



7. A Study On Emerging Technology Among Digital Wallet in Digitalization of Banks.

Ms. B. Kavitha

*Research Scholar,
Assistant professor in Department of Commerce,
Dr.M.G.R Educational and Research Institute,
VISTAS, Pallavaram, Chennai.*

Dr. Rajini G.

*Professor & Head M.B.A (General),
School of Management Studies,
VISTAS, Pallavaram, Chennai.*

ABSTRACT

Internet facility is a credit for making the customers to be smart in using it for their financial and nonfinancial transactions. Especially the customers make use of the internet facility which is supported in computers and smart phones. The option through internet, debit and credit card and mobile phones makes customers feel more comfortable and relaxed. The customers get their official and professional hour for availing banking services which they are supposed to do. Hence the customers do not need to be time and space bound. While E-banking has improved efficiency and convenience, it has also posed several challenges to the regulators and supervisors. Initiatives of Indian Government and Reserve Bank of India (RBI) have facilitated the development of e-banking in India. The Government of India enacted the Information Technology Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The RBI has been preparing to upgrade itself as a regulator and supervisor of the technologically dominated financial system. It issued guidelines on risk and control in computer and telecommunication system to all banks, advising them to evaluate the risks inherent in the systems and to take necessary steps for the same. Many control mechanisms like Payment and Settlement Systems Act, 2007 and National Payments Corporation of India address the risks in the e-banking system. The existing regulatory frame work over banks has also been extended to e-banking. It covers various issues that fall within the frame work of technology, security standards and legal and regulatory issues.

KEYWORDS

Internet facility, Information Technology, National Payments Corporation

Introduction:

Digitalization in the banking sector opens up a whole world full of possibilities both for the institutions themselves and for consumers. Until recently, it was almost impossible to obtain credit online or for there to be banks that only carry out transactions through their mobile platforms. Today, the trend towards digitalisation is increasing. Digitalisation is driving the future of banking. The banking landscape as we know it is changing. A new wave of technology is revolutionizing the way customers engage with their finances. From social to mobile capabilities, banks are having to rethink the way they do business to deliver a better customer experience and remain competitive.

Digital Banking is the automation of traditional banking services. Digital banking enables a bank's customers to access banking products and services via an electronic/online platform. Digital banking means to digitize all of the banking operations and substitute the bank's physical presence with an everlasting online presence, eliminating a consumer's need to visit a branch.

Benefits of Digital Banking:

Advancing to a more technologically sophisticated way of doing things, it goes without saying that the benefits long outweigh the costs. Similarly, digital banking as a technological by-product aims to make life easier for the customers of a bank. Digital banking has the following benefits:

- Digital banking enables consumers to perform banking functions from the comfort of their homes, be it an elderly person who is tired of waiting in lines or a working-class professional who is caught up with work, or a regular person who does not want to visit the bank's branch to run a single errand. Digital banking **offers convenience**.
- Elaborating on the convenience offered, digital banking lets a user carry out banking work around the clock, with **24*7 availability of access** to banking functions.
- One of the biggest drawbacks of traditional banking was the overly placed importance on paper. Banking has become **paperless** with the development of digital banking as a service. A user can log into their account at any point in time to monitor records.
- Digital banking allows a user to **set up automatic payments** for regular utility bills such as electricity, gas, phone, and credit cards. The customer no longer has to make a conscious effort of remembering the due dates. The customer can opt for alerts on upcoming payments and outstanding dues.
- Online shopping has become a cakewalk with payment channels becoming well-integrated with the online shopping portals. Internet banking has significantly contributed to **online payments**.
- Digital banking extending **services to remote areas** is seemingly a step toward holistic development. With smartphones at affordable prices and internet access in remote areas, the rural population can make the most out of digital banking services.
- Digital banking-enabled fund transfers **reduce the risk of counterfeit currency**.
- With the help of digital banking, a user can report and block misplaced credit cards at the click of a button. This benefit greatly **strengthens the privacy** and security available to a bank's customer.

- By promoting a cashless society, digital banking **restricts the circulation of black money** as the Government can keep a track of fund movements. In the long run, digital banking is expected to lower the minting demands of a currency.

Objectives of The Study:

The present study is regarding digitalization of banking services with reference to customer priority, so the objective is as follows.

- A. To study about the various innovative digital banking services offered by the banks in India.
- B. To offer appropriate recommendations or suggestions for overall development of digital banking based on the findings of the study.

Review of Literature:

DoddaRaju, M. E., and T. NarayanaReddy(2014) stated that majority of the customers prefer e-banking for quickness. It is advised that banks should try in all the ways that e-banking is working 24 hours round the clock and service is available to customers without any hassle. Online customers are mainly concerned with safety issues hence the banks should educate their customers on the safety use of their passwords and pin numbers and it should insist the customers that they should change the passwords and pin numbers frequently so that no unauthorised fraudulent practices happen in online banking.

