

Digital Banking Growth In Indian Hyper Competitive Market

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ABSTRACT

The comprehensive market is undergoing conversion at a rapid pace and technology is instrumental for this revolutionize .The impact of technological insurrection is being experienced in all walks of life and banking sector has also witnessed the same. Indian banking sector has also gone under complete makeover. Banking is no longer inadequate to traditional brick and mortar system rather it is changing to brick and click system and virtual banking. fresh services are being presented by the banks through the medium of internet. One of the reasons for digital-banking aheadrive in India is the increasing internet penetration among people. People nowadays prefer using electronic medium for banking because of bunch of advantages connected with it. Though Digital-banking provides lot of advantages in form of speed, effortlessness and expediency.

Keywords: Digital Banking, Electronic Fund Transfer, Cheque Truncation System, Tele banking

INTRODUCTION

Digital-Banking services transform the face of the up-to-the-minute Digital-banking, having the major effect on banking relationship. Banking is now no longer confined to the branches were one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true digital-Banking, any question or transaction is processed online without any suggestion to the branch (anywhere Digital-banking) at any time. Providing digital-Banking is more and more becoming a "require to have" than a "pleasant to have" service. The net banking, thus, now is more of a norm rather than an exception in numerous developed countries due to the fact that it is the cheapest way of providing banking services.

DIGITAL BANKING

In India the conventional method of banking was all the way through branch banking. It was in 1991, that with economic reforms, Digital-banking industry also witnessed the new wave of banking methods. It was Saraf Committee which was constituted by RBI in 1994 that recommended the use of Electronic Fund Transfer System (EFT), introduction of electronic clearing services and extension of Magnetic Ink Character Recognition (MICR) further than metropolitan cities and branches. It was ICICI bank which became the pioneer of Digital-banking in India .It was the initial bank to establish online Digital-banking services in 1996. Its initiatives were followed by Citibank, IndusInd Bank and HDFC Bank who provided internet banking services in 1999. Various initiatives have been taken by both the government and the Reserve Bank (RBI) from transactions and other means of electronic commerce. The important technological developments witnessed in the new age payment systems in India are:

- Arrival of card- based payments- debit card, credit card- late 1980's and early 1990's.
- Introduction of Electronic Clearing Service (ECS) in late 1990's
- Introduction of Electronic Funds Transfer/ Special EFT in the early 2000's
- Real Time Gross Settlement (RTGS) was introduced in March 2004

- Introduction of NEFT (National Electronic Funds Transfer) 2005/06
- Introduction of CTS (Cheque Truncation System) in the year 2008 time to time to smooth the expansion of Digital-banking in India. The Government of India enacted the IT Act, 2000 which provided legal recognition to electronic.

DIGITAL BANKING MODES

BIOMETRIC ATM

A biometric system is a real-time recognition system which identifies a person by measuring a particular physical or behavioral characteristic and later comparing it to a library of characteristics belonging to many people. Fingerprint and other biometric devices consist of a reader or scanning device, software that converts the scanned information into digital form, and wherever the data is to be analyzed, a database that stores the biometric data for comparison with earlier records. When converting the biometric input, the software identifies unambiguous points of data as match points. The equivalent points are processed using an algorithm into a value that can be compared with biometric data scanned when a user tries to gain access. Thus biometric devices can be explained as: A sensor takes surveillance. The type of sensor and its observation depend on the type of biometrics device used. This observation gives us a Biometric Signature of the individual. A computer algorithm Anomalies the biometric signature so that it is in the similar format (size, resolution, etc.) as the signatures on the system's database. The normalization of the biometric signature gives us and Normalized Signature of the individual. A matcher compares the normalized signature with the set (or subset) of normalized signatures on the system's database and provides A similarity score that compares the individual's normalized signature with each signature in the database set (or subset). What is then done with the similarity scores depends on the biometric system's application.

MOBILE DIGITAL-BANKING

Mobile Digital-banking, as the name indicates, is in disparity to the traditional brick and mortar banking which is done from a permanent branch premises where the customers have to go for transacting the desired banking transactions. Digital-banking tries to reach the customer to enable him/ her to handle banking. Mobile Digital-banking is used in two different senses. Banking through a mobile van (called mobile bank), with or without computerized banking system, which moves from one place to other on designated routes at designated hours and the customers can transact their routine Digital-banking, like cash deposit and withdrawals, draft issue, cheque collection, cheque book issue, pass book update.

