

**A STUDY ON ROLE OF e-BANKING SERVICES TOWARDS DIGITAL INDIA**

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Government of India encourages people to move towards Cashless Economy. This can be achieved by use of Debit, Credit cards, electronic payment gateway systems such as National electronic funds transfer (NEFT) and Real time gross settlement (RTGS) etc. in India. Also increase in Internet, mobile adoption, new channels like websites, social media and mobile App provides new way for consumers to access financial transactions. The study of this paper is to find role of E-Banking services in Digital India. The objectives of study are to identify Drivers of Digital Banking Transformation, contribution of Indian banks towards Digital India, facilities provided by Indian banks to make India cashless, Key barriers of Digital payment and to identify Threat for Indian bank. Technology has become a tool that facilitates banks' organizational structures, business strategies, customer services and related functions. Digitalization changes face of branch banking.

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**Introduction**

Banking today is a flourishing industry, focused on technological innovation. Internet banking has emerged as the biggest focus area in the "Digital Transformation" agenda of banks. Digital Transformation in Banking Starts with Consumer Needs Like 1.Reward me for my business, 2.Simplify My Life by providing "anytime, anyplace" access to my balance, 3.Know me as a person, 4.Look out for me by providing me with wealth-building advice, 5.Anticipate My Needs by telling me what I am spending money on and how I can save. To satisfy these needs banks has to transform delivery channels. Electronic banking is a major innovation in the field of banking. Earlier banking was conducted in a very traditional manner, there were no such

innovations. Information revolution led to the evolution of internet, which lead to Ecommerce continued by evolution of E-banking. With the help of technology customer conduct the banking activities anywhere in the world like ATM's Debit cards, phone banking, internet banking and Bank app etc. Digital India is a campaign launched by the Government of India to ensure that Government services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology. It was launched on 2 July 2015 by Prime Minister NarendraModi. The initiative includes plans to connect rural areas with high-speed internet networks. Indian government has a vision to make 100 Smart Cities by 2022 and thereby provide almost all the services electronically to the citizens. Digital 9. India consists of three core components. These include:

- The creation of digital infrastructure
- Delivering services digitally
- Digital literacy

### **Vision of Digital India**

#### **Infrastructure as a utility to every citizen:**

High speed internet shall be made available in all gram panchayats.

#### **Governance and Services on Demand:**

Single window access to all persons by seamlessly integrating departments or jurisdictions; availability of government services in online and mobile platforms.

**Digital empowerment of citizens:** Universal digital literacy.

### **The Digital revolution in Banking**

We talk about new economic world where all the task is performed digitally. Bank has developed innovative, multichannel apps to response and manages need of customer quickly and easily. In present scenario customers are “self-directed” and highly adapted to online world.

**1. Physical-Informational:** Primary physical channels, Digital channel for information and alert.

**2. Online-Transactional:** Transactional services, Digital payments.

**3. Self Service-Personalized:** Self-service, Customer enablement, Basic social media and analytics, Online chat

**4. Connected-Engaged:** Concept branches, Channel integration, Partial fulfilment, Services through digital channels.

**5. Digital-Innovative:** 24\*7\*365 access to all services through digital channel, Focus on functional innovation and new operating models. Digitalization in banking does not only mean online banking, internet banking, mobile banking or paperless banking rather it is the application of new technologies to transform the existing banking business model into a new banking business model. A model which will itself produce new customer base, unveil new financial services, ensure faster and seamless services to clients with reduced operational cost, zero error, ease of use and apparently, maximum security.

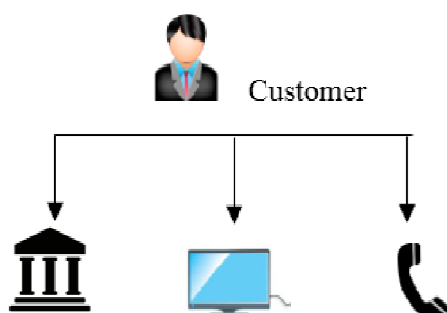
Therefore, it's not only a new channel; rather it's a whole new way of transforming existing transaction-based banking into the experience- based banking. So that, banking can be accessed by customers anytime and from anywhere.

### Evolution of channel in banking

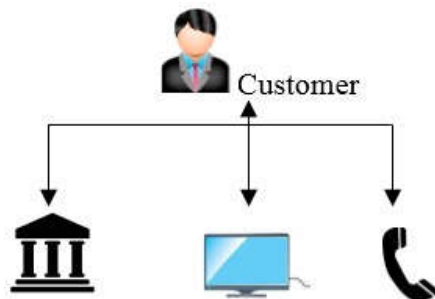
**Single Channel (Pre 1970):** Customer and bank have single touch point.