El Aziz, RashaAbd, Rehaballah El Badrawy, and Miran Ismail Hussien (2014) propose a framework to explore and compare the dimensions and barriers that affect consumer's intention to use or adopt different self-service banking technologies in the Egyptian context. An empirical study on bank customers was conducted using a quantitative approach, where respondents were divided into three groups in order to investigate the usage of ATM, internet banking and mobile banking.

The results indicate that the three groups differ significantly with respect to usage, value, risk, tradition and image barriers. Moreover, significant relations between decisions of adoption and Internet banking experience, level of education, and type of mobile owned and mobile internet experience were also noted. Perceived usefulness, cost, and the need for interaction significantly affect the usage of ATM, Internet banking and M-banking. However, perceived risk has significant effect between adopters and non-adopters for ATM and mobile banking only.

Saeedi, Parviz, HormozMehrani, and Mehdi EhsanBakhsh(2014) evaluates the effect of risk and quality of services of e-banking customer's satisfaction. Social statistics was provided by managers of Golestan provinces firm in which 3 cities are investigated Gorgaon, Kordkoy and Port of Gaz. A sample of 280 was extracted by Kokran formula. Results indicated that quality of e-services have a significant relationship with perceived benefits and costs. Performance and financial risk have negative impact on perceived benefits; but have positive impact on significant relationship with perceived benefits and cost. All these criteria have impact on satisfaction.

Kaleem, Ahmad, and Saima Ahmad. (2015) analysed bank employees' perceptions about potential benefits and risks associated with electronic banking in Pakistan. The findings concluded that 'minimising inconvenience' and 'government access to data' appears to be the most important benefit and risk respectively, while 'reducing HR requirements' and 'charging high costs for services' are the least important benefits and risk associated with electronic banking.

Krupa, Mrs M. Esther, and Major Dr R. Rajasekaran (2015) identified the customer level of awareness towards e-banking services. The finding reveals that people know about the services but still many are not aware of all the services and do not use them. Banks should ensure that electronic banking is safe and secure for financial transactions like traditional banking. Therefore, the banks should make some potential strategy to create awareness about all the e-banking services.

Various Digital Banking Services:

- **Banking cards:** Cards are not only used to withdraw cash but also enable other forms of digital payment. Cards can be used for online transactions and on Point of Sale (PoS) machines. Prepaid cards can also be issued by the banks; such cards are not linked to the bank account but function through the money loaded onto them.
- **Unstructured Supplementary Service Data (USSD):** By dialing the number *99#, mobile transactions can be carried out without an application and internet connection. The number holds nationwide applicability and promotes greater financial inclusion on the ground level. The service lets the caller surf through an interactive voice menu and chooses the desired option on the mobile screen. The only catch is the mobile number of the caller should be the one linked to the particular bank account.
- **Aadhaar Enabled Payment System (AEPS):** AEPS lets the client initiate banking instructions following the successful verification of the Aadhaar number.
- **Unified Payments Interface (UPI):** UPI is the most trending form of digital banking presently. UPI makes use of a virtual payment address (VPA) so the user can transfer funds without entering bank account details or IFSC code. Another striking feature of UPI is that the applications let you consolidate all your bank accounts in one place. Funds can be transferred and received around the clock with no time restrictions. UPI-based apps in India are BHIM, PhonePe, and Google Pay. BHIM application, in addition to the transfer of funds to other virtual addresses and bank accounts, also lets the user transfer funds to another Aadhaar number. More importantly, UPI-based payments are free of cost.
- **Mobile Wallets:** Mobile wallets have eliminated the need to remember four-digit card pins or enter CVV details or carry loose cash. Mobile wallets store bank account and card credentials to easily add funds to the wallet and make payments to other merchants with similar applications. Popular mobile wallets are Paytm, Freecharge, Mobiwik, etc. Mobile wallets, however, generally have a limit on how much can be deposited in the wallet. A small fee may also be charged on depositing the funds from the mobile wallet back into the bank account.
- **PoS terminals:** Typically, PoS machines are portable devices that read a card to authorize and complete the payment. Supermarkets and gas stations opt for this method of payment. However, with digital banking thriving, PoS terminals have evolved into

more than physical PoS devices. Virtual and Mobile PoS terminals have surfaced, which makes use of the mobile phone's NFC feature and web-based applications to initiate payment.

- **Internet and Mobile Banking:** Commonly known as e-banking, internet banking refers to obtaining certain banking services over the internet, such as fund transfers, and opening and closing accounts. Internet banking is a subset of digital banking because internet banking is only limited to core functions. Similarly, mobile banking is availing banking services through mobile-based applications.

Conclusion:

Every individual must have bank accounts to avail the financial services and to avail the financial assistance as government subsidies. Bank account holders then become e-banking customers as they have to access any kind of the e-banking services. Individuals should have computer knowledge or knowledge of mobile phone to enjoy the real benefit of e-banking services. Customers are seeking assistance of intermediaries to avail the e-banking services and that will bear an additional cost to avail such service in addition to the e-banking charges. To avoid such a situation, it is the responsibility of the Government and social institutions and organizations to educate the individuals to obtain knowledge of computers and mobile phones for banking.

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