

Digital Banking Growth and Development in Indian Perspective

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Abstract: The present scenario is of globalization and digitalization. Any industry can not survive in this scenario without effective and efficient use of digitization. Indian banking is also moving towards digitalization since 1991 but still operating on hybrid mode. In this study, those factors will be highlighted due to which Indian banking has not been completely digitalized. In this paper, an attempt will also be made to throw light on the Benefits of digital banking.

Keywords: Banking, Digital Banking, Awareness.

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I. INTRODUCTION

The development and growth of any country's economy depends on a strong financial systems and banks are an important part of the financial systems. With the advent of LPG in 1991, there were many important changes in the economy and with the increase of competition in the economy, the economy of the whole world started joining together. In this period, the emphasis was on doing various functions of the economy through digital medium and at the same time digitization of Indian banks also started. LPG created some challenges and opportunities in the economy and also large amount of foreign investment and trade started coming in, due to which payments and deposits started in bulk. Handling such a large amount of financial transactions was becoming difficult with the traditional banking system, in such a situation the need and importance of digital banking started. In the present scenario, most of the work of the bank is being done on hybrid mode (online and offline), but the Government of India is moving towards digitizing all the work and procedure of the bank, so that the benefits of payment, deposits and other services can be extended to all. And in using digital banking facilities physical presence in bank can be eliminated and there is no limit of time for access banking facilities. When the bank becoming completely digital, the facility of the bank will be available 24×7 for 365 days.

➤ Digital Banking in India

Digital banking started in India at the time of LPG, but first of all in 1988, RBI formed a committee was under the chairmanship of C RANGARAJAN and on his recommendation, the work of digitizing Indian banks was started.

➤ Objectv of The Study

- To study the concept of digital banking
- To study the benefits of digital banking
- To study the challenges faced by digital banking

II. RESEARCH METHODOLOGY

The present study is descriptive in nature. This study based upon secondary data. Secondary data has been collected from various source like newspaper, research paper, research article, magazine, government report, annual report etc.

III. REVIEW OF LITERATURE

Manisha , jatinderkaur and kanikabhudhiraja (2017) state that, the use of information and technology in the banking system has benefited the bank and the customers, but its effective and efficient use in banking will happen only when some problems are resolved such as lack of knowledge, trust issue, slow internet and lack of digital literacy etc.

Mr. L., Ramesh and Dr. A., Muthumani (2017) state that , Indian banks are adopting e-banking sincerely so that banking activity and procedure can be made easy and flexible in future. Some problems are being faced in successfully adopting e-banking such as high cost of Global technology, lack of confidentiality, integrity and customer satisfaction.

NishantDabhade (2016) try to highlight the benefits and drawbacks of e-banking. State that through e-banking, customers will be able to access banking facilities

conveniently, easily and through multiple channels and there will be no time limit

Dr. Raj Kumar Agrawal () Stated that technology innovation and enhancement have made the banking industry competitive, its resulting in expansion in the range of banking products and services

Dr. C., Nithya (2021) state that e-banking has improved the core banking, through e-banking the banking work and procedure have become easy and time-saving. This paper also explain the function of e banking like bill payment, fund transfer, message alert etc.

N., Mari Anand (2015) state that e-banking is a revolutionary change in the banking industry. Which has brought many opportunities as well as challenges. Bank through e-banking can now operate globally as well and customers can access banking services through multiple channels anytime and anywhere at their convenience.

IV. BENEFITS OF E BANKING

Save time and money Now the customers will not have to stand in the line of the bank to make payment, deposit and for other banking work, nor will there be a need to be present in the bank as per the timings of the bank, that money and time which expense for going to bank and coming from the bank will also be saved, through e-banking any Banking facilities can be availed at any time and from anywhere.

➤ *Customised Service*

Through e-banking, the bank can provide services to its customers according to their needs and by providing the facility of email, SMS and bank application, they try to solve their problems as soon as possible.

➤ *Multiple Channel Access*

In e-banking, the customer can take advantage of the banking facilities through mobile, computer, laptop and bank application, etc., and for this, the physical presence of the customers in the bank is not required.

➤ *Personal Attention*

In e-banking, every customer has the facility of bank's mobile number, e-mail, SMS facility and bank application, so that the customer can fulfil his needs by talking to the bank employees as per his requirement.

➤ *Convenience*

In e-banking, there is no need for the physical presence of the customers in the bank, they can do their banking work at any time and from any place as per their convenience

➤ *Easy or Anytime Payment and Deposits*

In e-banking, the customer gets rid of the bank time limit for depositing and withdrawing money. In e-banking, the customer can withdraw and deposit money at any time and place with the help of e-card (debit card, credit card, ATM card, Aadhaar card) given by the bank

➤ *Eco Friendly*

E-banking freed the customers from carrying cash and also helped in reducing cash payments, which would save the paper used for printing RBI notes and would also benefit the environment.

➤ *Globe Operation*

Through e-banking, the bank will be able to do its facilities and operations even at the international level.

➤ *Nominal Cost*

The bank charges only nominal charges for providing the facilities of e-banking.

V. CHALLENGES IN E BANKING

➤ *Lack of Financial Literacy*

The financial literacy rate in India is only 24%, due to which the facilities of e-banking are not being properly utilized, nor are the products and services of banks being used properly.

➤ *Lack of Digital Literacy*

The rate of digital literacy in India is low due to which rural people are facing challenges in availing the facilities of e-banking and have to depend on other person.

➤ *Low Broadband Internet Speed*

There is a constant need for high-speed internet for the operation of e-banking, and in many rural and urban areas of India, due to the lack of internet speed at that level, e-banking is facing difficulties in successful operation.

➤ *High Cost of Technology*

For the successful operation of e-banking, banks and customers will need some technology like internet, mobile, computer, which cost more and it is not easy for the common man to bear this cost

➤ *Lack of Trained Employee*

In e-banking, digitally trained employees are required to operate the bank effectively and efficiently and it costs more to train the employee, which also increases the cost of the bank and also affects the profit.

➤ *Poor Infrastructure*

The basic infrastructure required for the operation of e-banking such as Router, computer, digital expert, electricity and internet are not available in sufficient quantity, causing inconvenience to the bank and the customers in the banking work.

➤ *Customers Education*

E-banking has brought changes in the working system of banks, due to which there has been a change in the work and procedure of banks, now it is necessary to explain these changes to the customers, educate them, create awareness among them and encourage them to use the new working system is a difficult task.

➤ *Security Risk*

Digital banking is still new to many people, how to use e-banking, what are the advantages and disadvantages of e-banking, they do not understand, what to tell others and what not, they do not know, due to which they does not feel safe while using the backing.

➤ *Cyber Security*

There is a lack of awareness about cyber fraud in India and India is still in the initial phase of developing cyber security, due to which people are not feeling safe in e-banking and they are not able to trust e-banking personally.

VI. CONCLUSION

After studying the deep literature, it is evident that the Indian banking system is adopting information and technology sincerely in the banking system and to develop the habit of digital banking among the customers, KYC, SMS, Debit Card, Credit Card, Aadhaar Card, ATM Card, Green Card etc. Providing banking services through so that customers will not need their physical presence in the bank to access banking services. But there are some factors which remain an obstacle in operating e-banking efficiently and effectively like low level of financial literacy, lack of digital literacy, high cost of technology, trust issue etc. If these challenges are overcome, then the bank can become completely digital and its will be helpful in creating a well-organized financial system

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