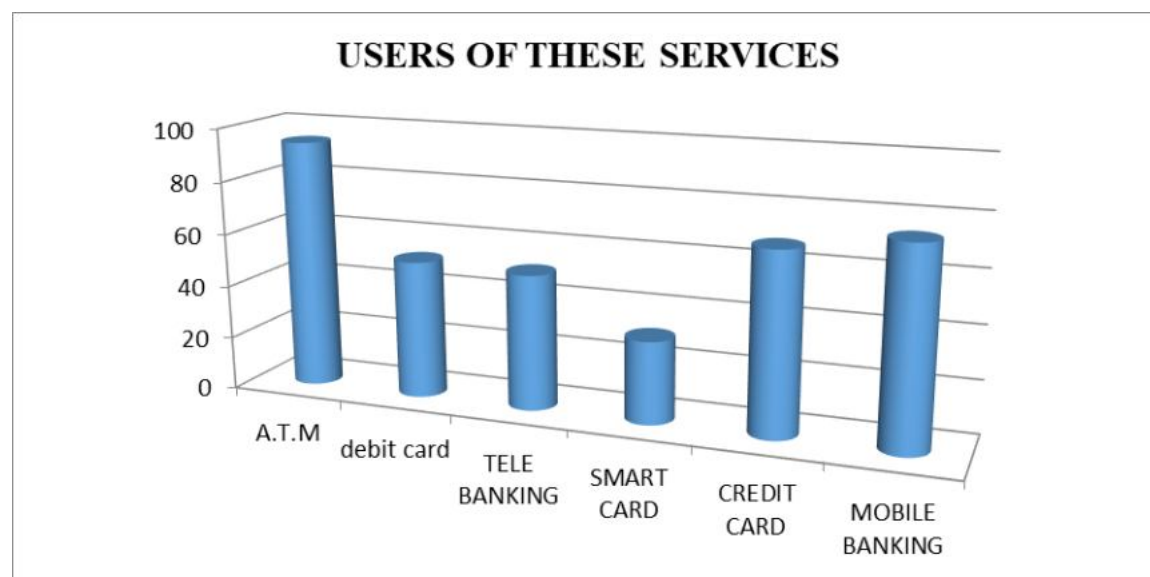
SMS BANKING

SMS banking is a technology-enabled service offering from banks to its customers, permitting them to operate selected banking services over their mobile phones using SMS messaging. Individuals or customers can manage their bank accounts, check their account balances, money transfers, paying bills and perform other banking transactions using their mobile phones. There are two methods of SMS widely used in applications; they are the PUSH & PULL. Push messages are those that bank chooses to send to a customer's mobile phone, without the customer initiating a request for the information. It is a one way message. Typically push messages could be either mobile marketing messages or messages alerting an event which happens in the customer's bank account, such as a large withdrawal of funds from the ATM or a large payment using the customer's credit card, etc. Another type of push message is One-time password (OTPs). OTPs are the latest tool used by financial and banking service providers in the fight against cyber fraud. Instead of relying on traditional memorized passwords, OTPs are requested by consumers each time they want to perform transactions using the online or mobile

Digital-banking interface. When the request is received the password is sent to the consumer's phone via SMS. The password is expired once it has been used or once its scheduled life-cycle has expired. Pull messages are those that are initiated by the customer, using a mobile phone, for obtaining information or performing a transaction in the bank account. This is a full duplex scenario where a user sends a request to the SMS banking application and the application replies with the information requested. Examples of pull messages for information include an account balance enquiry, or requests for current information like currency exchange rates and deposit interest rates, as published and updated by the bank.

TELE- BANKING

Tele-banking refers to banking on phone services a customer can access information about his/her account through a telephone call and by giving the coded Personal Identification Number (PIN) to the bank. Tele-banking is extensively user friendly and effective in nature. i. To get a particular work done through the bank, the users may leave his instructions in the form of message with bank. ii. Facility to stop payment on request. One can easily know about the cheque status. iii. Information on the current interest rates. iv. Information with regard to foreign exchange rates. v. Request for a DD or pay order. via. D-Mat Account related service.



OBJECTIVES OF THE STUDY

- To study the nature, growth and extent of electronic banking services in the Indian banking sector.
- To assess the impact of Digital-banking on service quality in banking sector in India.
- To inspect the impact of Digital-banking on the operations, payment and clearing system in banking sector.

RESEARCH METHODOLOGY

Research is a diligent and systematic inquiry or investigation into a subject in order to discover or receive fact, theories, applications, etc. Methodology is the system of methods followed by particulars discipline. Thus, Research Methodology is the Way how we conduct our research.

RESEARCH DESIGN

This project involves descriptive research design as my project is questionnaire based. Descriptive research includes survey and fact- finding enquiries kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present.

