



## "Scenario Of Digital Banking In India With Special Paradigm To Pandemic"

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### ABSTRACT:

Present era is the era of Digitization , Digital Banking play a vital role in the current situation and has many advantages over traditional banking such as economical , security and transparency . Despite the closure of the companies and the lock-down , Digital Banking play a key role in sustaining the economy by offering digital instrument such as debit card , mobile banking , mobile wallets etc in this pandemic situation . During the pandemic period , the government of India forced the people directly or indirectly for adopting Digital mode of payment for all the commercial process . This Research Paper present increase adoption of Digital Banking in India with special reference to pandemic as well as Post Pandemic Period .

**Keywords:** Digital Banking , Pandemic , Digitization , Traditional Banking.

### I. INTRODUCTION :

Digitization is the process of converting information into a digital format . Digital is the new buzz in all sector, The Banking sector , like all other sector , is progressing toward technological advancement . Bank are taking huge step toward digitization in order to cope up with changing economy . Digitization has transformed the traditional manual process into digital service by reducing human error and deliver the maximum to it's customer , by saving time and building customer loyalty . Now round the clock , consumer have access to the service provided by bank just by the use of online banking . Digitization of banking has helped the customer in many ways at the time of COVID -19 . In this paper we will discuss benefit and progress of digitization in banking sector .

### DIGITAL BANKING :

Digital Banking means automatically conventional banking through digital platforms like the web and internet - enabled system like mobile devices . With Digital Banking you can access almost all financial services at tip of your fingers , all year round , irrespective of national or bank holiday . It entirely eliminates the need for one to visit the bank .

Digital Banking can also be cited as the delivery of banking product and/or services to the customer through the electronic channel . It is also known as cyber banking , internet banking , virtual banking , home banking and electronic banking as it include various banking activities that can be conducted online not offline . The concept involve new age online banking instrument such as RTGS , NEFT , ECS , CREDIT CARD , CHEQUE etc .

### VARIOUS PRODUCTS OF DIGITAL BANKING :

- Banking Card - Card are not only used to withdrew cash but also enable other form of digital payment . Card can be used for online transaction and Point of Sale ( POS ) machine .
- Aadhar Enabled Payment System ( AEPS ) - AEPS lets the client initiate banking instruction following the successful verification of Aadhar number .
- UPI - UPI is the most trending form Digital Banking presently . UPI make use of virtual payment address ( VPA ) so the user can transfer fund without entering bank account or IFSC code . Fund can be transferred and received around the clock with no time restrictions . UPI based apps in India are BHIM , Phone Pay and Google pay .



- Mobile Wallet - Mobile Wallet store bank account and card credentials to easily add fund to the wallet and make payment to other merchant with similar application, popular mobile wallet are Paytm, Free charge, Mobiwik etc.

- POS terminals - Typically, POS machine are portable devices that read a card to authorize and complete the payment. Supermarket and gas stations opt for this method for payment. However, with digital banking thriving, POS terminal have evolved into more than Physical POS devices.

- Internet & Mobile Banking - Commonly known as e-banking, internet banking refer to obtaining certain banking services over the internet such as fund transfer & opening & closing account. Similarly mobile banking is availing banking services through mobile based application.

#### OBJECTIVES OF THE STUDY :

- To conduct brief study about Digital Banking and its various product.
- To examine the situation of Digital Banking in India.
- To determine the benefit possessed by Digital banking.
- To make comparative analysis of existing digital banking and traditional banking system.

#### II. LITERATURE REVIEW:

- Dr Vipin jain (2020) studied about the emergence of Digital Banking in India and challenges which are lying ahead.

- Elisa Indriasari (2022) presented a comprehensive literature review for Identifying challenges and state of the art of digital banking research.

- Rajsee Joshi (2019) presented a detail study of Customer's perception and their adaptability to these revolutionary changes in banking.

- Yousif Hichaim Sultan Altaie (2020) concluded that Digital banking services are an important way to reduce the cost for the Bank and the customer together and thereby enhancing the customer trust with Bank.

