



Digital Banking in India: A Literature Review

Pooja Yadav^{1*}, Dr. Anshika Prakash², Dr. Shivani Kampani³

¹*Research Scholar, KR Mangalam University, Gurgaon

²Associate Professor, School of Management & Commerce, KR Mangalam University, Gurgaon

³Assistant Professor, School of Management & Commerce, GD Goenka University, Gurgaon
Email-py29041995@gmail.com^{1*}; prakash.anshika@gmail.com²; shivanikampani@yahoo.com³

***Corresponding Author:** - Pooja Yadav

*Email-py29041995@gmail.com

Abstract:

This paper's abstract explores the difficulties banks have had integrating the latest developments in digital banking in India. It also gives a summary of these trends. The research highlights the possible benefits and risks associated with the emerging notion of digital banking within the Indian banking sector by employing analytical methods and secondary data. A smooth transition to digital banking is also suggested, and the study provides insights into overcoming these obstacles. In the end, the report envisions a time when digital banking in India becomes the preferred method of performing transactions in addition to being accepted. Many stakeholders are anticipated to gain from this research, including academics, professionals in the banking and insurance industries, financial advisors, and students and researchers who are curious about how digital banking is developing in India.

Keywords: Digital Banking, opportunities and challenges, customer's satisfaction, digitalization.

1. Introduction:

The phrase "digital banking" refers to the provision of banking and financial services and goods via electronic channels, including automated teller machines (ATMs), the phone, the internet, social media, mobile devices, etc. The Indian banking sector is growing steadily. Economic liberalization has spawned a culture of competition that is sweeping the service industry, especially the banking industry. Every developing country's foundation has been the banking industry. Any shift in this area brought about by the use of technology will have a significant effect on the expansion of an economy. The development of technologies for information transmission, processing, storing, and gathering has an effect on every facet of banking operations. These days, banks are looking for unusual methods to offer and set themselves apart from the various services they offer. Retail and business clients both are unwilling to wait in line or over the phone for the most basic banking services. They need and expect to be able to conduct their banking operations anywhere and whenever they choose. Almost all banks, whether in the public or private sector, have placed a high priority on the advancement and application of technology. The results of their initiative towards technological advancement include, for example, ATMs, plastic money (Credit Cards, Debit Cards, and Smart Cards), online collection and payment services, online investments (Deposits and Mutual Funds), online Demat and Trading accounts, Electronic Funds Transfer (EFT) and clearing services, branch networking, telephone banking, mobile applications and wallets, and internet banking. (Revathi, P. 2019). No matter how mature or emerging, the banking industry has always been the foundation of the economy. It organizes and carries out economic changes. Any shift in this area brought about by the use of technology will have a significant effect on the expansion of an economy. These days, banks are looking for unusual methods to offer and set themselves apart from their wide range of services. Retail and business clients both are unwilling to wait in line or over the phone for the most basic banking services. They need and expect to be able to conduct their banking operations anywhere and whenever they choose. (Chauhan, S., Akhtar, A., & Gupta, A. 2022)

2. Literature Review:

The potential and problems faced by Islamic banks in the era of digital banking are examined in this study using a qualitative methodology and a phenomenological approach. Information gathered by way of observation, discussion, and documentation. According to the study's findings, Islamic banks confront both possibilities and challenges in the digital age. These include: 1) The convenience that comes with conducting transactions online without having to visit a physical bank. 2) Sharia-based digital banking is a concept that is far from usury and is based on Islamic religious beliefs. 3) expedites Islamic banks' operations in Malaysia. The client is this. Due to the intense competition they face from conventional banks and the constantly delayed internet networks, Islamic banks are facing difficulties in the current digital banking era.(Sutikno et al., 2022)

The goal of this study is to comprehend how serious risk factors affect how satisfied customers are with digitized banking services and goods. To do this, the authors conducted a structured survey based on the SERVQUAL model's five aspects and distributed it to Northern Indian banks clients. They collected 222 valid replies to the survey. With the help of the Smart PLS version 3 application software, they subjected the supplied data to Structural Equation Modeling

(SEM). Results show that Northern Indian users of digital banking are really pleased with the level of services they receive. Moreover, reliability, followed by tangibility and responsiveness, has the greatest risk factor influence on customer satisfaction. (Kaur et al., 2021)

Previously, the banking procedure took a long time. Customers were required to preserve physical records of their transactions or banking histories. However, the advent of digitalization has made paperless banking a reality for everyone. The development of technology has been a key factor in India's banking industry's progress. In response to rising customer expectations, banks created cutting-edge goods and services to guarantee client happiness. Banking operations, goods, and services have been reimagined by digital technology. Customers may complete transactions more quickly, accurately, and conveniently. It has changed how banks interact with their clients. The year 2020 brought to light the urgent necessity for quick adoption of digital technologies in all fields. (Haralayya, Dr. (2021)