SAMPLE SIZE

For this study the sample size is 50 people of the area Anna-Nagar,Mugappair,Poonamallee who were using the Digital-Banking services.

DATA COLLECTION

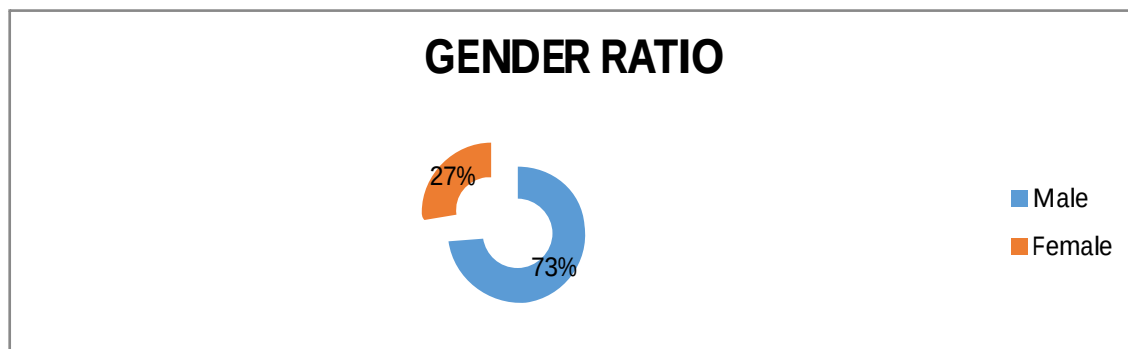
Both primary and secondary data were used. Primary data were collected from the questionnaire and rest of the data collected from the secondary sources like website, Paper, Books and Journals.

ANALYSIS AND INTERPRETATION**TIME USING THE INTERNET FACILITIES**

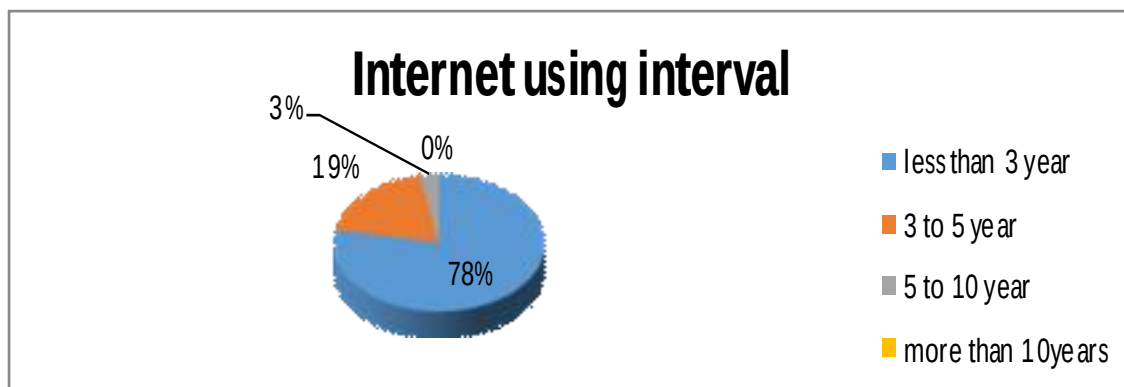
In this graph 78% customers are using internet from less than 3 years and 3% are using from 5-10 years and rest of the respondent using internet between the periods of 3-5 year.

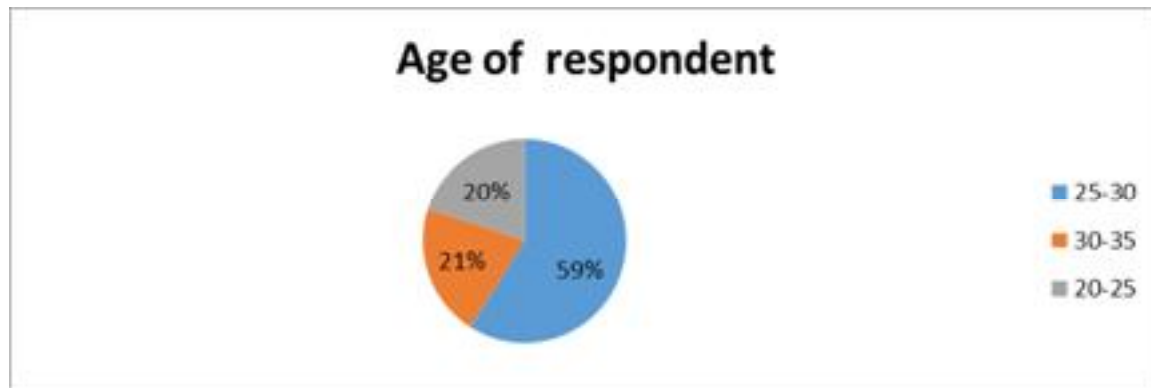
GENDER RATIO OF RESPONDENTS

This study deals with the 73% of male respondent and rest of the respondent is female.

