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Research Paper

Neoteric finance and evolution in banking operation in India

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ABSTRACT

The Sustainability of economic growth is the primary motive of all nations. The Transformation of hard cash to an e - wallet is a phenomenon. Today all money-related transactions are dine digitally to avoid the wastage of paper and increase the awareness of digital currency in the economically weaker parts of the world. The utilization of electronic money will lead to a faster, easier, and more reliable way of doing day-to-day transactions. All corporate companies and businesses are shifting from paper money to digital money. The purpose of this research paper is to substitute traditional banking practices with digital banking practices. The advancement in technology and the internet has changed banking services to a much faster, easier, and secure way of doing a money transaction. People can send and receive money at anytime and anywhere without doing any paperwork. Government can always keep an eye on all the big transactions as the digital world make all the thing much transparent. All the miscellaneous and tedious work of manually filling up the form to apply for every banking service is shifted online which makes the process of verification easy for the banks.

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1. INTRODUCTION

Technology has played a very large part in running a country. Advances in science and technology have resulted in many innovative tools and products. The banking and financial sector has improved considerably as far as humanity is concerned. The basic notion of money has completely changed over time.

Using mobile phones and consuming the Internet has made things for the public as anything and everything can be googled. Because of this development in technology, people are much wiser than they were ten years ago. In India, an organization that has no implementation of technology has a very limited scope of surviving in the current market. The way the banks operated a decade ago is different from the way they operate now. All banks and financial institutions are making massive investments in technology to improve their business models and make more profits [1].

1.1 Digital Banking

Modern banking has helped many businesses grow exponentially. The ability to send and received money is a critical element in any business. The core understanding of technology is to make things easier for humanity so that people can use this time by doing something productive. Over the time, there has been evidence that the risk of technological error is comparatively lower than that of humans.

To give an example, when a person deposits an amount into his bank account with the help of casher of the bank, there is a risk of human error which can lead to an incorrect balance in your account. But, when a person carries out the same task by visiting his nearest ATM (Automated Teller Maine) and deposit the money via CDM (Cash Deposit Machine), the chances of error is less as the machine will first ask for the customer's account number and when the customer types in the correct account number, the machine will verify and display the name of the customer after which the customer will give confirmation and then only the customer will be able to deposit money in to the account. The machine also displays the amount of money deposited and asks the user again to confirm the deposit withdraw which is the last step of a successful transaction [2]. Before ATMs were invited people used to follow the old school method of visiting a bank, standing in a queue, and then deposit/Withrow their money with a slight risk of human error.

1.2 Impact of Digital Banking

The concept of Internet Banking (also known as net banking) has refashioned the rudiments of the banking sector. Many of the customers especially the educated class started making their financial transactions online. As 2 decades ago the number of educated-class population was less as compared to the working-class, majority of the people still preferred the offline way of doing a transaction. Gradually all the banks started providing internet banking services to the customers which led to more awareness among the people. Today, most banking transactions are carried out online without any hassle.

Nowadays banking institutions provide a wide range of services to satisfy the financial and non-financial needs of the customers. One of the most useful banking services would be Direct Payments. Direct payment is a banking service that pays the bills which are due automatically on the behalf of the user by deducting the amount from the user's account. This helps the user save a lot of time and energy by just automating the process. Linked Demat account is another useful banking service that helps the user to manage stocks directly with their bank account instead of opening a new Demat account with a broker.

Bank statements which used to be on paper with timely entries on them are now substituted with e-statements which let the user access their financial statements whenever and wherever they want. The time when people used to stand in queues to deposit their business cheques is now being replaced with the internet banking service where the retail customer can send money instantly with IMPS (Immediate Payment Service). Customers are known to banks if transactions are digital, which leads to greater transparency. Banking institutions try to educate people about online fraud as the uneducated class that is new to technology are victims of online fraud. To avoid these scams, all online banking operations are protected with multifactor authentication, which protects the user from online fraud.

1.3 E - Wallet

The convenience of customers has resulted in another digital banking solution that helps the user make instant payments with the help of an e - wallet. An e - wallet is a digital wallet that helps the client make an instant payment through the Unified Payments Interface (UPI). Electronic wallet Payment Service)

substitute for a physical wallet that implements the same infrastructure as IMPS (immediate payment service) [3].

