Digital Banking - An Automated End To End Process And The Customer’s Approach

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Abstract:
Advanced Installments in the Modern Economy and the effects of the switch from paper money to online computerised installments on different businesses, communities, and populations. By examining how the administration can more likely promote computerised payments and ensuring that money in the economy is financed, installment administrations were intended to amass evidence to support this conversation and are a cornerstone of our economy. Innovative advancements can offer customers and organisations new, straightforward, and adaptable ways to pay thanks to digitalization and its ongoing advancement. Computerised payments can also help with budgeting, planning in preparation, and motivating behaviour to thwart and combat financial crime. The administration recognises that there has been a significant increase in the use of computerised payments and has to make sure that everyone has access to them. As a result, they have only made advanced payments simpler, quicker, and less expensive. Advance payments will eventually continue to be crucial for businesses. Regarding the costs of digital payments, the government has taken the lead in assisting with the execution of the ground-breaking Open Banking initiative of the Competition and Markets Authority. Open Banking intends to advertise frictionless payments, enabling users to make a payment virtually instantly through a mobile device without using a revolving credit or starting a payment through online banking. As merchants no longer have to pay fees to a card provider, the government anticipates that these services will gradually reduce expenses for them. In order to understand how 100 respondents from the Delhi region feel about the shift from physical currency to e-cash, this study takes their opinions into account. This is another restriction on the study, which gives the researchers room to expand. According to the analysis, although consumers are willing to use electronic methods to carry out their routine financial activities, they still prefer making and receiving payments in cash. The society and the government organisations involved in providing these services would unquestionably benefit from this study.

Keywords: Digital banking, Cashless economy, Open Banking, Market.

INTRODUCTION:
A cashless economy or society is characterised by a lack of physical currency, such as banknotes or coins, and instead involves the exchange of advanced data between the parties involved. There have been cashless social structures, taking into account trade and other exchanging structures, and cashless exchanges are now possible thanks to cutting-edge
monetary standards like bit coin. However, this research paper investigates and evaluates the notion of a "cashless society and consequently the advanced payment techniques used by them" in relation to moving towards a society where money is replaced by its computerised equivalent. At the end of the day, the mechanism of trade (cash) exists, is recorded, and is traded exclusively in electronic advanced structure.

Source: https://www.revechat.com/

After the demonetization efforts, the majority of Indian citizens began paying for their transactions using electronic payments. From the small retailer to the nearby vegetable vendor, everyone is putting up with computerised payment plans. India is consistently moving towards a cashless society. All purchases are made using cards or other modern techniques in a cashless economy. There is little physical monetary flow in a cashless economy. There are several advantages to a cashless economy. By reducing the amount of currency that consumers need to carry, the risk and hence the associated costs will drop as Mastercard usage grows. The goal of this article is to investigate how the general public feels about cashless transactions in India. As a result, more effort is being made to understand the difficulties that people encounter.

Any economy, whether it developed or not, was built on its financial sector. It creates and implements the financial modifications. The development of the economy will be significantly impacted by any change made in this area due to the adoption of innovation. These days, banks are searching for arbitrary ways to develop and divide among its various administrations. Additionally, the two businesses are no longer prepared to take retail customers' calls for basic financial services over the phone or queue in banks. They demand and anticipate that an office will fulfil their financial tasks at any time and location. Plastic money (Mastercard, cheque and smart cards); web banking, including electronic payment systems, web-based banking, cell phones and wallets are a variety of contemporary products and services acting as drivers of banking sector expansion. The provision of banking and money-related services and products via electronic channels, such as the internet, money Machines (ATMs), internet-based life, nomad, etc., may be referred to as "digital banking," a nonexclusive word. A serious culture has emerged as a result of financial development and it has completely revolutionised the administration sector, particularly the financial sector.

The use of system users, mobile devices, and ATMs as platforms for banking delivery is referred to in this study as "advanced banking." Web-based banking clearly refers to using the
internet for banking transactions, but mobile phone banking is portrayed as using shady devices to do banking operations. In India, banks and financial institutions are using their online services to provide Web banking services to their customers. Web banking refers to the use of the internet as a global financial assistance delivery system. These services include both standard ones like opening an account for investments or moving money between records and new ones like electronic bill delivery and payment, which lets customers view and manage tabs on a bank’s website. The two primary types of Web banking offered by banks. A built-up manage an account with physical offices can set up an online platform and provide its customers Web Banking as an alternative to its typical dispersion arrangements. One more option is to learn that the bank is "virtual," "branchless," or "just on the Web." A PC server that is the foundation of a virtual bank is frequently located either in the office that serves as the bank’s legal location or some other location. Virtual banks that let their clients deposit money and withdraw it through ATMs or other remote disbursement channels owned by different companies.