This qualitative study aims to analyze the impact of bank in-branch initiatives on consumers' transition from branch banking to digital banking in India. Senior management from India's public and private sector banks were interviewed in-depth in semi-structured interviews with bank executives. The data were analyzed using a qualitative content analysis technique. Based on techniques for data reduction, display, and drawing conclusions, a variety of replies from interviews were combined into four key themes. Customers' transition to digital banking may be facilitated via in-branch customer interaction, branch digital transformation, customer-centric initiatives, and redefining the role of branch staff. In order to win clients' confidence and trust in digital banking, the study contends that integrated cultural and organizational changes at the bank level are a vital component in increasing its adoption of the practice in India. (Kaur et al., 2021). The way people live and conduct business has altered as a result of the fastest-growing technologies in recent years. The existence of the internet and mobile devices has resulted in a significant shift of many industries, including banking and finance, from manual to automation activity and from offline to online transaction. This study's goal is to examine the literature that has been written about digital banking and financial inclusion between 2014 and 2020. The approach used in this study is descriptive research, which is based on document analysis of earlier studies and literature on digital banking and financial inclusion that were either taken for free or without requiring registration from online journals. The publications and articles are obtained from a variety of sources, including researchgate.com, science direct, and google scholar. 126 articles that are relevant to this topic were gathered and looked at. This study looked at a number of factors, including authorship patterns, the volume of articles published, the research methodology, geographic affiliation, subject, and the author's gender. The overall conclusion of this study shows that the majority of earlier studies focused on how financial inclusion and digital banking positively benefited economic and social growth. (Muhammad Ridhwan et al. 2021)

The goal of the study is to identify the financial underpinnings of the initiatives carried out by the fintech company and to pinpoint what makes these businesses more efficient than traditional banks at handling financial transactions. It is even more significant because a review of research on technology solutions shows that there is a certain economic gap in the justification of such clever solutions. The study's findings, which are based on the application of conventional Cost-Benefit and Total Cost of Ownership studies, include generated cost and income functions, estimated Benefit/Cost ratios, and evidence of the fintech company's efficiency as compared to a conventional bank. (Popova, Y. 2021)

This paper's goal is to develop a multiple regression model by taking into account the variables that are promoting the expansion of Micro, Small and Medium Enterprises (MSMEs) in India. The basic data used in this study were gathered through the use of questionnaires. The survey asks 454 MSMEs in the semi-urban Katihar region of Bihar, India, about their nature and size of business as well as their opinions of the many benefits of digital banking on a Likert scale of 1 to 10. The study's results indicate that a number of positive aspects of digital banking, including its ease of use for accepting payments, its ease of use for making payments, its ease of use for managing business expenses, its ease of use for saving time, and its ease of use for preventing cash theft or misallocation, are helping MSMEs in India grow. (Meher, B.K. et al. 2021)

This study shows that access to future fintech trends will greatly increase in the following years by updating the digital banking transformation in fintechs and established banking institutions. As progress is made within the legal framework of data protection as part of the Privacy Act and open-banking directives, the findings taken together suggest that digitized-mobile-banking transitions emphasize the capabilities of banking infrastructure for data sharing, connectivity stability and cyber security, as well as standardization of internal and external APIs. (Luigi Wewege et al., 2020)

The purpose of the study is to assess the variables influencing Vietnamese consumers' intention to utilize digital banking. The survey data from 201 consumers who have access to digital banking are analyzed using multivariate data analysis techniques (Cronbach's Alpha test, Confirmatory Factor Analysis, and Structural equation model). The analysis's findings indicate that: (1) a person's attitude toward the service and perception of its value affects that intention to use; (2) Convenience has no bearing on the decision to use digital banking services; (3) perceived usefulness factor has a positive impact on attitude toward service; (4) perceived risk has a negative impact on attitude toward service; (5) trust has no bearing on attitude toward service; (6) ease of use has a positive impact on perceived usefulness; and (7) trust has a positive impact on perceived risk. According to the findings of this study, attitude and intention to utilize the service are positively impacted by perceived usefulness. Therefore, it is essential to increase customers' perceptions of their utility through media advertising and consultation in order for them to completely comprehend the advantages associated with using digital banking services. The attitude about the service is negatively impacted by perceived risk. (NGUYEN, O.T. 2020)

