

# ‘Digital Revolution’- A Re-Structured Banking System

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**C.P.Resmi**

*Research Scholar, SH College Thevara*

## Introduction

Technological advancement plays a important role in the development of a country. In the case of India, it is the same advancement which paves the way for achieving the status of a developed nation. The major contributor to this development is the service sector. Many reports show that India’s service sector, 53.66% of total India’s GVA, has the upper hand compared to other (Ministry of Finance, 2017). One of the leading giants in the service sector is banking. The progress made by this sector is appreciable one. This great leap opened the doors for innovations in the field of banking. Today it is impossible to imagine modern banking operations, commercial transactions and other payments without using plastic cards. Also, the introduction of smart-phones has thereby made technology up gradations which is more user-friendly. The government has launch ‘DIGITAL INDIA’ and its focus on growing electronic payment is also a significant driver growth in replacing physical payments with e-payments.

Nowadays a bank not only exist for accepting deposit and lending loans perhaps involve in diverse functions. One of the breakthroughs in the banking sector was the introduction of plastic money. The evolution of plastic money was quite often as people are getting more dependent on technology. The motive behind this change (hard money to electronic money) was to increase security, convenience and authenticity and also to reduce illegal activities like money laundering, corruption, etc. The main question deals in the study are:

1. To what extent public uses plastic money and also try to identify the convenience of using plastic money.
2. Whether the people are satisfied with the new mode of the transaction or were with the traditional one.

## The significance of the study

The dominant mode of settlement across the world in the 20th century has been metallic coins, cash and cheques. As we move forward into the 21st century, payment via cash and cheques itself has come across a transition. Means of transaction has changed from being a physical paper-based transfer of value to a virtual electronic one. Usage of plastic money has come as a form of convenience to financial institution customers. Digital service is becoming a practicable solution for connecting between financial service providers and their clients. The Plastic Money is one of those rare moments in history when that

agreement shifts and one payment form surpasses another as the preferred way to pay. Plastic money has now become the order of the day. In this background, the study try to analyses the effectiveness of 'Digital India', especially among permanent income group.

### **Conceptual Framework of the Study**

The impact of globalization also knocked the doors of banks. As a result, tremendous changes and advancement in the banking system could be seen. The current financial system has been aptly stated as 'cashless and paperless banking'. On the other hand it is considered as hi-tech banking (Achutha Pujari k, 2017). As the banking sector play a vital role in the development of the Indian economy, several banking reforms and e-banking techniques have been changed by the bank during the last decade. The banking reforms phase started in 1991 in India which lead to streaming the Indian banking sector reforms up to date. Now a day's banking services without information technology are un- thinkable in the globe. The banking service sectors are mostly customer driven and their survival depends on the quality of services provided by them.

A comprehensive and effective banking system operated as the backbone of an economy. The economy of a country can function smoothly if the banking system is not only flexible but also capable of meeting the new challenges forced by the technology and other external as well as internal factors. In this circumstances the importance and role of information technology for achieving the stated objective should be underlined. Technology advances accelerated changes resulting in higher production of goods and services. Information technology has changed the running of business worldwide. The time of banking reforms period, nationalization to privatization of banks and now increasing the number of foreign banks in India are all due to information explosion. So banking in India has been through a long journey and has achieved a newer height with the changing time. Impact of technology has been brought a revolution in the banking industry on the whole. This includes core banking or product delivery like ATM, Internet Banking and Mobile Banking, etc. (N Jeyakumar and K Karthikeyan, 2017).

Recent steps taken by the government to increase the transparency in the transaction include demonetization and introduction of the concept 'cashless economy' to the layman were major decisions. Demonetization has world of immense opportunity and increased the speed of massive shift in every sector of the economy especially e-commerce. A cashless economy cannot be achieved in a few days or months; it is a long process. Do people have to be prefer to adapt to this change question arises why cash is so much important? In a country like India where poverty, literacy, unemployment are the issues, cash in hand symbolized safety, security and respect. The government should ensure the necessities and for on developing infrastructure especially in rural area. Special drives through the School, Colleges, and Panchayats can help to create awareness about the cashless transaction. Financial awareness is essential for bring forth more and more people to the digital platform. Digital payment through e-wallet should be encouraged. To some of the pay digitally accept digitally and save economically. To add-on this paradigm, the business concern should embark "wallet on delivery in place of cash on delivery" (Achutha Pujari k, 2017).

E-banking is an automated delivery of a new and traditional banking product and services to the customer through the electronic channels. It facilitates receiving prompt information on financial products has had a beneficial impact on both banks and customer. For the public some important benefits are anywhere banking, internet banking and automated teller machine and mobile banking. It has also enabled the use of safe debit and credit card for the banks. Plastic money or hard plastic cards easily transacted every day in place of legal tender notes. They are identified in different types such as cash cards, credit cards, debit cards, pre-paid cash cards and store cards.

