

DIGITAL BANKING IN INDIA-AN OVERVIEW



Mr. K. MUTHU

*Ph.D. Research Scholar, Department of Commerce
Madurai Kamaraj University, Madurai, Tamil Nadu, India*



Dr. P. AMARJOTHI

*Assistant Professor, Department of Commerce
Madurai Kamaraj University, Madurai, Tamil Nadu, India*

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Abstract

This paper discusses the understanding of the Digital India program with its focus on three vision areas infrastructure as a utility to every citizens, governance and its service on demand and digital empowerment of citizen. Digital transformation is for beyond just moving from rational banking to a digital world. It is a vital change in how banks and other financial institution learn about, interact with and satisfy customers. As customers continue to change their channel usage patterns, banks and credit firms need to focus on delivering a seamless customer experience from researching new services, inducting transactions, loans, credit wealth management, customer support, delivering an Omni- Channel experience has become a key success in this competitive Market place. The digital programme India focused of pillars are (Information Technology) IT for jobs, access to mobile, E-kranti, E-governance, information for all, Early harvest programme, Broadband highway, Electronics Manufacturing.

Keywords: *Digital India, Banking, customer service*

Introduction

The term Digital banking' just like any new exhortation, means different things to different stakeholders in a service organization, for example customers, it can mean my riad new services and products resulting in a pleasurable buying and spending experience. Hence, while India may be prepared to transform into a digital economy and may have set up enables in place, the drivers which can convert people into embracing digital banking are missing. In a country ,where 3% of the population files Income tax returns and only 1% people actually pay Income tax, there will be a lot of resistance to actually shift to a cashless India. Digital need to be incentivized, so that they find an economic merit in moving digital payments. Clearly, expanding digital banking generates offering full featured digital banking service can increase customer

satisfaction for financial institutions. but doing so can also help them reach other business goals and mostly advantages is reduced costs with the high network Individual (HNIs) customer placed sited on online and Mobile channels. Financial Institutions (FIs) have a rare opportunity to make investments that can increase customer satisfaction, loyalty and control costs. The another important business goals is customer acquisitions well-developed digital channels create opportunities for FIs to address this challenges as well as increase their share of wallet and expand their market share. The foundation of these opportunities is the data that digital channel transactions generate on customer behaviour such as buying habits.

Objectives of the study

1. To find out challenges faced at the stage of implementation of digital banking in India
2. To study about trends and growth of digital banking in India

Challenges faced at the stage implementation of digital India

The digital India program faces a number of challenges need to be included

- Data Security
- Contracting
- Digital literacy
- Policy framework for digital India
- Delay in development of Infrastructure
- Development of the application ecosystem
- Rural Connectivity

Trends and Growth transforming Digital in India

The growth of the Indian digital Payments space is expected to be driven by fair trends that are

- India going digital
- Favourable regulatory environment
- Emergence of nextgen payment service provider
- Enhanced customer experience

India going Digital

This is also reflected in the growth of digital banking transactions

Mobile Trajectory

India currently #2 ranks in the world over 1 billion mobile subscription of this approximately 240 million consumer use Smartphones and this base is projected to increase to cover 520 million by 2020

Internet Network

The Internet network in India is rapidly expanding (NOFN) National optical Fibre Network initiative by digital India is set provide broad-band connectivity to cover 2,50,000 Gram panchayats across rural India. While 70 percent of the rural people currently access the internet from their mobile handsets, the initiative is expected to increase the adoption of data enabled devices in these areas. With these developments in place, we expect around 90 percent of all methods to be internet enabled by 2017 and the number of internet users to double to nearly 650 million by 2020

Banking digital Growth

Over the last decades, digital transactions have shown steady growth of 50 percent year to year followed by ATM transactions growing at 15 percent.

“Favourable” Regulatory Environment

The highlighted below are few of the key regulatory steps that are currently enabling digital payments in India.

KYC relaxation for small transactions.

As per current RBI guidelines, there is no requirement for customers to undergo a KYC process for transactions upto INR 10,000 Per month on prepaid instruments. The guidelines makes it convenient for customer to just download the wallet of choice and use the same for transactions without the need for documentation photographs and the like that are usually required to avail traditional banking services.