This study analyzed the effects of a digital banking training programme on employees in the unorganized sector and their acceptance of these services in India. Before employing the stepwise approach (forward selection) of multiple

linear regressions, this study used factor analysis to assess the applicability and reliability of scale, i.e., the training programme of digital banking services. With the aid of questionnaires and a self-administered technique, primary data have been gathered from the Delhi region. Stratified random sampling was employed, and a total of 412 useful schedules were taken into account for the SPSS version 23 data analysis. The study's findings demonstrate the beneficial effects of training programmes for digital banking services for employees in the unorganized sector. These programmes improve the usability and acceptance of digital banking services and lower the cost of banking for unorganized sector employees. (Bansal, N. 2020). This essay tries to show how digital banking has been improved since India demonetized a number of notes with denominations of 500 and 1,000. This study investigates whether the use of digital banking services has changed significantly in India since the demonetization. A paired sample t-test was employed for analysis in this descriptive study, which used data collected from November 2015 to October 2017—one year before and one year after the demonetization of currency. As the significance value for every service in both terms is less than 0.05, the results demonstrate that following demonetization, utilization of digital banking services grew in both terms, i.e., volume- and value-wise. The findings showed that the null hypothesis had been rejected, which explains why the use of digital banking services has been significantly impacted by demonetization. From a year ago, the number and value of digital transactions have tripled and quadrupled across all platforms, including wallets, cards, and interbank transfers. Data from the Reserve Bank of India show that there has been a significant increase in digital payments and transactions in the months after the announcement of the currency swap on November 8. (Sarkar, S. and Chatterjee, P. 2019)

The objective of this study is to illustrate the challenges and opportunities of Digital Banking in India. Online banking marketers will need to overcome a number of significant obstacles if they are to be successful in this industry, including traditional banking practices, security, technical problems, transactional constraints, and limited marketing resources. However, there is still a huge amount of demand for this sector. Therefore, it is likely that as online banks work to overcome their marketing issues, they will only become more sophisticated and prosperous. Online banking does have its advantages, but there are also a number of unique problems and difficulties in the industry. These are extremely important for banks that provide online banking as well as for their clients who depend on the banks' smooth operation. (P, D.R. 2019)

This conceptual study paper aims to explore the problems and difficulties associated with rural banking's digitalization and to provide fresh insight into the topic. The objective of this study is to examine the variables that affect the digitalization of rural banking, including communication networks, educational attainment, occupation, household income, gender, and socioeconomic status. This study also emphasizes the value of using digital banking services in rural areas to advance national development. This research paper will aid the banking industry in implementing critical steps, such as raising awareness of the value of digital banking services and boosting financial literacy among rural residents through a variety of awareness-raising techniques. We can close the gap between rural and urban areas by implementing digitization in rural banking, which encourages higher levels of investment activity. Digitalization aids in keeping track of transactions so that both customers and bankers may conveniently access them. The clearest example of this is DBT (Direct Benefit Transfer), which prevents the leaking of public funds and aids the government in implementing various initiatives and engaging with the populace. Digitalization aids in combating money laundering, ensuring efficient tax collection, and moving India closer to becoming a nation free of corruption. (Raghavendra Nayak 2018)

In this study, the author examines the interaction between three variables—a bank's technological infrastructure, IT governance procedures, and SOA maturity—and how these affect the time it takes for digital banking products and services to reach the market. They've collected the data for the research study through questionnaires and case study interviews with the chief technologists of eight Asian banks. Their study's main finding is that SOA maturity is crucial in increasing a bank's capacity for the transition to digital banking. They suggest establishing a SOA center of excellence, putting in place a well-designed Enterprise Service Bus (ESB), and using an ESB framework and tools in order to get to greater degrees of SOA maturity. (M, Alan; S, Venky; and F, Terence P. C. 2018.)

This study attempts to show how digital banking affects how consumers rate their service experience and create a framework for identifying the key elements of digital banking that have the biggest effects on banks' financial success. With a focus on digital banking, this structured review of the literature identifies 88 articles that were published between 2001 and 2021 and examines various facets of digital banking and how they affect financial performance. It is guided by the preferred reporting items for systematic reviews and meta-analyses framework. (Chauhan, S., Akhtar, A., & Gupta, A. 2022).

The objective of this study is to learn about customers' perceptions about the adaptability of digital banking To determine the elements influencing client adoption of digitalization in the banking sector. To learn about the level of client satisfaction with the service quality given digitally by banks. According to a study of the literature, there has been research addressing the importance of technology adoption and the factors influencing technology adaptation in the Indian setting. However, there appears to be a research gap in terms of what customers think about the extent of technological adoption and what they want from Indian banks. This research report seeks to fill a research gap. The study used a descriptive research design. A systematic questionnaire was used to survey 150 clients from four commercial and four public sector banks. The samples were chosen using stratified sampling, with the population divided into two strata: public banks and private banks. The findings indicate that technology usage varies between private and public banks. Private sector banks appear to have adopted technology more quickly than public sector banks. Overall, clients' perceptions indicate that they are reasonably satisfied with their banks' technological adoption in

comparison to worldwide standards. The reasons that motivate customers to adopt new technologies do not differ between private and public sector banks. (Joshi, R., Goel, R., & Garg, S. 2019)