Digital Banking Model
Banks are able to transform the way that all of their operations—including customer management, risk & compliance, IT, and distribution—operate by creating a digital banking model. By automating operations, they can provide a smooth client experience and increase profits. But there isn’t one comprehensive answer. This digital banking model won't be created until all of the bank’s operations are successfully digitalized.

Automation of Trade Finance workflow

![Automation of Trade Finance workflow diagram](https://www.ibm.com/)

Source: https://www.ibm.com/

Strong client demand for improved banking experiences and cutting-edge technologies, as well as the growing popularity of the internet, are key elements that are accelerating digital transformation. All of these elements had an impact on the development of new digital banking technology, which had a big impact on the financial services sector.
With the advent of new systems, banks may now communicate with consumers across different locations and provide a truly digital customer experience. Additionally, contemporary digital banking systems offer a number of advantages to banks and digital banks, including decreased operational expenses and manual labour, fewer errors, and increased transaction accuracy.

Both traditional and online banking channels are become more familiar to today's consumers. One may, for instance, use one channel to pay bills and another to seek advice or find new things. Customers frequently use the bank's exclusive channels as well as third-party platforms to access banking services. Both sales and relationship management are significantly impacted by this behaviour.

Some clients appreciate encounters that are entirely digital. Banks must offer these tech-savvy customers entirely digital products and services if they want to remain competitive. Banking apps frequently only allow users to conduct transactions and view account information. Banks may take advantage of a large growth potential by enabling clients to use mobile banking apps to not only research products but also purchase them.

**Digital Customer-Facing Technologies**

Personalised service and conversational banking are two examples of client interaction practises that financial institutions must currently adopt to remain competitive. Advanced technology, on the other hand, can promise even greater customer interaction while also changing the experience people have.

Source: https://www.researchgate.net/

To improve customer service and foster greater loyalty and trust, it is also important to invest in self-sovereign identity technology. This is now one of the finest ways to enhance the security of customer data within the omnichannel experience, offer quicker onboarding for new customers, and remove paperwork for users applying for banking goods and services. One application of virtual reality in fintech might be virtual bank branches. The idea's central tenet is that consumers can visit a completely virtual bank branch, have an immersive
experience, and access all necessary services. The customer-brand connection is being reinvented by metaverse banking, according to Accenture, which is a new transformative force for the sector.

**Literature review:**
Crironer (2013) describes a cashless economy where it is expected that no exchange erosions will occur that can be stopped by using money adjustments, and then provides a defence for maintaining these parities long after they reach an arrival rate. In a cashless society, the amount of money your wallet earns is practically meaningless. You can buy exchanges from anyone using a variety of credit cards or bank transfers.

Rehan and Jenni (2018), the world's developing countries are mostly abandoning paper payment methods in favour of electronic ones, especially payment cards. With the help of e-account, e-cash, e-expediting, and e-trade, many areas of the functioning of the cashless economy are improved. All of these look into how purchases and payments are made in a cashless society.

Marx and Julie (2019), the usage of cashless financial instruments enhances the fiscal strategy's sufficiency and isn't undermined by this level of e-cash use to the consistent quality of the financial system. However, it means that if the government isn't managing a reasonable financial system, national banks could lose control of money-related arrangements.

Mamta and Akanksha (2020) evaluated the problems and challenges of electronic installment frameworks in their article and offered a few solutions to increase the framework's productivity. The effectiveness of electronic payment systems depends on how the security and protection factors that customers and retailers alike are generally taking care of will progressively support the system's market trust.

Baijnath and Prerna (2017), The article discusses the problems and obstacles that electronic installment frameworks must overcome while also outlining a few proposals to strengthen the e-installment framework. E-installment structures come with a lot of risks and additional motivating factors. The inquiry revealed that Advanced Insurgency chose a straightforward one since it used computerised installments. The investigation also discovered that, in addition to extending advanced installations to remote areas, mobile devices, the Web, and energy come to. The numbers of computerised installments will increase as a result.

**Objective:**
- To comprehend consumer preferences for various payment and installment gateways.
- To examine how cashless exchange methods affect consumers.
- To look at the benefits of a cashless society.
- To examine the challenges with cashless exchange methods.

**Research methodology:**
Information on the client preference for computerised payments/banking is obtained for the study through a variety of areas for the exploration report. In order to gauge the bank customers' opinions on the evolving banking landscape, a structured questionnaire was distributed to them. To learn the opinions, 100 responses were gathered and examined. For the sake of this study,
numerous reliable data sources, such as websites run by the government, the website of the RBI, and other data sites, have also been accessed.

