

Future of Banking: Digital Banking (Net Banking, UPI, E-Wallet)

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ABSTRACT

The banking sector has seen a variety of changes after the introduction of the CBS {CORE (Centralized Online Real-time Exchange) Banking Solution} based banking system. It is the management of public accounts in a single database. That is recording transactions, personal information of the customers, banking calculations, etc. It is because of CBS and the interconnectivity of bank servers and RBI that made banking services seamless and brought variety to it. Transacting through the different accounts of the different banks was a lengthy process before but now the process has been very simple because of digitization. The CBS allows the bankers to easily maintain records and share them with other banks. The banks now allow us to perform banking transactions and several other banking services online through internet banking. The digitization of banks can also be known as digital banking as the flow of cash in our day-to-day use has reduced tremendously and is a good sign both for the banks and for the government. The cash needs handling of it and being the process reduced gives much time for other areas to work on. The person now in order to refill petrol at a petrol pump will use his UPI(Unified Payments Interface) id to pay as it is quick, safe, and easy to use. He just needs to scan for the QR code and enter the pin. Many banks and applications are giving the UPI service and various promotional offers in collaboration with different franchisees. People use it on several outlets to get rewarded.

Keywords: CBS, Transactions, UPI, Digital Banking, E-Wallet.

Introduction

Banks have now evolved and banking has become quite easy in terms of sending and receiving money. The market is technically advancing and various changes can be seen on a day-to-day basis. Banks in order to survive have to move parallelly. Doing transactions is now simple, secure, and quick the banks need not handle cash as it was before stuffing the cash in ATMs twice a day even thrice. People need not visit a branch for many banking services and only important ones to be performed at the branch. Mobile/Digital banking lets the user perform various banking services they are bank transfers, balance checks, deposit cash. The major advantage of UPI is it being quick and simple. The different type of recharges, shopping, bank transfers bring rewards and offers this not only encourage people to do it more but it is hard to track cash transactions and one that moves painted black. The government gets the record clear and paid income tax accordingly. Digitization saw a surge in the tax collection too with parallel help from GST. Being banks digitally strengthened the point of error from banks lessens and brings customer loyalty and trust. Customers can now access banking services 24x7 and help in the modern era as missing a day of work visiting a bank and executing the task is so cliché nowadays. Bank branches were allowed to perform business with limited cash but now the online accessibility enables users to send it anywhere

globally in no time, reducing the workload of banks and moving towards a cashless society. Safety of customers and no burden to carry cash everywhere risking it to lose. Usually, there used to be a wallet in a person's pocket but now there is a digital format of it i.e., eWallet. The person adds money from his bank account to his eWallet and he then just needs an internet connection. Bank strengthen the relationship with his customers as the person is not visiting the branch and employees any sort of argument is not possible and the person can themselves perform banking services. The government was unable to track a chunk of cash transaction as many businessmen tried to undervalued profit and thus from one to another this tendency led to black money formation. The issue of fake currency and its trail has also been reduced. The transactions done with the banks have to be shown in the books and tax to be paid. There are some flaws too with the digitization of banks as many people don't know how to operate mobile, use gadgets, and run applications, language too is a barrier for some. The one-to-one connection with the bank, its employees, and customers are also not possible in the banks. Technology has some disadvantages as many of them don't know how to use it safely and any sort of leak will harm them and can cause fraud, online fraud, cyber-attacks. Applying for any unknown or partially known scheme with no sort of explanation and help from the computer might end up in frustration. The customer might also face difficulty in filling any data in the pre-fed blanks available in the online form.

Review of Literature

- A study done by JS Harchekar on the topic "Digitalization in Banking Sector" lacks the present scenario and comparison in terms of UPI and different applications available in the market.
- A study done by M Maiti, P Kayal on the topic "Digitization: Its impact on economic development & trade "with special reference to services and MSME sector of India" lack the broad view based on the digitization of banks and is more cornered with MSME sector and the negative side of it.
- A study done by R Nayak on the topic "A Conceptual Study on Digitalization of Banking-Issues and Challenges in Rural India" is more focused on digitization and the difficulties by it in rural India.
- A study done by D Joshi and S Parihar on the topic "Digitalization & Customer Perception towards the Banking Services" is more focused on the views of the customers in terms of digital banking.
- A study done by JM Kamalam on the topic "Role of digitization in banking in India" focused more towards how digitization helped banks become what it is today.

Research Gap

The present scenario and how digitization is helping people grow in less time and without depending on bank branches. In multitasking, a quick, simple, and secure gateway is needed and digital/mobile banking let's use that efficiently. The use of Internet banking, UPI, and mobile applications are helping banks reach every corner of the world without visiting bank branches.

Research Methodology

The data collected are from different sources that are secondary in form and exploratory in nature. The data is in qualitative form and explains how digitization helped in the establishment of modern banking which is seamless, quick, and secure.

