

DIGITIZATION IN BANKING SECTOR: A ROAD AHEAD

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ABSTRACT

Digitalization will be going to lead to globalization undoubtedly. Adopting digital technology is very important for the banking sector because the most important thing for banks these days is time and efficient work, so they want to use it on something that is giving them more value. Now a days the banking sector wants to do something new to make its service different from others' and digitization will help them. Banks no longer confine themselves to traditional banking activities but have found new avenues to expand business and capture new markets. A major advantage of digital technology in the banking sector is that information can be easily edited and available at a click, data can be stored online allowing it to be accessed from any device including the Internet. It is important for banks to go digital to change their business and strategize and increase interaction with their customers and employees, providing excellent customer experience and employee satisfaction.

Banks around the world are realizing how investment in digital technologies can lead to customer acquisition and satisfaction. The transition from analog to digital form has many advantages for the banking sector. The number of customers increases thanks to the convenience of service that allows users to save time. Costs for banks and customers can be reduced using ATMs, cashless transactions, etc. On the other hand, we now have more digital data that we can use to make data-driven dynamic decisions. This is helpful for both banks as well as customers. Digitization reduces human error. It has become clear that banking apps are becoming a part of our day to day lives. The digital world is in constant flux and there are already many valuable examples of digital transformation in the banking industry. Financial services are available everywhere through digital technology, 24/7 and as user-friendly as social networks or email solutions that we use every day. Another major factor, which has helped to bring the digital transformation process on a large scale, is its penetration by mobile devices. The average penetration rate of mobile phones worldwide is approaching 70%, and the phenomenon has become the platform for new mobile app development to be used beyond social communication. Mobile banking app usage increased by 19 percentage points in 2013 and 2014, while usage of computer-based banking services remained almost unchanged.

KEYWORDS: *Digitization, Bank, ATM, Mobile Devices, Social Communication.*

Introduction

The earliest forms of digital banking trace the arrival of ATMs and cards launched in the 1960s. As the Internet emerged with early broadband in the 1980s, digital networks began connecting retailers with suppliers and consumers to develop the needs of early online catalogues and inventory software systems. By the 1990s, the Internet became widely available and online banking became the norm. Today's environment in the modern digital banking world is due to the improvement of broadband and e-commerce systems in the early 2000s. The proliferation of smartphones through the next decade opened the door for transactions to go beyond ATM machines. More than 60% of consumers now use their smartphones as the preferred method for digital banking. Digital cash removes many problems associated with physical cash, such as the possibility of displacement or theft of money or being damaged. Additionally, digital cash can be more accurately detected in cases of disputes. As consumers get an increasing number of shopping opportunities at their fingertips, there is less need to carry physical cash in their wallets. The changing habits and new competitive environment of e-consumers are forcing banks to address their digitalisation process, as urgency if they are not be left behind in market.

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One must be left behind in the market, which finds itself in the whole realm of change.

Digital products and channels are not only a new means of using, distributing, and operating a transactional business that improves solutions for the customer, but they also represent an opportunity to bring in customers and build loyalty. In conjunction with advanced analytical techniques, these new channels help make commercial relationships faster and personal. They make it possible to be proactive in terms of customer requirements, thereby increasing the sales force. In this sense, institutions that are at the forefront of the digital transformation process set more ambitious goals to improve productivity and productivity of distribution channels, compared to other traditional institutions. In the new ecosystem in which banks operate, some changes are already noticeable - the way institutions and their customers behave. In the medium and long term, further changes of greater importance are also likely to be observable. It may be that the first few steps are being taken towards a new industrial revolution, not only in the financial sector, but also in other sectors. All these changes will occur or occur with a clear direction in banking institutions: improving or maintaining profitability levels. They will also need to defend themselves against new entrants. It is generally expected that the first impact will be on costs, and that at some stage of the digital transformation process more advanced banking institutions will be able to offer various products and services that are large income generators.