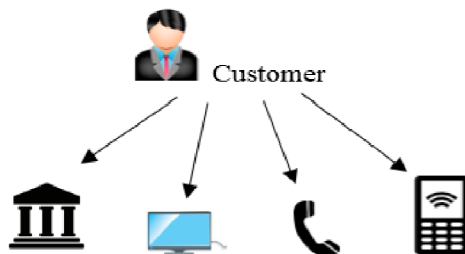
**Multi-Channel (1990):** Customer see brand through multiple touch point with bank communication.



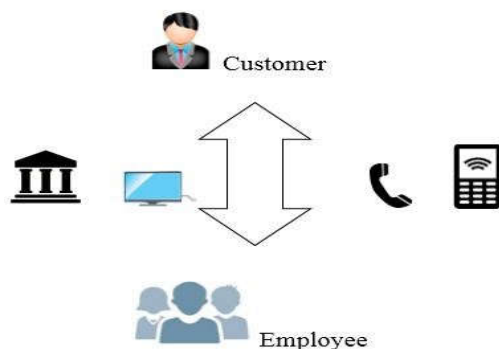
**Cross Channel (2010):** Customer see unified brand through many touch points. Bank has single customer view.



**Omni Channel (2012):** Customer has holistic brand experience. Bank leverages unifies view of customer



**Bi Directional Channel (2015+):** Bi-direction channel banking brings customers and the employees together on single user experience (UX) platform. Banking is complex and is driven by multiple banking applications. There is the core data processing system, payment systems, general ledgers, cash management, credit origination systems, credit servicing systems, online and mobile banking systems, account opening.



Use of technology in banking sector enables bank to serve their customer easier, faster and convenient way. Emerging technologies have changed the banking industry from paper and

branch based banks to “digitized and networked banking services. It’s changing the channel to delivering services to their customer.

### **Objectives**

1. To identify Drivers of Digital Banking Transformation.
2. To identify contribution of Indian banks towards Digital India.
3. To identify facilities provided by Indian banks to make India cashless (Key trends in Digital payment).
4. To identify Key barriers of Digital payment.
5. To identify Threat for Indian bank.

### **Research Methodology**

Exploratory research has been used in this study. The study is based on the secondary data collected from different journals, magazines, sites, research articles, periodicals, websites and published data from various issues of RBI and different Public/Private sector banks. Various studies on this subject available have also been referred in this study.

### **Literature Review**

**KPMG, “Technology enabled transformation in Banking”, The Economic Times Banking Technology, Conclave 2011**, this article has concluded that banking will be transformed by new technology by 2015. customer friendly products, delivery channel, easy and accessible services and competitive pricing would be driving forces-and technology shall play a dominant role in all these. Models using mobile devices and efficient payment systems will make banking services more widely available 24 x 7.

**M.C. Sharma and Abinav Sharma “Role of Information Technology in Indian banking Sector”** This paper concludes that Indian public sector banks that hold around 75 % of market share do have taken initiative in the field of IT. They are moving towards the centralized database and decentralize decisions making process. They possess enviable quality manpower. Awareness and appreciation of IT are very much there. What is needed is a „big push“ the way it was given in the post nationalization period for expansionary activities.

**Lal, Roshan&Saluja, Rajni, E-Banking:**

**The Indian Scenario.** The authors have tried to address the technological concerns in banking. Their paper begins with the analysis of various reports on trends and progress of banking in India published by RBI mainly on parameters such as ATMs, Computerization of branches and Retail electronic payment methods. Based on their analysis, they feel special arrangements could be made by banks to ensure 100% data security online for which technically trained staff and experts need to be employed. Additionally, they noted Indian banks in spite of making sincere efforts in installation of electronic delivery channels and technology into the system, still need to make the masses in the system fully aware of the concept. More and more seminars and workshops on the usage of e-banking especially for those who are ATM or computer illiterate should be organized. Bank employees should be given adequate training in the field of E-banking to enhance efficiency and effectiveness of the model.

**Manikyam, K. Ratna, Indian Banking Sector – Challenges and Opportunities,** the paper reviews the impact of liberalization, privatization & globalization on banks and analyzed the resulting opportunities and challenges. It entails a detailed summary of Indian banking structure based on secondary data collected from journals, books, periodicals etc. Post liberalization era has evidently spread new colours of growth in India, but has simultaneously posed some challenges like high transaction costs, diminishing consumer loyalty, and intense competition from foreign banks, privacy & safety of online data and transactions. The global level competition has compelled the banks to rethink their policies and strategies and timely upgrade technology to meet demands. It also talks about building knowledge-driven, learning organizations in this rapidly evolving operational environment.