Exemption from Two-Factor Authentication (2FA)

The RBI currently mandates the inclusion of a two factor authentication (2FA) for transactions made with Indian debit and credit cards, irrespective of transaction value. The 2FA process only while loading funds from other bank instruments. Additionally, such wallets have limits on the value of transactions and tend to reduce exposure to frauds as they do not divulge any details of the customer's savings account directly.

Aadhar Making KYC

The advent of Aadhar as a national identity instrument has made the KYC process extremely easy, By linking a customer mobile number electronically to her and his Aadhar account, new the process is now much simpler and hassle free.

Unified Payment Interface (UPI)

The UPI set up proposes to stitch all services from immediately payment services (IMPS), Automated clearing house (ACH) to Rupay into one common platform. This would allow for seamless interoperability and the potential unlocking of multiple

solutions. In case on the UPI Platform including peer to peer payments, person to merchant payments and business to business payments.

Emergence of nextgen payments service provider

The competitive digital payments landscape in India now spans telcos, banks, wallet companies, e-commerce, tech firms and in the near future, payment banks.

Bank-led

In the past, banks have largely offered mobile banking apps with integrated bill payment solutions. However mobile banking experience with mobile wallets have proved to be far more seamless and quick, leading to customers performing wallets for mobile recharge and bill payments. Thus, banks have now started offering their own mobile wallets in addition to the mobile banking applications. For Example includes pockets by ICICI bank, HDFC bank, SBI bank.

Telco-led

Large telcos such as Vodafone and Airtel launched mobile payments solutions. Airtel money and Vodafone M-Pesa respectively, targeted at their own customer base. The solutions were initially USSD based to ensure even non digital savvy customer find it easy to use. The primary use cases for these solutions were largely mobile recharge and remittances, idea money from idea cellular, mRupee by TATA and Jio money by Reliance are other telco led payment solutions.

Prepaid wallets

In 2009-10, the RBI had issued 26 prepaid payment instrument licences (PPI). They result of PPIs emerged two types.

Mobile wallets

These are app-based stored value accounts, funded through via net banking. Paytm, mobiwik, free charge and citrus pay credit and debit cards or are some well known as mobile wallet. These wallets are primarily used for mobile recharge and bill payment.

Prepaid Cards

Companies such as Oxigen, Itz cash Suvidhaa and GI-Tech offer solutions with an agent assisted offering to consumers who are not digitally savvy. Primary usage in such case have been remittance and railway ticket booking. With growing popularity of such wallets several other companies have now applied for such licences with the total number of PPI licences growing to 46 licenses in 2016.

Enhanced customer experience

Indian customer are now used to a superior experience, owing to the popularity of e-commerce and are demanding a similar experience from their financial services providers as well. This includes seamless access to bank accounts and payments, coupled with rewards, loyalty and offerer

Superior and seamless customer experience

In the recent past, we saw India being swept by the online shopping wave given the arrival of e-commerce entrants such as flipkart, Amazon, Snapdeal and the like. The convenience and ease of buying almost anything and everything online .While sitting at home proved to be too good to resist. In comparision, in the case of wallets, the customer has to just enter mobile number followed by one touch payment. In addition, internet and mobile banking applications have multiple security guidelines of logging out after inactivity and the like resulting in a sub par customer experience

Attracting customer with offer and discounts

Since, the concept of mobile wallets is still new in India, companies offer substantial deals, discounts and offer to woo customer and increase awareness.

Conclusion

Now Banking Transactions are a routine part of every one's life. The mainly focus for bank is to provide a comprehensive suite of services and products to all customers on digital or self service platforms. In India experienced digital going by the deep penetration within a relatively lesser turnaround time, state of the art take payment systems are now poised to take quantum leaps in this new era that is largely driven by the liquitous internet. Internet is very clearly by national leadership to be Digital India to be cashless in India, to be educated India. In spite of various current challenges network, culture, methods avaiiability, connectivity electricity in remote areas, logistics expenses with digital banking and mobility the need is no longer to "leap frog" but to deep drive" into the future and more efficient and easier to access for all country's citizens.

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