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COOPERATIVE BANKS AND THEIR IMPACT ON RURAL ECONOMIC DEVELOPMENT IN INDIA

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ABSTRACT:

Digital banking is one of the most important aspects of the Indian banking business nowadays. It facilitates the day-to-day financial transactions of consumers from all around the world. Customers were compelled to switch from traditional to online banking through digital banking. Digital banking is simply the delivery of financial services to users via the internet, allowing them to conduct transactions at any time. All banks have implemented digital banking to deliver the greatest customer service to their consumers worldwide. The financial system is an important component in the growth of a country's economy because it contributes to capital accumulation and technological progress by increasing savings rates, mobilizing and pooling savings, producing investment information, promoting and facilitating foreign capital inflows, and boosting capital allocation. On the other side, this system contributes heavily to air, water, landfill, and other sorts of pollution, harming the environment and becoming the leading contributor to climate change. Banks' concern for environmental sustainability has given rise to the notion of "green banking." Green banking is supporting environmentally friendly practices and decreasing the carbon footprint of financial activities by using internet banking instead of branch banking. This article examines the trends and problems of digital banking in India.

Keywords: Digital Banking, Internet, Banking in India, Opportunities, Development, Environment, Financial System, and Sustainability.

INTRODUCTION:

Digitization is the process of transforming information into a digital (i.e., computer-readable) format by organizing it into bits. The end result is a representation of an object, picture, sound, text, or signal (often an analog signal) in the form of a series of integers that characterize a discrete set of its points. The outcome is known as digital representation, or more precisely, a digital image for the object and a digital form for the signal. In modern practice, digitized data is in the form of binary numbers, which facilitate computer processing and other operations; however, digitizing simply refers to the conversion of analog source material into a numerical format, such as decimal or any other number system that can be used instead. Digital banking refers to the transition to online banking, in which financial services are supplied via the internet. The benefits for banks and clients include more convenient and speedier financial services.

BACKGROUND OF DIGITAL BANKING:

The earliest versions of digital banking date back to the 1960s, when ATM machines and cards were first introduced. As the internet evolved in the 1980s with early broadband, digital networks began to connect shops with suppliers and consumers, generating demand for early online catalogue and inventory software systems. By the 1990s, the Internet had arisen, and online banking was becoming the standard. Broadband and ecommerce systems improved in the early 2000s, resulting in what is now known as the contemporary digital banking world. The growth of smart phones over the following decade paved the way for mobile transactions

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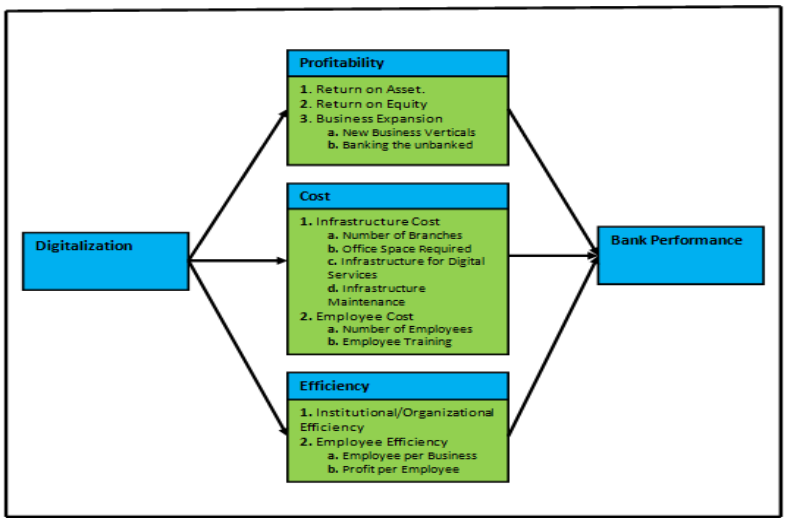
other than those conducted at ATMs. More than 60% of consumers now prefer to conduct their digital banking transactions using smart phones. The issue for banks now is to support requests that connect sellers with money via channels chosen by the customer. This dynamic is the foundation of customer pleasure, which may be enhanced via Customer Relationship Management software. CRM must be linked into a digital banking system since it allows banks to connect directly with their clients.

End-to-end consistency is in high demand, as are services that prioritize ease and user experience. The market offers cross-platform front ends, allowing consumers to make purchases based on available technology, such as mobile devices, desktop computers, or Smart TVs at home. To fulfill consumer needs, banks must continue to focus on enhancing digital technology, which delivers agility, scalability, and efficiency.

THEORETICAL STRUCTURE:

The advent of the internet has transformed commercial organizations throughout the world. This transition, however, is more obvious in the service industry. The internet has altered the conventional delivery of services, including those provided by banks. Changes frequently have several facets to them. Based on the available literature, researchers developed three metrics that may be used to analyze bank performance following the digitalization revolution. These characteristics include profitability, cost, and efficiency. Based on these factors, the researchers created the following theoretical framework (Figure 1).