**Data Analysis****Drivers of Digital Banking Transformation Mobile, Tablet & Wearable's Changes Everything-Rapid growth and early adoption**

Mobile, tablet and laptop etc. devices have transformed the social and commercial relevance of software, to the extent that mobile software touches nearly all interactions and transactions today. People spend maximum time on their smartphone-Took photo/picture, texted or called friend/family, checked product availability, purchase goods or services online etc. And also new channels like websites, social media and mobile app.

**Life on the Edge**

Most of your potential customers spend time online Smartphone, laptop, Tablet and wearable devices makes computing power is moving from the centre to the edge -- from air-conditioned server rooms to back pockets. People are connected through social Networking, browsing the internet, shopping online, searching for information, Managing finances, Planning a trip, watching an online video and mobile app user are rising.

**Consumerization of the User experience**

Consumerisation in banking is driving more profitable relationships. It changes how both customer and employee interact with their banks through social media and more customized and targeted approaches to product development.

**The Millennial Generation**

According to UN report with 356 million 10-24 years old, India has the world's largest youth population. Youth will drive Indian consumer growth. With a young, tech-savvy population, improved education and rapid growth, India is creating a consumer market deeply tied into mobility and connectivity.

**Omni-channel Expectations**

It is much more than just providing multiple ways for customers to transact. It is about a seamless and consistent interaction between customers and their financial institution across multi channels. Omni channel focuses on transactions. It is a multichannel approach to sales that seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from desktop, tablets, laptop or mobile device, by telephone or in a bricks and mortar store.

**High Expectations of customers**

Now customer want to have desired information available instantly at their fingertips, and it create great opportunity to organization to build up images and strengthen customer relationships. Rather than expecting customers to come to them, enterprises must go where the customer is.

**Going paperless**

Go paperless and you'll get your statements and transactional history electronically each month. You skip the hassle of shredding or filing paper and you'll help the environment. All data and paperwork could be stored in a computer system, backed up with an online storage or an external drive and view your statement. This is much cheaper than keeping loads of files in a cabinet or storage.

**Contribution of Indian banks towards Digital India.**

1. Indian's first digital village is Akodara in Sabarkantha district of Gujarat. The village with a total population of 1191 people and 250 household used a cashless system for payment of goods and services. All transaction in the village are carried out through digital modes like SMS, net banking or debit cards. The village was adopted by ICICI bank under its digital village project in 2015 and made cashless by adopting digital technology. The villager's most important transactions selling agri produce at the local market or selling milk at the cooperative society have been made cashless. This village is practically example of how e-banking is practically implemented in Indian villages without much difficulty to make India cashless economy.

2. SBI bank has adopted Shirki village in Maharashtra to make the entire village will turn cashless within 30 days.
3. First and second cashless village in Maharashtra are Dhasai (Thane district) and Pimpri Budruk.
4. Other state whose 1<sup>st</sup> village are cashless are Telangana-Ibrahimpur, Jharkhand- Nuagram (Singhbhum), Uttarakhand- Lachampur (Pauri Garhwal), Chhattisgarh- Palnar (Dantewada), Jammu and Kashmir- Lanura (Shrinagar).
5. Karnataka Vikas Grameen bank launched a scheme named 'Bank Sakhi' for empowering women who will be employed to promote cashless transaction.
6. To promote cashless transaction, Haryana government has issued Petro cards to drivers working with the state government for cashless payments of fuel in association with Indian Oil Corporation and Bharat Petroleum.

7. IDFC bank has launched the aadhaar-linked cashless merchant solution “Aadhaar Pay” in association with Unique Identification Authority of India (UIDAI) and the National Payments Corporation of India.

