THINK INDIA JOURNAL

ISSN:0971-1260
Vol-22- Issue-14-December-2019

Challenges Of Digitalization Of Banking In India

J. Sathish
Assistant Professor MBA, Department of Management Studies
Bharath Institute of law,
Bharath Institute of Higher Education and Research
Selaiyur, Chennai, Tamil Nadu 600 073

ABSTRACT

Today rapid transforming takes place in the digital era in the banking sector. It is as important that the banks remain as transparent, as their customers remain authentic. The main objective behind integrating banking services with technology is, undoubtedly, convenience. Technology has now become familiar to most individuals, to an extent that it influences their lifestyle. It, then, becomes vital for businesses to distinguish themselves in the digital space with unique offerings. A digital transformation is taking place in the financial services industry, with a host of non-bank innovators offering both customer facing and back office financial technology products and services. This transformation includes emerging market economies, and in many places offers a viable digital alternative to traditional banks, which have left significant populations underbanked. This paper explores the challenges and opportunities that financial technology innovations present for banks in these nations. Digital disruption is occurring at every level in the banking industry. From new technology to new competition to heightened customer expectations, incumbent banks have become increasingly vulnerable.

KEY WORDS: Digital Banking, Technologies, Business ease, security.

E.Archana, I year MBA, Saveetha Engineering College, Thandalam, Chennai602105, Tamilnadu, India, Email id: archuyadav1413@yahoo.com Mobile: 7418114592.

Dr.N.Muthu, Professor, Dept of Management Studies, Saveetha Engineering College, Thandalam, Chennai602105, Tamilnadu, India, Email id: profdrmuthu@gmail.com Mobile: 9840252298

INTRODUCTION

"Banking has to work when and where you need it. The best advice and the berst service in financial happens in real time and is based on customer behavior, using principles of big dat, mobility and gamification". --Brett King

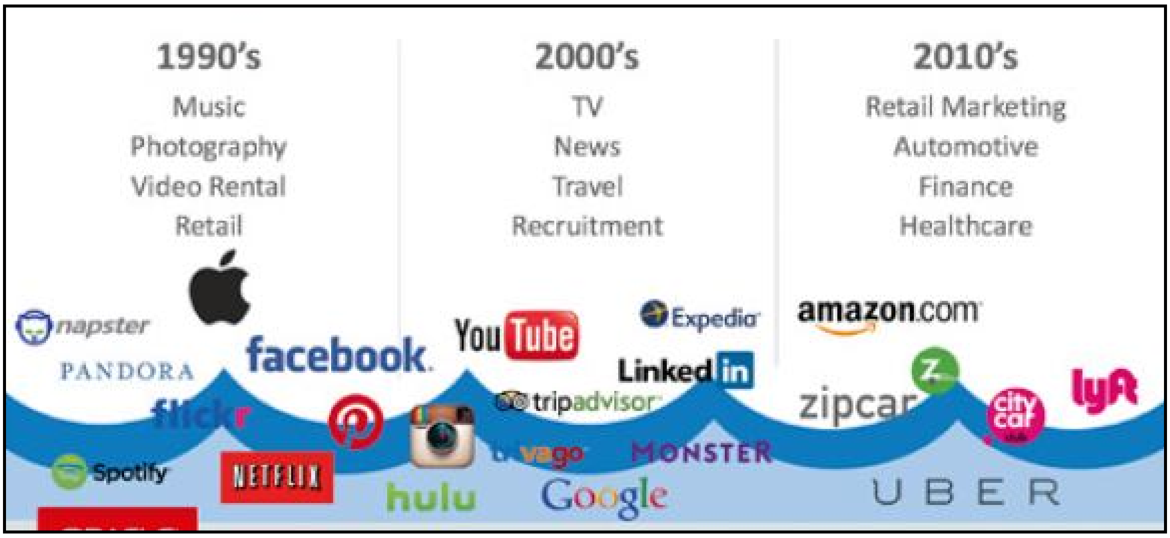
Digital adaptation started off as an option but has evolved into a necessity in every bank's agenda around the globe as end-clients, consumers, businesses, and governments – are quickly adopting trends cascading from the technology sector in their IT capabilities, business operations, and business models. With the digitally-savvy generations coming of age, the manifestations of the rapidly evolving technological changes across all aspects of our lives pose fascinating challenges and opportunities alike in the end-clients' digital ecosystem. The financial services industry is going through dramatic changes as a consequence of changing customer behavior, increasing expectations, channel proliferation, disruption, innovative use and adoption of new technologies and the digitization of business and society in general. Cost reductions, increasing top-line revenue and mitigating risk remain the key drivers, also in retail banking.

ISSN:0971-1260
Vol-22- Issue-14-December-2019

Study report reveals that 90% of consumers prefer online banking services, regardless of age, income, place of residence or type of bank. Retail bank branch consolidation and branch shutdown will continue in many environments.

Waves of change periodically sweep India, altering landscapes forever. They are formed by many small ripples that come together at the same time, each one seemingly inconsequential in itself, but collectively creating a very powerful force of change.