Key Benefits of Digital Technology in Banking Sector

- **Business Efficiency:** not only do digital platforms improve interaction with customers and deliver their needs more quickly; they also provide ways to make internal tasks more efficient. While consumer end-to-end banks have been at the forefront of digital technology for decades, they have not fully embraced all the benefits of middleware to accelerate productivity.
- **Cost Savings:** One key for banks to cut costs is automated applications that replace unnecessary manual labor. According to McKinsey & Company, traditional bank processing is costly, slow and prone to human error. Relying on people and paper also creates office space, which increases energy and storage costs. Digital platforms can reduce costs in the future through synergies of more qualitative data and faster response to market changes.
- **Increased Accuracy:** Traditional banks that rely primarily on paper processing may have error rates of up to 40%, requiring reevaluation. Due to the lack of IT integration between branch and back office personnel, this problem reduces business efficiency. By simplifying the verification process, IT solutions are easier to implement with business software, leading to more accurate accounting. Financial accuracy is important for banks to follow government regulations.
- **Better Competition:** Digital solutions help manage marketing lists, enabling banks to reach broader markets and build closer relationships with tech savvy consumers. CRM platforms can track customer history and provide quick access to email and other forms of online communication. It is effective for executing customer rewards programs that can improve loyalty and satisfaction.
- **Greater Quickness:** the use of automatism can speed up both external and internal processes, both of which can improve customer satisfaction. After the collapse of financial markets in 2008, there was an emphasis on risk management. Instead of hiring and training risk management professionals by banks, it is possible for risk management software to respond to market changes more quickly than professionals who come into the market.
- **Increased Security:** All businesses, large or small, face an increasing number of cyber threats that can damage reputation. In February 2016, the Internal Revenue Service announced that it had been hacked the previous year, as did many large tech companies. Banks can benefit from additional layers of security to protect data.

The Need for Digital Transformation in the Banking Sector

Digital transformation means the integration of digitalization in every area of banking. This integration leads to fundamental changes in the way financial institutions deliver and deliver value to their customers. Banks that undertake this change can expect lower costs and streamlined processes. This integration also helps in providing a more hassle-free and attractive customer experience.

Today in India, spending on infrastructure, rapid implementation of projects and continuing banking reforms have increased. These are expected to trigger the development of the industry. All these factors suggest that India's banking sector is set for strong growth. Still, one thing banks cannot ignore is the benefits of digitization and how it is going to benefit them. Digital Transformation widely presents these efforts with banking institutions working on technology and market trends and with gradual

successes. Only if an institution is able to upgrade itself, will it be able to meet the demands of new age customers. Sophisticated digital technologies have changed the traditional way banking was done. The emergence of shopping portals, social channels and integrated mobile apps has opened many doors for banks to reach their customers.

Digital transformation allows financial institutions to know what people really want. They can tailor their financial services and offer them according to the needs of the customers rather than estimates. New innovative technological developments allow banks to strengthen customer engagement with personalized offerings.

Pillar of Digital Transformation in Banking

- Hassle free and convenient services
- Ensuring safety while being digitally operated
- Changing services
- Unify the digital experience
- Distribute digital speed and scale
- 24/7 availability
- Economical
- Time efficient
- Cost efficient

Conclusion

The changing habits of consumers, who are seeking new ways of using financial services, and the competitive scene that big technology and fintech companies have burst on is forcing banks to face digitalization as an imperative, so as not to be left completely behind in a market throat of change.

We have identified three successive steps in the bank's digitalization process:

- The first involves the development of new channels and products, while the second means swapping technology infrastructure and final strategic positioning require profound organizational changes Digital environment.
- Institutions that have adopted this process before, and are now at another stage advanced stages are better positioned to meet customers' new demands and be competitive comparison with new digital financial services providers. As digitization of banking business develops, it will be desirable to build appropriate metrics in it.
- Common throughout the financial system and which is applied transparently in the market. It must be done in such a way as to whether the investments made are appropriate and what not they produce expected results, where it is done on comparative terms between institutions and countries. This practice should be carried out by banking institutions so that they can progress, and to supervise the authorities, financial systems.

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