### **Facilities provided by Indian banks to make India cashless**

1. Indian Banks offer Mobile banking app for Android, iPhone and blackberry helps customer to check account balance, transfer funds, pay bills and much more. Eg. iMobile by ICICI Bank, State bank anywhere and State bank freedom from SBI, Axis mobile from Axis bank ltd, 1.U-Mobile from Union bank, HDFC Bank mobile banking, BOI Mobile banking, PNB m banking, CANMOBILE from Canara bank, IDBI Bank Go Mobile, Bank of Baroda M-Connect etc.
2. Almost all Indian banks provide internet banking services to their customer.
3. Indian bank providing Debit and Credit cards to their customers. Also known as plastic card, bank card and more, customer can enjoy electronic access from saving/current account in any bank via ATMs. From e gallery deposit and withdrawn of money without hassle of standing in long queues. Same can be utilized for mobile banking and internet banking.
4. Types of cards:- Visa debit card, Visa electronic Debit card, Master card Debit cards, Contactless Debit cards, RuPay Debit cards, Maestro Debit cards.
5. Mobile banking Will Be Possible Over Basic Handsets Without Internet-USSD (Unstructured Supplementary Service Data) technology is the solution for you if find difficulty to pay digitally due to poor or no internet connectivity.
6. The USSD refers to a simple interactive text messaging system using which a mobile phone user can reach out to his/ her bank for simple banking services. Though USSD is a pretty old technology, it holds great significance for a country like ours where internet

penetration is low and a greater percentage of people use basic handsets over which they cannot connect to the internet.

7. Bharat Interface for Money or BHIM app has been launched by the Govt. which simplifies the process of cashless transactions. The Aadhaar card based app, which combines the power of UPI (United Payment Interface) and USSD (Unstructured Supplementary Service Data) into one, was launched by PM Modi during DigiDhanMela event in Talkatora stadium in New Delhi. Named after Dr BR. Ambedkar, BHIM app has been described as a 'wonder app' - One app for all bank accounts, Internet Is Not Required, Finger-print based cashless transactions. As we used the app, we found the interface super clean, and the usability flawless. Within 10 seconds after downloading the app, the user can transfer money, receive money as well as check his linked bank account's balance. Currently, the Indian banks are being supported by BHIM app, because they have started UPI based transactions:

Allahabad Bank, Andhra Bank, Axis Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Catholic Syrian Bank, Central Bank of India, DCB Bank, Dena Bank, Federal Bank, HDFC Bank, ICICI Bank, IDBI Bank, IDFC Bank and Indian Bank etc.

### **Key barriers of Digital payment**

- ❖ Habit to use cash
- ❖ Complexity of using Internet
- ❖ Fraud and hidden charges
- ❖ Absence of human interaction
- ❖ Less Smartphone penetration in rural area
- ❖ Poor or low internet speed
- ❖ Afraid of privacy and security

### **Threat for Indian bank**

### **Major Threat for Indian Banks due to**

**Non-Banking entities:** Non-bank entities such as Paytm, PayPal, Amazon, WalMart and Google. These entities are offering new, advanced ways to handle finances, such as payments.

**Payment Bank:** The Reserve Bank expects payment banks to target India's migrant labourers, low-income households and small businesses, offering savings accounts and remittance services with a low transaction cost.

Reach customers mainly through their mobile phones rather than traditional bank branches.

They can't offer loans but can raise deposits of up to Rs. 1 lakh, and pay interest on these balances just like a savings bank account does, enable transfers and remittances through a mobile phone, offer services such as automatic payments of bills, and purchases in cashless, chequeless transactions through a phone, issue debit cards and ATM cards usable on ATM networks of all banks, transfer money directly to bank accounts at nearly no cost being a part of the gateway that connects banks, provide forex cards to travellers, usable again as a debit or ATM card all over India, offer forex services at charges lower than banks, also offer card acceptance mechanisms to third parties such as the 'Apple Pay.'

**These companies are:** Aditya Birla Nuvo Ltd, Airtel M Commerce Services Ltd, Cholamandalam Distribution Services Ltd, Department of Posts, FinoPayTech Ltd, National Securities Depository Ltd, Reliance Industries Ltd, Sun Pharmaceuticals, Paytm, Tech Mahindra Ltd, Vodafone mpesa Ltd.

## Conclusion

The rapid advancement in information and communication technology has significantly influenced our banking industry. Banks and financial organizations have improved their services as a financial intermediary through adopting various IT solutions. Technology now has become a tool that facilitates banks' organizational structures, business strategies, customer services and related functions. Digitalization changes face of branch banking. Today mobile is being increasingly used as a primary channel of banking and, the potency of providing relevant contextual information on mobile phones. Banking is being taken to places where Generation Y and Millennial's spend most of their time – on social networks. Increasingly banks are integrating social media components into their online channels and we are beginning to see use-cases like transferring money to one's Facebook friends or login to the bank using Facebook ID.

Video banking offers banks the ability to expand the reach and convenience of customer engagement in a comparatively low-cost fashion. The most common uses of video in recent times are interactive teller, ATM with teller assists or in-branch video conferencing.

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