Digital Banking

Traditionally banks were busy maintaining records in the books as there was no computer and the process was lengthy and time taking. The process takes days to finish and with a regular visit to the branch by the customers. The task can be simple like transferring money, checking a balance. The process was limited to few hours of the day as per branch policy. Carrying the cash by the customers was a risk. The transactions were complex between branches and different banks. The whole process was lengthy, time taking and risky. At present, if you ask any person to visit the branch two to three times for depositing cash or sending money to another account he might not do. It was a very time taking process, this was solved by the introduction of CBS in the banking sector and everything changed. The

digitization of banks is the process in which all the vital data recorded in the books was converted into digital format shared with the bank all over India, letting people avail the facility from anywhere. The CORE banking allowed banks to seamlessly transact between them and other banks too. The banks were connected to their respective servers and all servers were connected to the RBI. The same process of transferring cash from one bank account to another is now very simple even for the banks and for the people. People can now send or receive money instantly from any bank account. The internet or mobile banking facility can be availed 24x7. The only difference between the internet and mobile banking is through mobile banking people can scan and pay through various outlets and shopping. Rest is common people might pay through different payment options available through online modes also. In this developing technological era if the bank doesn't bring new ideas and develop itself it might get replaced by some good alternative available. At this time everyone has a smartphone in their hands and thus the mobile banking through banking application is reaching the zenith in terms of transactions and no of users. The surge is helping banks reducing the footsteps in their branches and minimizing the overhead expenses. the cost of maintaining cash and ATMs was a big duty and the bank is relieved by the cashless transaction. The customer is doing transactions on their own and there is no involvement of bank employees so there is no chance of conflict between them, the bank is thus building a relationship that is long-lasting and reliable.

Types of Digital Banking

- **UPI** – Unified payments interface is a simple id-based payment system in which with the help of the supported apps or banks person can send or receive money instantly anywhere and anytime. The payment can be done by the QR code scanned in the outlets or mobile apps.
- **Mobile Wallets** – The mobile wallet is the digital form of a traditional wallet the person can add money from his bank account into it and can spend it on different outlets or any kind of expenditure supporting the digital payment.
- **Banking Cards** – Payment through it can be done by online banking or bank websites and banking apps. A large number of funds can be sent through this. There are different types of cards in the market two cards common among them are
 - DEBIT
 - CREDIT
- **Mobile Banking** – Banks and independent companies have made apps supporting the different types of banking services be it for sending or receiving money or checking balance or for availing any sort of other services. Many banking services can be availed through this with few steps it is simple, quick, and remote with 24x7 availability. It is secure enough if the person does not dilute his confidential data and be cautious.
- **POINT OF SALE (POS)** – These POS machines can be easily seen at any outlets or Point of Sale where the person is willing to pay the person can pay through their different cards the cards are enabled with magnetic chips that make the payment easy with just a pin number.

Statistics

The progress of digital banking and mobile banking, UPI, and other payment methods can be explained by different figures inserted below. The surge in the number of users is phenomenal and the smartphone just became the irreplaceable part of banking in India. The banks have also established computers for some facility to be availed then and thereby the customers, some systems also run by chatbots that speak like employees and give suggestion as what next is to be done for the desired result.

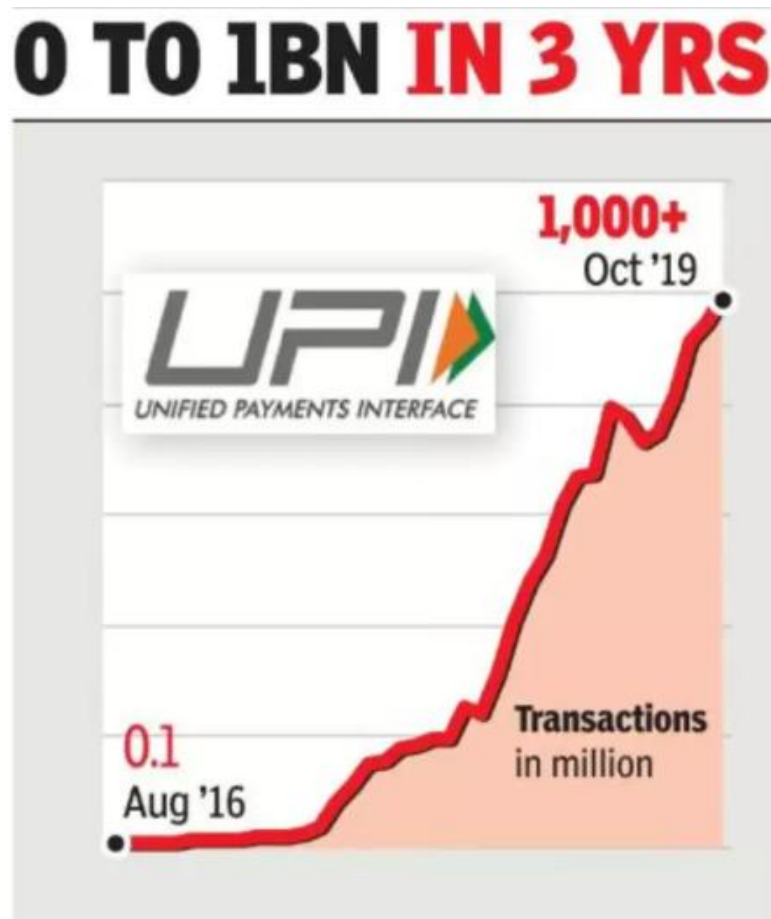
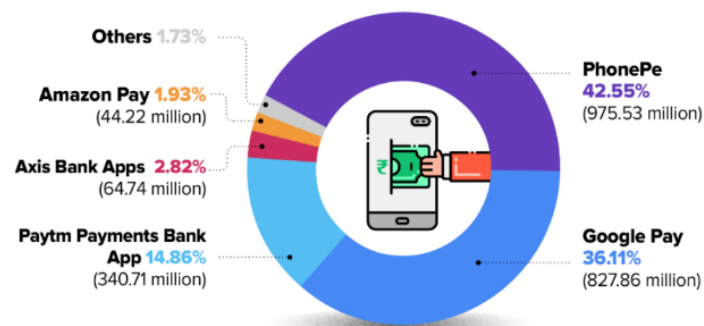