Data analysis and Interpretation:

1. Age Group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 35</td>
<td>38</td>
</tr>
<tr>
<td>36 – 50</td>
<td>34</td>
</tr>
<tr>
<td>Above 50</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
The results of the investigation revealed that the younger generation. People between the ages of 20 and 35 showed a stronger preference for using digital payments.

2. Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>45</td>
</tr>
<tr>
<td>Male</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
In accordance with the study, men were found to use digital options more frequently than women.

3. Which digital payment method do you utilise the most??

<table>
<thead>
<tr>
<th>Mode of payment</th>
<th>Cards</th>
<th>UPI</th>
<th>QR codes</th>
<th>Pre-paid wallet's</th>
<th>Net Banking</th>
<th>Mobile apps</th>
<th>Cash</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>24</td>
<td>6</td>
<td>10</td>
<td>15</td>
<td>10</td>
<td>25</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
The majority of people (25%) used mobile payment apps for their transactions, followed by bank cards (25%). This may be due to the fact that individuals still trust banks more than other accessible payment choices, as well as the ease of use of mobile banking applications.

4. Do you prefer cashless payments?

<table>
<thead>
<tr>
<th>Cashless payment</th>
<th>Yes</th>
<th>No</th>
<th>Sometimes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>75</td>
<td>15</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
Only 10% of respondents said they occasionally utilised digital payments, while the remaining 15% said they never did. The poll revealed that about 75% of individuals prefer to pay for their transactions without using cash.

5. Which method of payment do you prefer for high value transactions?

<table>
<thead>
<tr>
<th>Mode of payment</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank cards</td>
<td>35</td>
</tr>
<tr>
<td>IMPS</td>
<td>5</td>
</tr>
<tr>
<td>Mobile Banking</td>
<td>10</td>
</tr>
<tr>
<td>Net Banking</td>
<td>40</td>
</tr>
<tr>
<td>POS</td>
<td>7</td>
</tr>
<tr>
<td>UPI</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
The majority of consumers choose net banking when utilising digital payment for high value transactions, which is followed by bank cards. This indicates that people are still more likely to choose banks than more recent digital possibilities.

Implications of the research study:
The Indian government is actively promoting the digital economy, and its actions in this direction are extremely obvious. The government's actions are justified by demonetization, the drive towards a cashless society, the introduction of the GST, a single national tax with a full digital reporting infrastructure, payment gateways, etc. Many nations used the application created by India to record and track the immunisation status during the Covid 19 pandemic. There are many unexplored study areas in the field of electronic money. Based on convenient sampling and the snowball sampling method, this study only contacted 100 respondents from the Mumbai region, allowing room for subsequent studies to poll people in other regions of India. Furthermore, as digital transactions involve familiarity with utilising electronic devices like computers, laptops, and smartphones, study can be conducted on the differences between educated and illiterate people. Additionally, the study can be done according to a person's income level. To determine how well the financial institutions offering the services or platforms for facilitating electronic transactions understand the market for digital banking products, this is another field of research.

Conclusion:
Indian consumers now have a unique digital payment method to use instead of cash thanks to demonetization. The Covid 19 epidemic has increased the use of internet networks for social isolation and virus containment. The cashless economy would lessen cash-related theft, combat terrorism, reduce black money, and counterfeit foreign currencies. It would also support our nation's economic cycle. Major obstacles that may prevent the adoption of policy include cyber fraud, high analphabetism rates, people's attitudes, a lack of responsibility, and inefficiency in the digital payment system. The study demonstrates that the adoption of a cashless economy in India is frequently seen as a positive development. It supports India's economic expansion and prosperity. The study examines how consumers in the Indian banking system would be affected by the implementation of digital payments. The combined conclusion provides us with a crucial policy direction that will enable the nation to increase cashless payments. According to the findings, the adoption of digital payment technology has improved banking sector productivity.
and reduced the need for foreign currency. The study places a strong emphasis on the percentage of data pertaining to ideal technology utilisation. Banks should implement the necessary measures to increase public understanding of the protection and effective use of technology. The results demonstrate that while some people are fine with cashless transactions, others are hesitant to adopt the new system due to some highly negative opinions. Security concerns, poor network coverage, a lack of merchant interest, high transaction prices, a lack of consumer technological understanding, outdated POS equipment, and delayed refund simply in case of unsuccessful transactions, processes, and budgetary constraints are some of the unfavourable opinions. The ease of using cashless transactions and the reward system are hopeful signs that India’s transition to cashless payments is progressing. The study comes to the final conclusion that unless the government and therefore the banking institutions properly address people’s attitudes, India may not become a cashless economy. They will open the door for risk-free and secure cashless transactions.

References