- Kiran Jinadal (2019) presented the awareness and preferences of customer for digital product offered by HDFC bank.

#### III. RESERCH METHODOLOGY:

The study is based on the secondary information different Journals, newspapers, books and relevant website has been consulted in order to make study effective one.

Theories and explanations are on the basis of Descriptive research method. This method focuses on the "what" of the research problem more than "why". While finding of the research paper is based on Quantitative research, this type of research focuses on gathering and analyzing numerical data and can be used to find average and to predict outcome.

#### IV. FINDINGS:

Digital banking transactions have been steadily increasing over last few years, as a part of government of India's strategy to digitise the financial sector and economy. Over the past four years, Digital banking transactions have grown multifold from 3134 crore in fy 2018 - 19 to 5554 crore in fy 2020-21. During the current financial year i.e fy 2021 - 22, the total number of 7422 crore digital transaction have been reported till 28 th February 2022. Bharat Interface for money - Unified Payment Interface (BHIM- UPI) has emerged as the preferred payment transaction with the value of rupees 8.27 lakh crore till 2020 covid-19 pandemic has established that digital payment enable access to health care as well through contactless payment mode like BHIM - UPI QR code in consonance with the "new normal" of social distancing.

The Digital Banking payment system recorded a robust growth of 63.6 per cent in terms of volume during 2021 - 22 on the top of the expansion of terms, the growth was 23.1 per cent as against a decline of 13.4 percent in the previous year, mainly due to robust growth observed in value of Digital banking payment



system viz RTGS . The share of Digital transaction in the total value of non - cash retail payment increased to 99.3 percent during 2021 - 22 up from 98.8 percent in the previous year .

Among digital mode of payment , the number of transaction using RTGS increased by 30.5 percent during 2021 - 22 in term of value , RTGS transaction registered an increase of 21.8 percent , transaction through National Electronic Fund Transfer (NEFT) system also witnessed an increase of 30.6 percent and 14 .3 percent in volume and value respectively , reflective of the increase in large value corporate while NEFT service was available through 160428 IFSCS of 227 member banks .

During 2021 - 22 , payment transaction carried out through credit card increased by 27 .0 percent value respectively. Transactions through debit card decreased by 1.9 percent in term of volume, though in term of value , it increased by 10.4 percent. Prepaid payment instrument (PPIs) recorded an increase in volume and value term by 32.3 percent and 48.5 percent respectively. The growth in digital payment can be attributed to increased availability of acceptance infrastructure, which witnessed substantial growth during the year benefiting from operationalisation of the payment infrastructure development fund ( PIDF) . The number of Points of sale ( PoS) terminals increased by 28.6 percent to 60.7 lakh during the year , while the number of Bharat Quick Response ( BQR) codes deployed increased by 39.3 percent to 49.7 lakh during the same period . Further , the number of Automated Teller Machine ( ATMs) also increased to 24.8 lakh in 2021 - 2022 from 23.9 lakh in the previous year .

#### **BENEFIT OF DIGITAL BANKING OVER TRADITIONAL BANKING SYSTEM:**

##### **1 .Convience & efficiency: -**

Digital banking is time efficient as it allow you to access most banking services from the comfort of your home .It is a great source for people who reside in remote area where tradinal banking may be different to access.

##### **2 . Round the Clock access :**

User can operate traditional banking for fixed hour of time , while with the advance of Digital Banking System time is never a constraint , one can make transaction anytime and anywhere.

##### **3 . Safety & Security :**

Digital banking is safer traditional mode by cash as there is no risk or theft of burglary . Moreover , online transaction will always have proof that can be reproduced if required.

##### **4. International Transfer :**

With the advancement of digital banking one can transfer fund across the globe with just click of button.

#### **V. CONCLUSION:**

Banking sector hold a crucial role in our day to day life . Digital banking offer a higher level of Convience for managing one's finance . At the times of pandemic banking sector has completely transformed to another spectrum . Many Digital banking product like UPI , Internet Banking , Mobile Banking , Mobile wallet , QR Code etc showed a remarkable contribution in sustaining the economy and there by contributing to India's GDP despite of complete shut down condition.

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