International Journal of Academic Research
ISSN: 2348-7666; Vol.7, Issue-2(2), February, 2020
Impact Factor: 6.023; Email: drtvramana@yahoo.co.in

Impact of digital transactions in Indian banking sector

Dr.D.V.Rao
Asst.Prof.in Commerce,, P.R.Govt.College(A), Kakinada.

CH.Balaji
Asst.Prof.in Commerce, P.R.Govt.College (A), Kakinada.

Abstract:
The main aim of the government is to develop a digitally powerful economy, Faceless, Paperless, and Cashless as part of the Digital India campaign. Digital payments are of different types and modes. Hence, digital payment methods are often easy to make, comfortable, and allow flexibility from anywhere for customers to pay. Because of demonetization, people gradually began to accept digital payments, and even smaller businesses holders and shopkeepers began to accept digital payments. The digital revolution promises extraordinary gains in the productivity of the banking industry; dramatic improvements in the quality of customer experience; and a fundamental shift in the nature and intensity of competition.
Keywords: demonetization, Digital India, extraordinary

Introduction:

Digital adaptation started off as an option but has evolved into a necessity in every bank's agenda around the globe as end-clients such as consumers, businesses, and governments are quickly adopting trends cascading from the technology sector in their IT capabilities, business operations, and business models. The present study focused on the Banking Digital transactions and its impact on the financial performance of public and private banking sector. The Indian financial service sector continues to rapidly embrace digitization aided by the advent of new technologies and greater government push. Indian government has taken several steps to promote and encourage digital payment in recent past. The main aim of the government is to develop a digitally powerful economy, Faceless, Paperless, and Cashless as part of the Digital India campaign. Digital payments are of different types and modes. Hence, digital payment methods are often easy to make, comfortable, and allow flexibility from anywhere for customers to pay. Because of demonetization, people gradually began to accept digital payments, and even smaller businesses holders and shopkeepers began to accept digital payments. The digital revolution promises extraordinary gains in the productivity of the banking industry; dramatic improvements in the quality of customer experience; and a fundamental shift in the nature and intensity of competition.

Need for the Study:

The future of banking technology is e-banking or digital banking. The shift towards internet banking is fuelled by the changing dynamics in India. By 2020 the average age of India will be 29 years and this young consumer base is internet savvy and wants real time online information. Indian banks therefore need to aspire high

and move toward implementing a world class internet banking capability. India's banking industry is on the cusp of a major transformation, with new banking licenses expected to bring in more players in an already competitive environment. Further for achieving the operational Profitability, operational efficiency, meeting customer expectations and other parameters of banks' performance, the role of employees and their efficient utilization cannot be undermined. The banking industry is going through a period of rapid change to meet competition, challenges of technology and the demand of end user. Clearly technology is a key differentiator in the performance of banks. Product innovation and development according to the needs of individual customers is the current buzzword. In such an environment, banks across India are increasingly adopting Technology to drive their overall profitability.

Objectives of the Study:

1. To examine Digital Transactions in India
2. To study findings of Digital Transactions banking sector.
3. To offer useful suggestions to of Digital Transactions banking sector.

Scope of the Study:

Technology has drastically improved the operational efficiency of the banking industry. india has introduced a number of options to make fund transfers easy. using Real Time Gross Settlement (RTGS), electronic instructions can be given to banks to transfer funds to another bank account. The indian banking sector will continue to grow, and digitization will continue. A growing economy would require good banking services and would automatically contribute to the positive future of banking industry.

RBI DIGITAL BANKING:

The RBI says digital transactions in value terms grew by 19.5 per cent during 2018-19, compared to the growth of 22.2 per cent during 2017-18. Though the bulk of digital transactions in value terms (82.8 per cent) are accounted for by RTGS transactions, retail component of digital transactions (excluding RTGS customers and interbank transactions) witnessed a volume growth of 59.3 per cent during 2018-19, as against 50.8 per cent growth in the previous year. Given the current trend in cheque usage and the thrust to shift to digitised transactions, the RBI's vision document expects the volume of cheque-based payments would be less than 2.0 per cent of the retail electronic transactions by 2021. Payment systems like the Unified Payment Interface (UPI) are likely to register average annualised growth of over 100 per cent and NEFT at 40 per cent over the vision period. The number of digital transactions is expected to increase more than four times from Rs 2,069 crore in December 2018 to Rs 8,707 crore in December 2021.

Conclusion:

At present public sector banks are facing a lot of changes by merging banks and capital being funded by the government for their improvement. Even private sector banks leading in digital tractions and providing challenges to the public sector banks. In the development of Indian Economy, Banking sector plays a very important and crucial role. With the use of technology there had been an increase in penetration, productivity and efficiency. Banking is an integral part of financial activity today and digital banking in India is highly advanced. The study focused on the Banking technology impact on financial performance of public and private banking sector. It has been considered the banking digital transactions of ATM, NEFT, RTGS and Mobile Transactions of publc sector banks and private sector banks and their technology index has been designed with the help of the digital transactions and measured the relationship of the banking technology with the operating profit and the business per employee. Technology is going to hold the keys to future of banking. So banks should try to find out the trigger of change. Indian Banks need to focus on swift and continued infusion of technology. However there is need for an education drive both for the customers as well as the merchants so that proliferation of digital payments to increase operational profitability of the sector. Additionally, Business Insider Intelligence reported that 48 per cent of banking executives believe new technologies like blockchain and artificial intelligence (AI) will have the greatest impact on banking through 2020. According to Business Insider Intelligence, banks are exploring blockchain technology in hopes of streamlining processes and cutting costs.

References :

1.Anbalagan (2017) New Technological Changes in Indian Banking Sector.

2. Raju T (2016) Impact Of Information Technology (It) On The Banking Sector. international Journal Of Current Advanced Research Research 5: 1106-11.

3.Shaukat M (2009) Impact of Information Technology on Organizational Performance: An Analysis of Qualitative Performance Indicators of Pakistan's Banking and Manufacturing Companies. International Research Journal of Finance and Economics 39.

4.Vikram SK, Gayathri G (2018) Impact of Information Technology on the Profitability of Banks in India. International Journal of Pure and Applied Mathematics 118: 225-32.

5.Thangam MV, Narayana S (2016) Productivity Analysis Of Selected Banks In India. International Conference on Research avenues in Social Science 1.
6.Banerjee S (2018) Impact Importance and Requirement of Cashless Transactions in India. IJCRT, Conference on Recent Innovations in Emerging Technology & Science pp: 150-58.