Figure 1

ET tech

Top 5 UPI apps in Feb 2021

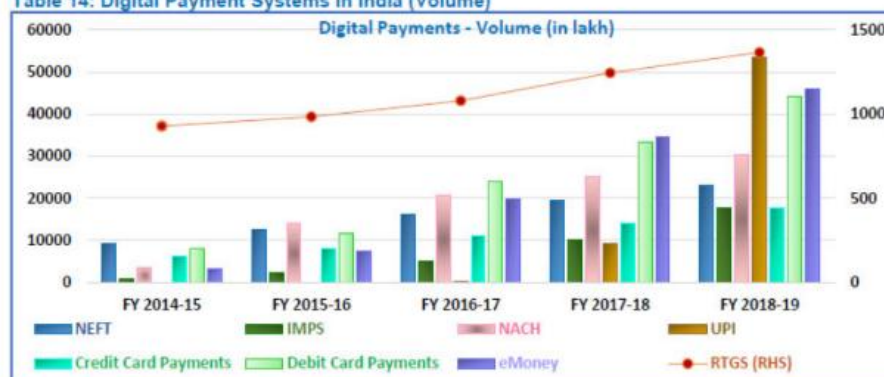
(Note: Number of transactions in brackets)



Source: NPCI website

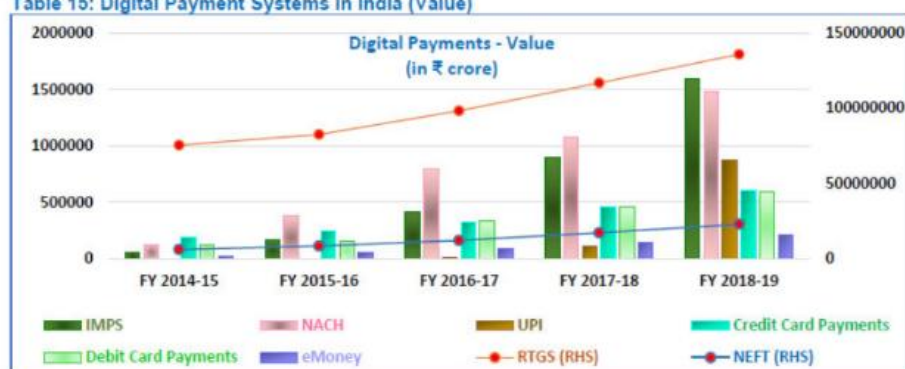
Figure 2

Table 14: Digital Payment Systems in India (Volume)



Source: RBI Data

Table 15: Digital Payment Systems in India (Value)



Source: RBI Data

Figure 3

Advantages of Digital Banking

- Customer dealing can be done more efficiently as the footfall is reduced by the major remittance services being tackled only and cashless services overriding it.
- 24x7 availability.
- Not constraints to branch like rules like the cash have to be submitted till 12 o clock and any such rules are not applicable in the mobile and online banking systems.
- Online payments of bills are quick and easy. Banks have now partnered with multiple organizations and basic bills like DTH, electricity, water bills can be paid directly from the mobile or online modes.
- The banks need not maintain cash in the ATMs and branches twice a day as it was before the footfalls have been also reduced these all are ultimately helping banks with lower overheads and thus more profit.
- Analyzing data is possible and can be accessed quickly, prompt and data-driven decisions are possible through this for the benefit of customers and banks too.

Disadvantages of Digital Banking

- Convenient but has some flaws weak internet connection might get the person's money stuck and the transaction might get complex.
- The glitches can be seen every time on the apps.

- The network plays a major role any hindrance from there is not good.
- Lack of one-to-one banking experience.
- Safety is still an issue, prone to cyber-attacks.
- Illiteracy, as many people still don't know how to operate these apps and avail themselves online services.

Conclusion

Traditional banking was slow and lengthier and time-taking process with the introduction of computers and internet connectivity the banks have now interconnectivity facility through which they can run seamlessly and with precision, the data is in digital format. Many banking services can now be availed online through internet banking and mobile phones. The services can be availed 24x7, it is quick, easy, and secure. The basic and long going problem of illiteracy is still hindering digital banking but it can be achieved by time and educating the mass.

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