Figure 1: Theoretical framework



OBJECTIVES:

- To understand digital banking trends in India.
- To learn about the benefits of digitalization for the Indian financial sector.

RESEARCH METHODOLOGY:

The current study is descriptive in nature and relies on secondary sources. The data was obtained from a variety of sources, including research journals, Government of India publications, numerous RBI bulletins, and authenticated websites.

DIGITAL BANKING INITIATIVES IN INDIA:

In recent years, digital India has expanded rapidly in the financial sector. Here are some digital banking trends in India:

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Increased Customer Base: The government's encouragement to utilize electronic wallets has helped many individuals adopt technology in financial transactions. The usage of credit/debit cards and electronic wallets is rapidly increasing, and this trend is expected to continue.

Chat bots: Several banks have already implemented chat bots in their customer service operations. The number of chat bots in use is steadily increasing, as are advances in their reaction time, interaction quality, and service quality.

Merge Physical and Digital Process: Today, many banks provide their customers with a combination of physical and digital services. Customers might stroll inside the bank and utilize the gadgets there to complete their transactions. In India, we may expect this type of service to grow steadily, particularly in rural regions.

Mobile Technology: The ubiquity of mobile phones, as well as the ease and low cost of internet access, has forced the banking sector to deliver digital services via mobile phones. A number of banks have created applications to assist clients with banking operations on their mobile phones. This tendency will only continue.

End-to-End Digital Banking in India: Many clients are already using gadgets to complete their banking transactions. Banks have realized that digitalization is the only path ahead. As a result, a number of banks have already begun the process of end-to-end digitization in order to provide a wide range of services over the internet, resulting in paperless transactions.

The Indian government is vigorously encouraging digital transactions. The National Payments Corporation of India (NPCI) has launched the United Payments Interface (UPI) and the Bharat Interface for Money (BHIM), which are key advances towards payment system innovation. UPI is a smart phone interface that allows consumers to transfer payments instantly between accounts in various banks using a virtual address without stating the bank account. Today, banks strive to give their consumers with a fast, accurate, and high-quality banking experience. Digitalization is currently at the top of the agenda for all Indian banks.

Various ways of digital payment are available to encourage cashless transactions and transition India into a cash-less society.

Debit/credit cards are suitable for online and offline merchant sales. The transaction limit is determined by the card issuer. Card number information is required.

RTGS/NEFT is suitable for high-value online transactions. Transaction restrictions are minimum 2 lakh, with no maximum limit. Account numbers, passwords, beneficiary registration, and IFSC codes are necessary.

Immediate Payment Service (IMPS): Allows for instant transfers. Transaction limitations are up to 2 lakh per day. Account numbers, passwords, beneficiary registration, and IFSC codes are necessary.

Unified Payment Interface (UPI): Allows for quick transfers. Transaction restrictions are up to 1 lakh. The recipient's virtual payment ID (VPA) is necessary.

Unstructured Supplementary Service Data (USSD): Suitable for feature phones with no internet access. Aadhar number, IFSC, or code assigned by banks after registration are necessary.

E-Wallet: Ideal for small-ticket transactions. Transaction limits: 20,000 per month (1 lakh for KYC-compliant wallet holders). Login ID is needed.

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PROSPECTS IN DIGITAL BANKING:

New customers: Mobile and digital banking enable clients to open new accounts from anywhere and at any time using their applications or websites. Especially for young people to open their first accounts. Digital banking offers a wide range of services, including account openings, fund transfers, insurance, and DEMAT services.

Enhanced Services: Digital banking allows customers to connect in new ways, such as applying for loans, credit cards, enabling or disabling online transactions, updating e-KYC, linking Aadhar and PAN, booking movie and travel tickets, and wealth management.

Collaboration: Third-party apps and fintech companies collaborate with banks to provide innovative solutions to their customers. This partnership will lessen the focus on creating and maintaining their own in-house technology, saving time and resources. This partnership will assist banks in meeting customer expectations and improving the customer experience.

24/7 Banking Services: This would allows the clients to access their bank accounts round the clock without visiting the branch. Transactions made utilizing mobile banking apps are quick, simple, and safe.

Online Bill Payments: Online Bill payment is a secure electronic solution that allows the client to pay bills online. This will eliminate the waste of paper. Banks will allow clients to use the Auto payment option to settle their payments before the due date.

CONCLUSION

In the current banking age, Indian banks have both obstacles and possibilities in the digital banking space. The GOI has launched a campaign called Digital India to provide better customer service at their doorstep. Customers may now access the bank's goods and services whenever and wherever they choose thanks to the implementation of digitization in the banking industry. It lets users to make online payments, establish new accounts, transfer funds, and so on. This began the transition from paper and cash-based banking to paperless and cashless banking. Many financial innovations were introduced to its consumers, including internet banking, mobile banking, UPI payments, QR codes, mobile wallets, and so on. Banks can also implement more creative methods and technology for balancing and security measures.

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