FIGURE NO: 1. DIGITAL TRANSFORMATION AND DISRUPTION



(Source: Adopted from Oracle, EFMA, "Digital transformation –Challenges and opportunities facing banks, February, 2016, Page.4)

CHANGING FACE OF BANKING TECHNOLOGY IN INDIA

"We are witnessing the creative destruction of financial services, rearranging itself around the consume. Who does this in the most relevant, exciting way using data and digital, wins!"
-ArvindSassnkaran

In a highly uncertain global economy, with challenges and urgent needs to transform, amidst digital and mobile first consumer demands and along with the pressure from politicians and regulators to digitize, controlling costs and managing risk is paramount. One in three people in developed markets now carries a smartphone, and few doubt that banks will rely increasingly on digital channels to serve the fast-growing population of consumers who rely on multiple devices to conduct daily business online. The digital payments industry in Asia's third-largest economy will grow by 10 times to touch $500 billion by 2020 and contribute 15% of gross domestic product (GDP), the report predicted. a lot of things that digital banks have to be prepared for, and in my opinion, those are these: a) security issues, b). constant and often innovation and c). sustainability.

THINK INDIA JOURNAL

ISSN:0971-1260
Vol-22- Issue-14-December-2019

FIGURE NO.2 STARTEGIES ADOPTED BY MODERN BANKS

(Source: worldretailbankingreport.com)

In the **Maxa Research report highlights 1 the following** points to improve digital banking system.

1. Combine AI with IoT
2. Create Seamless Multichannel Experience
3. Deliver Next Gen Customer Support
4. Enhance Mobile Selling
5. Future-Proof the Organization
6. Increase Customer Value with Open Banking
7. Move from Functional Quantity to Design Quality
8. Provide End-to-End Digital Onboarding
9. Remove Internal Silos
10. Use Insights to Meet Unmet Needs

ISSN:0971-1260
Vol-22- Issue-14-December-2019

FUTURE BANKING ISSUES IN INDIA

Every decision we make now must be approached with a great sense of responsibility, taking into account three key guiding principles. First, the customer must be put at the center of any initiatives with ambition to succeed. Second, as future developments in technology and the competitive landscape remain uncertain, we need to pay special attention to the rise of new challenges. And finally, collaboration and communication among all stakeholders -public authorities and private providers- is vital in order to make the most of digitization in finance, while preserving financial stability and ensuring adequate consumer protection.

THE FOLLOWING HIGHLIGHTS THE EMERGING ISSUES. THEY ARE

- Bad loans
- Asset quality
- Balance sheet management
- Bank fraud
- Capital adequacy
- Cyber threat
- Employee and technology
- Unhedgedforex exposure

CLOSING THOUGHT

"The challenge for banks isn't becoming "digital" –it's providing value that is perceived to be in line with the cost –or better yet, providing value that consumers are comfortable paying for"

-Ron Shevilin

Banks in India have witnessed a radical change from 'conventional banking to convenience banking'. Today, they are poised for 'digital banking' at a rapid pace. The bank has invested heavily in technology to make life easier for customers that demand digital banking services online or on mobile apps. But the latest problem is a clear warning to banks such as Lloyds that an over-reliance on digital banking channels could create problems in the future. Nothing remains permanent and it is getting proved time and again by new innovations and developments across the industries. And when it comes to a banking industry representing a large bunch of customers looking to execute their day-to-day transactions with ease, innovations are bound to happen. The centerpiece of this digital transformation is really a mindset shift, one that puts the emphasis on a more holistic view of customer financial health. Thus it's critical for bankers to rethink how they engage with customers at every interaction, from marketing and customer acquisition through on-boarding, product setup, and payments and transactions. The digital bank of the future must have financial health at the center of the customer relationship. Thus it involves a transformation in three areas: technological, strategic and in terms of corporate culture and talent. It is, in short, a complete reinvention of the banking business.

ISSN:0971-1260
Vol-22- Issue-14-December-2019

REFERENCE

[1] http://www.cigniti.com/blog/6-challenges-digital-banks-e-wallets-2017-overcome/

[2] http://www.movablemark.com/kotak-811-embrace-new-wave-digital-banking-india/ https://www.linkedin.com/pulse/digital-wallet-era-challenge-consumer-banks-abhijeet-bhatt/

[3] https://thefinancialbrand.com/62845/digital-banking-experience-strategy-online-mobile/

[4] https://www.accenture.com/in-en/digital-transformation-banking

[5] https://www.altoros.com/blog/digital-transformation-in-banking-new-challenges-for-a-new-era/

[6] https://www.i-scoop.eu/retail-banking-digital-transformation/

[7] https://www.mckinsey.com/industries/financial-services/our-insights/strategic-choices-for-banks-in-the-digital-age

[8] https://www.pwc.com/us/en/financial-services/publications/pursuing-digital-transformation-banking.html

[9] http://www.forbesindia.com/article/weschool/digital-revolution-in-the-indian-banking-sector/47811/1

[10] https://www.google.co.in/search?dcr=0&biw=819&bih=526&ei=CGYzWsCVIIT98gXOm6fYAw&q=digital+banking+problems&oq=digital+banking+problems&gs_

[11] http://www.nasdaq.com/article/the-pros-and-cons-of-online-banking-cm386361

[12] https://blog.getzuper.com/traditional-banks-vs-digital-banks-challenges-and-opportunities-7f5e90b8511d

a. https://www.jagranjosh.com/current-affairs/issues-and-challenges-facing-indian-banking-

[13] sector-1456572882-1

[14] https://www.capitaworld.com/digitalization-in-banks/

[15] http://www.crayondata.com/blog/wp-content/uploads/2016/05/Brett-King.jpg

