

## An Overview of Digitization in Indian Banking Sector

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### ABSTRACT

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Digitization is the process of converting data into digital format. Digitalization means the adoption of technology. But these two words are being used interchangeably. Digitization is not an option for the banking industry, rather it is inevitable because every industry is being digitized and banking sector is no exception. With the help of technology, banks are able to reach out to more customers and provide better services to them.

Keywords: Digitization, Data, Banking, Technology & Services.

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### 1. INTRODUCTION

Digital banking is new trend banking sector right now. Digital banking circumscribes merged services delivered over the net, which aim at serving both banks and consumers as a means of providing a convenient, faster and better experience than old form banking which is called as traditional banking. The shift from traditional and digital banking is gradual and should be rather described in degrees of service digitization than through a categorization 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. With the help this digital banking, the users can access financial data through desktops, mobile devices, and ATM machines, etc.

#### *1.1 Objectives of the study*

1. To study about Indian banking sector
2. To overview a digitalization in Indian banking sector
3. To suggest to offer better services

#### *1.2 Digitization in Indian Banking*

Banks in India are moving conventional banking to conventional banking. Everyone is eyewitness for that. Today it gets very seriousness. For that our Indian Government also takes a lot of remarkable actions towards this convenience banking practice. At present, it is moving towards digital banking services. Everything is going to take place in Indian banking sector is based on digitalised banking. Though it was felt to computerization of Indian banking service sector in the year of 1980 for the purpose of developing customer service in the convenient and comfortable way, the Reserve Bank of India set up a committee headed by Dr.C.Rangarajan towards computerization in banks.

Initially, our Indian banking sector started to use information technology with the introduction of personal computers. Then it slowly migrated to local area network (LAN) connectivity. With the help, this LAN, banking

sector adopted core banking platform which created a lot of changes in the history banking sector. Due to these advancements, the Indian banking sector came to bank banking, core banking solutions (CBS) which helped to make convenient banking services through anywhere and anytime banking system. In this connection, our Indian companies made a lot of core banking platforms such as BaNCS by TCS, FLEXCUBE BY i-flex, Finacle by Infosys, etc. It created more attention of the banking customers.

The new economic policy gave greater motivation to this digitalization process in India. In the year of 1991 – 92, digitalization got rapid improvements. The major turning point was private and foreign banks came to Indian banking sector due to this New Economy policy. It created tight competition in the banking sector. Every bank wanted to give their service in the better manner than other banks. Thus it created a very path for digital banking in India.

These newer technologies gave a number of benefits to the banks as well as customers in this digital era. Now this digital banking is extended in a new platform called mobile payment and so on. Due to demonization and digital currency it is getting growth day by day. This technology is helping to error and tries to provide service in a better way. In comparison with branch banking and this digital banking, digital banking is very low-cost service and easiest one to their customers. Thus, this digital banking gets growth and development in Indian banking service sector.

### ***1.3 Role of digitization in banking***

Banks are not just a part of our lives but have a significant role in our daily lives. For many, a day will not end without at least a single financial transaction. Thus banks always try to adopt latest technologies to enhance customer experience. Digitization is not an option for the banking industry, rather it is inevitable because every industry is being digitized and banking sector is no exception. Mobile banking is increasing at a fast pace more than online banking.

### ***1.4 Advantages of digitization in banking***

1. Improved customer experience.
2. Reduction of costs for banks and customers as well by using ATMs, cashless transactions etc.
3. With more digital data available with banks, they can take data-driven dynamic decisions by using digital analytics. This benefits both customers and banks.
4. Technology is non-discriminatory. Everyone will be treated same at banks.
5. Number of customers will be increased for banks because of the increased convenience of banking.
6. Digitalization reduces human error.
7. Need of handling large amounts of cash will be reduced.
8. Opening and maintaining bank accounts are never been this easier.
9. Repetitive tasks will be eliminated by automation.
10. Rural and an urban gap will be eliminated.

11. With the increasing cashless transactions, fake currency threat will be reduced.
12. Productivity will be increased.

### ***1.5 Disadvantages of digitization in banking***

1. Digitalization reduces the effort of employees and hence results in loss of jobs.
2. Some bank branches may cease to exist with the increasing use of online banking.
3. Banks will be more vulnerable to cyber-attacks.
4. Privacy may have to be compromised. No one can hide crores of rupees in banks and just act middle class.
5. It is not that banks are going to have less work, but it's just that the role of retail banking sector changes.
6. Rising Unemployment rates.

## **2. SUGGESTIONS**

1. These above-mentioned disadvantages are just temporary. Loss of jobs will be compensated through the creation of new jobs such as cybersecurity, research team for innovation in technology etc.
2. The security can be made tight by an advanced protecting system.
3. The network and connections can be provided and the quality of network system should be improved.
4. The government of India has to take care in making availability network throughout India.
5. The process of digital banking should not be complex.

## **3. CONCLUSION**

Due to the adoption of this digitalization, the banking sectors in India face some remarkable changes as well as hurdles. As we are in the digital era, it is not possible to avoid the growth and services or digital banking. Everyone uses the modern mobile device, called Smartphone, which is used to access the digital banking services to anyone at anywhere and at any time. Thus, digital banking is in the place of inevitable today. As people want to have convenient banking services, they are very much happy to use this digital banking system than traditional banking system where the customer has to visit the bank's branch. On the other side, the technology has cyber threats which should be properly covered by such a high protection system. Then, the digital banking would be the gift of this digital era people.

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