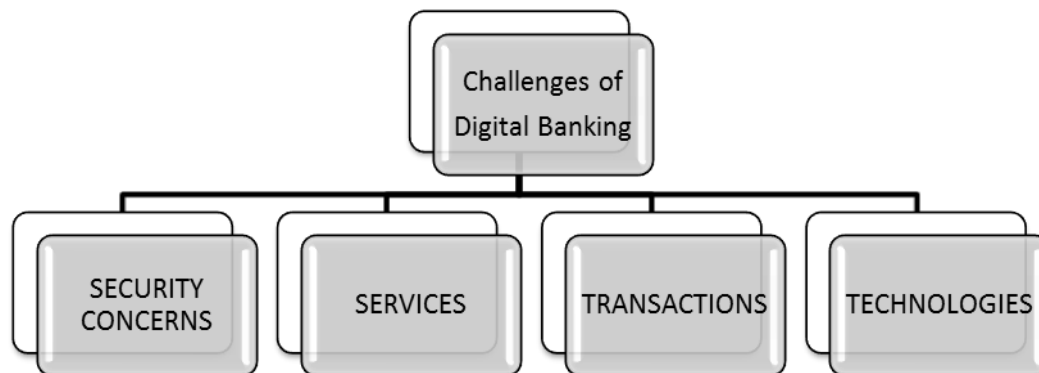
"Security is a No. 1 need for monetary organizations" . Also, that reaches out to versatile and internet banking. Dangers, obviously, exist all over the place, including inside the bank office. Luckily, many banks make it simple to play it safe. For instance, your bank might permit you to add multifaceted validation to your versatile application and online financial balance. Numerous versatile banking applications presently permit you to utilize biometric confirmation to sign in. Axis Bank's application. In general, you might be safer than you suspect utilizing computerized banking. "It's been accounted for that advanced instalments and e-wallets really offer more security sometimes than an actual card, giving a few clients significantly more motivation to utilize computerized financial devices".

### **Control-**

Having command over your funds with the capacity to self-serve is one more critical advantage of advanced banking, as is constant admittance to oversee and move cash as you see fit. "The universe of innovation is offering the potential chance to have the option to get cash and to burn through cash in manners that are a lot more straightforward than they were in previous times". Banks are proceeding to propel the highlights presented on their advanced financial stages. Computerized reserve funds instruments and pop-up message alarms for things like low adjusts or overdrafts are typical. At times, you could in fact actuate another charge or Visa from your application.

### Benefits beyond banking-

Digital banking offers a large group of significant advantages for buyers that can make their lives more straightforward and make them better stewards of their cash. In any case, on a lot bigger scope, he says we can utilize this freshly discovered network that we have in our general public to make monetary, social and financial change. "This internet banking item takes into account a more extensive base of correspondence that can be utilized for things like showing monetary proficiency".



The opportunities lying in the pathway of digital banking may be impressive , but there are certain challenges that follow the process:

#### Security concerns

This is quite possibly the most basic worry with the computerized switchover to the digital banking . Different organizations and foundations have observed network safety as the worry that they have not had the option to totally survive. Utilization of complex programming that intends to safeguard information can't give 100 percent security from phishing, con artists, programmers etc.

#### Services

The present moment, there are not an excessive number of banks that give an assortment of online administrations. They might in any case require the actual presence at the customary bank offices.

#### Transactions

For making complex exchanges, the physical presence might be expected at the bank offices. In addition, worldwide transactions are as yet impractical with all digitalised banks .

**Technologies**

The digitalized banking system gives online based financial services which should be consistently refreshed so they might have a satisfactory security level. The banks should set up a definite system and select proper innovations to transform thoughts into the real world. The course of digital transformation is perpetual as technologies keep on upgrading every day; therefore, it's significant is to remain refreshed. This is a challenge with digital banking. New advances will achieve new administrations that should be overhauled and constantly upheld.

**Conclusion**

The computerized change of banking establishes perhaps the best development lately. At a worldwide level, the digitalization of all cycles is relentless, including the utilization of cutting edge innovations and the execution of programming to streamline their activities. For this to occur, nonetheless, it is critical to comprehend that there are difficulties that should be met. The first is to acknowledge that the advanced change of banking is a framework wide interaction and in addition to a business elective. Indian economy has progressed significantly from late 1980s when the computerization in financial area has just started to the current time of advanced financial where PDAs are administering. There is little uncertainty that advanced banking has acquired astonishing client experience with critical improvement in the conveyance of banking administrations. Nonetheless, Indian financial area should survive many difficulties to make advanced banking inescapable. Web network and related advanced foundation is to be guaranteed for making the computerized dream a reality.

Then there is the gamble of digital dangers which might cause huge disturbances in the financial administrations separated from gambles with connected with delicate client data and web cheats. It will be intriguing to perceive how these difficulties are managed by the financial area. The public authority and different partners play a significant part to play here. That will choose the speed and course of the advanced excursion of our country.



### Suggestions/Recommendations

The banking industry needs to move past observing the ideal channel blend to figuring out what turns out best for every individual client. It is likewise about a consistent coordination between contact focuses. Sadly, not very many (if any) associations can uphold the starting of an excursion on one channel and the finishing on another. This turns out to be particularly obvious during the onboarding phase of commitment at banks and credit associations. To serve the advanced purchaser, monetary establishments should move past FAQs to chatbots and intuitive substance (particularly video). Both of these innovations, when utilized related to cutting edge knowledge (AI) and AI, will work on the conveyance of administration while bringing down costs. "Secure chatbots will turn into a center part of numerous advanced banking propositions. While there are very few models today, progress is being made across the financial business and particularly outside banking). "Past chatbots, the mix of voice banking might be one of the most thrilling development regions for a superior client experience. "To handle the uncertainty of the future, banks need to make sure that they future-proof, both in terms of digital proposition and organizational structure".

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