To investigate consumer perceptions of service quality dimensions. To assess the relative importance of various service quality dimensions in digital banking. Further study can be undertaken by taking into account various metrics of service quality, such as the Quality Function Deployment (QFD) model. Quality Function Deployment (QFD) takes into account the needs of consumers during the design, development, and delivery of new goods and services. Other service quality characteristics that can be included for measuring digital banking service quality include communication, credibility, competence, privacy, security, and so on. A comparative assessment of the many available service quality measuring methods can also aid in determining the most relevant tools for certain areas of study. This is an empirical study, and a sample of 180 customers from the NCR (Delhi, Noida, and Gurugram) was used. 130 replies were judged to be correct and will be used in future study. 72.22% of people responded. The data was analyzed using a one-sample t-test and descriptive statistics (mean and standard deviation). We investigated the perceived importance level of many elements of service quality in digital banking in the perspective of clients in this research. All of the factors labeled responsiveness, reliability, assurance; empathy, system availability, and privacy were discovered to be significant in the case of digital banking practices. The responsiveness dimension is the most important contributor to the quality of digital banking services, followed by assurance, empathy, reliability, privacy, and system availability. This study assists the bank in improving digital banking service delivery. (Rathee, V., & Yadav, R. 2019)

This study aims to examine the effects of Covid 19 on digital banking in India as well as the potential and problems associated with it. The report uses an explorative approach to reach conclusions, make suggestions, and come up with recommendations for the research, which is based on secondary data. The data is gathered from a number of reliable sources, publications, articles, and e-support. The majority of the data is also gathered from official government publications. Long term, digital banking has become more prevalent, and the COVID-19 epidemic has only highlighted the need for supportive, no-contact financial foundations. Customers currently demand access to innovative financial services, regardless of where they conduct their banking. Banks must carefully take into account the numerous challenges and opportunities in order to implement an advanced transformation that will be effective. (Sharma, B., & Dubey, M. 2022).

The goals of this study are to analyze the trends in Indian digital banking, the development of digital banking in India, and the prospects offered by the country's digital banking system. The current study only uses secondary data in its analysis. Data for this study were gathered from 2018 to 2022, a 5 year span. The data for this study was gathered from outside sources like books, websites, RBI Bulletins, research articles on digital banking, and other publications. According to the survey, one of the most important developments in India's banking sector at the moment is digital banking. It facilitates the daily financial transactions of clients from all around the world. Customers moved from traditional banking to online banking as a result of digital banking. Delivering financial services to customers online while allowing them to conduct transactions around-the-clock is what is meant by "digital banking." To give their consumers the greatest customer service possible, all banks adopted digital banking. (Rao, A. S. K., Dhanunjayulu, A., & Reddy, K. J. C. 2022).

3. Research Methodology:

This review paper on "Digital Banking in India: A Literature Review" uses a systematic strategy to collect, evaluate, and compile the body of academic literature that has been written about digital banking in India. A thorough literature search was done to do this utilizing a variety of academic databases, including PubMed, Google Scholar, JSTOR, Science Direct, and Pro Quest. To find pertinent studies, search terms including "digital banking," "online banking," "mobile banking," "India," "financial technology," and "fintech" were used. Selected academic publications, research papers, conference proceedings, reports, and white papers that addressed digital banking in India and were published within the previous ten years were subjected to inclusion criteria. Important information including research aims, methods, theoretical frameworks, findings, and conclusions were methodically obtained from chosen studies using data collecting, screening, and extraction procedures. A quality evaluation was conducted to appraise the reliability and consistency of the literature that was included, taking into account several aspects such as research design, methodology, and data analysis approaches. In order to find patterns, trends, and gaps in the literature, the synthesized data were examined thematically. The relevance of the results will be further examined in the discussion and implications section, which will also include suggestions for future avenues in study as well as for theory, practice, and policy.

4. Findings and Conclusion:

In conclusion, it is clear that the emergence of digitalization, which has been further supported by programs like the Digital India Program, has significantly transformed and increased the competitiveness of the Indian banking industry. The move from traditional banking to digital banking has been crucial in improving customer service and expediting the movement to a cashless economy. The report emphasizes how digital technologies have had a significant impact on financial services, transforming them and bringing in a new era of cashless and paperless transactions. However, it is imperative to recognize that obstacles continue to arise during this journey, encompassing anything from cyber security risks to technological infrastructure constraints. Nonetheless, these difficulties offer chances for creativity and cooperation amongst interested parties. In the future, overcoming these obstacles and seizing the chances that present themselves will be crucial to achieving the full potential of digital banking in India. The banking industry can continue

to develop and flourish in an increasingly digital context by utilizing technological breakthroughs and creating a supportive regulatory framework. This will eventually benefit consumers and spur economic growth.

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