The utility of an E - wallet remains the same as a Debit Credit card, but the process is more efficient. As per the sources, there has been a significant increase in the number of digital wallet users since 2015 in India. Many of the customers are attracted to the rewarding benefits of using an E-wallet as most companies such as Paytm, PhonePe, and google pay are offering cashback discount coupons after a successful transaction is made using their applications. In India, the oxigen wallet is considered the first ever e-wallet or mobile wallet which provided the facility to make an online transaction without the need for hard cash.

1.4 Unforeseen and Unpredictable Pandemic

In November 2019, the first known case of coronavirus disease was reported in China. Coronavirus disease, also known as Covid-19, is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV 2). The risk of getting infected by Covid-19 is higher if a normal person comes in contact with the infected person. The virus has affected millions of lives financially, mentally, and physically. This fatal disease started spreading across the world causing big havoc which resulted in a global pandemic.

On the flip side, the Covid-19 pandemic has been called the 'great accelerator' of digital transformation in the banking and finance sector. E-wallets acted as a saviour by reducing the risk of infection. The majority of the population changed their mode of payments from offline to online.

A decade ago, people used physical wallets to carry money. To pay for a product or service they used to pay with either cash or Debit/credit card. Today E-wallets are a substitute to physical wallets and most of the population use these electronic wallets to make a transaction. This switch helped the people to save time, systematically manage their money, and also track their cash flows. A big advantage of using E-wallets is the security of money as whenever a transaction is initiated, the user is asked to enter a unique pin to complete the transaction successfully. According to the sources, there has been a drastic decline in withdrawals from cash machines in the world.

1.5 Sustainability of Digital Banking and Finance

In the financial market, the investors invest their funds into a business which in return would provide them with fruitful profits. This includes a certain amount of risk involved depending upon the nature of the business. The risk and return profile of a business usually help investors to choose where to invest. Sustainable finance takes it a little beyond risk and return. It considers the impact of the investment made into a business. If an investment hurts the environmental, social, or government aspects then the investor is hesitant to make any investment into that business. The investors would prefer a more sustainable investment over another project with similar risk and return profile.

It takes time to adapt any new technological change in the society. Awareness and sufficient knowledge about a technology aids the user to make it part of their daily lives. However, there are certain threats and cons to it which affects the sustainability of technology in the finance field.

Following are some of the most critical threats for digital banking:

- Lack of faith in technology
- Inefficient customer support
- Online Frauds and scams
- Lack of awareness about the technology
- Poor quality of interface

These factors make it difficult to sustain any new technological advancement in the banking and finance sector. These problems are now being solved with the following practical solutions:

- The support of the government to the digital banking and e-wallet services would build in people to use such platforms.
- With the help of Artificial Intelligence, 24/7 customer support can be offered.
- Multi-factor authentication prevents online theft of money.

- Effective strategies and creative marketing campaigns to spread awareness about the online frauds and scams.
- Campaigns to teach the rural population about the digital banking.
- Investment in research and technology to develop user friendly interfaces.

2. CONCLUSION

Digital banking is the future of banking and finance. In the terms of sustainability, with the aid of technology, need of today's generation is satisfied. Convenience, safety and speed are the core needs of Gen Z. FinTech is the future of the banking and finance.

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Author Contributions Statement

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C : **C**onceptualization
M : **M**ethodology
So : **So**ftware
Va : **Va**lidation
Fo : **Fo**rmal analysis
I : **I**nvestigation
R : **R**esources
D : **D**ata Curation
O : Writing - **O**riginal Draft
E : Writing - Review & **E**diting
Vi : **Vi**sualization
Su : **Su**pervision
P : **P**roject administration
Fu : **Fu**nding acquisition

Conflict of Interest Statement

The authors declare that there are no conflicts of interest regarding the publication of this paper.

Informed Consent

All participants were informed about the purpose of the study, and their voluntary consent was obtained prior to data collection.

Ethical Approval

Not Applicable.

Data Availability

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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