## Statement of the Problem

Banks are trying to attract the customers with numerous innovative schemes. In spite of innovative schemes and aggressive efforts of banks, a vast majority of the Indian population is yet to come to the grips of plastic money because most of the people are devoid of e-literacy. The majority feels that the transaction through cards as very complex which forces them to depend on traditional cash exchanges. However, the plastic money business is not without its risk. The original risk was that the conservative customers might not respond to the expensive campaigns launched to introduce cards; the other hazards that remain are those inherent to this type of business, viz. legislative controls, frauds and bad debts (Mandeep Kaur, 2013). Holding the digital wallet have overcome the late payment process of cheques, due to which sometimes merchants have to suffer. Still, there are a lot of technical problems involved in transactions, PIN and other operational aspects. And when we consider cash in place of cards, it eliminates the major problems of insecurity, identity theft, etc. which sounds complex for a layman, but will increase corruption, manipulations in accounts, etc. So from the above said statements we can infer that both cash and card have its own positive as well as negative side. Both mode of transactions is subjected to criticism (Ceric, 2008). The question that arises from this content is that does the usage of plastic money gives satisfaction to the customer? Whether this new mode of transaction is convenient or not?

## Objectives

- To analyze the utility and feasibility of plastic money.
- To know the awareness of people regarding the plastic money.
- To identify the benefits of plastic money.
- To analyze that the usage of plastic money has increased transparency in the transaction.

## Methodology

Primary data and secondary data was used for the study. Primary data was collected with the help of an online questionnaire which were sent to the sample respondents (40 permanent salaried individuals) using Google forms (Paul E Green, Donald S. Tull and Gerald Albaum, 1999). The secondary data was collected from Economic survey, Southern Economist, Shodhganga (a reservoir of Indian thesis) etc. The sampling method used in the study was convenient sampling because the sample is taken from a group of people who are easy to contact or to reach. From the population, 40 respondents were selected as sample size. Primary data is collected from government and private regular income group. The study used both categorical as well as Likert scale questions (N.K Malhotra, 2005). The analytical tools used for the data analysis are frequency tables and percentage analysis.

## Results and Discussions

It has been identified that many factors influence the customers' adoption of the plastic card instead of cash. Most significant factors associated with the usage of plastic money are the convenience in the financial transaction, availability of plastic card services is easy, time- saving, anywhere, anytime facility, etc. It increases the transparency in transactions.

By using plastic cards, the circulation of black money has declined as people are becoming more aware of the feasibility of plastic cards. Majority of the cards are accessible in international transactions that made users to make exchanges in the foreign markets easily. 53% of the respondents are male and rest 48% is female. From the study, 68% of the respondents belong to the age group of 35-50. Among them, private sector employees constitute the majority of the respondent's i.e, 38%. They belong to the income group of above 5, 00,000 and from the analysis, we could observe that high group has more tendency to use plastic cards. Among 40 respondents majority (21respondence) are aware of debit card, and 70% of the respondents have debit card.55% of respondents strongly agree that awareness of plastic card among people should be

increased. 63% of people feel card as the most convenient way of transaction. 53% people use the card for the purchase of household goods and only 45% Prefer cash to purchase the same. 80% of the respondents use card for purchasing durable goods. 78% prefer debit card rather than other cards. The majority (48%) strongly agrees that plastic money is the safest mode of transaction.

Majority (18) agrees that usage of plastic money reduce the circulation of black money in the economy and only 65 % of respondents have moderate satisfaction with the benefits obtained through plastic cards. Out of 40 respondents 32 are satisfied with services provided by the banks in the case of plastic cards. 34 respondents are of the opinion that plastic cards helped them during the demonetization period. 55% of the cards of the respondents are accessible abroad.

### **Conclusions and Recommendations**

The study reveals that there are so many factors that has associated with the adoption of the plastic money. The majority of sample respondents' are getting aware of the utility of plastic money. Most of the respondents are contented with the services and mentioned this to others even though there is some weakness in the services provided by it. This study reveals that usage of plastic money has a positive impact on the growth of the banking sector as well as for the customers. Demonetization had a major impact on the economy. The withdrawal of currencies of denomination Rs.1000 and Rs.500 made people in a difficult situation. That time plastic cards played a key role in helping people to make the essential transaction. So, it is obvious that demonetization popularized the usage of plastic money in the society than before. After the demonetization process government promotes cashless transactions, and this also promote usage of plastic money and development and growth of the same.

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