**AGE RATIO OF THE RESPONDENT**

In this graph majority 59% of the respondent in the age group of 25-30 and 21% are in the group age 30-35 and rest of the age group of 20-25.





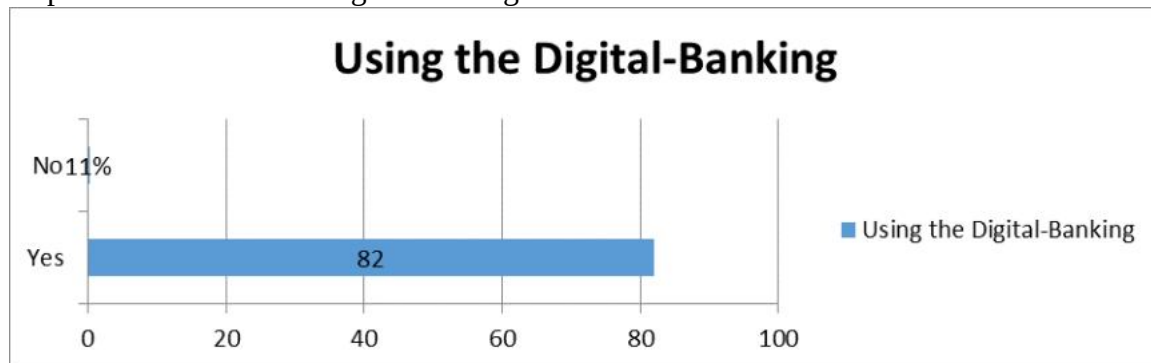
AWARENESS ABOUT THE DIGITAL-BANKING

The following graph represents that the majority of respondents are not aware about Digital-banking 13% on the other hand 87% respondents know about Digital-banking.



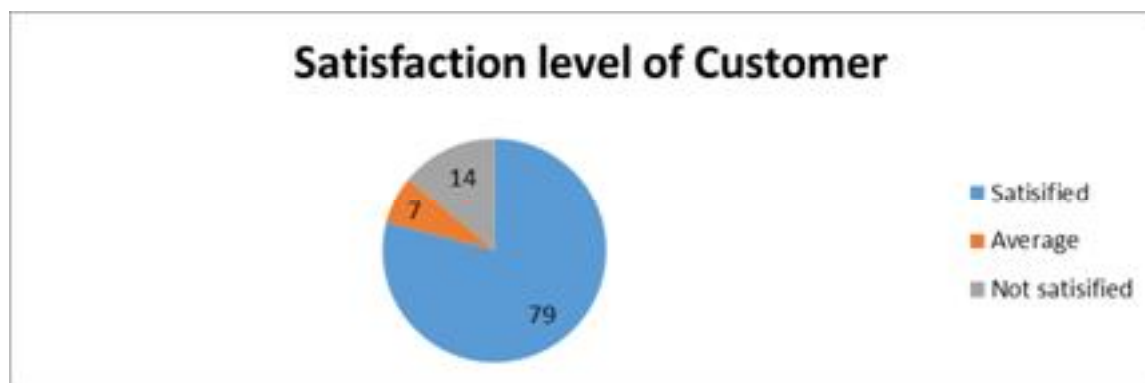
USING THE DIGITAL-BANKING SERVICES

In this graph 76% respondent using Digital-banking for their day to day life and the 11% respondent not uses the Digital-banking.



SATISFACTION LEVEL OF THE RESPONDENT

From Digital-Banking Services This study shows that most of the respondent satisfy with the services of Digital-banking provided by the banks and 14% respondent said they wear average satisfy from the digital-Banking services 7% is not satisfy with the services.



CONCLUSION

Digital-Banking is a non-reversible happening incident which will increase more constrain in the upcoming years. With digitalization of Indian economy and move to turn India into cashless society, digital-banking is going to be strengthened. Many banks are levying charges on cash business above a certain limit. Though this is mainly being done to curb cash withdrawals as many banks are still twirling over cash crunch caused due to demonetization in 2016. But this step is surely helps for the growth of online banking and virtual transactions in India. They all witnessed an upward increase indicating their expansion in recent years. The young generation has already personalized to this change and perceives this changing banking system more as a convenience mode than a challenge.

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