

IMPACT OF DIGITAL BANKING SERVICE POST DEMONETIZATION

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INTRODUCTION

Banks are primary part of any country. They channelize the cash for the smooth working of various areas. Careful strike on black money called 'demonetization' acquired huge changes every one of the divisions of the economy ([Dr.S.Vinoth](#), and [Dr.D.Dilip](#)). At the period of traditional Banking it was a time-consuming process. Customers had to keep a track of transactions or banking history through physical documents. However, digitalization has now allowed everyone to experience paperless banking and eliminates the customer's need to visit the branch. The technological expansion has been a major reason behind the growth of the banking sector in India. With increasing customer expectations, banks developed innovative services to ensure customer's satisfaction, smoothly transactions with high speed, accuracy and convenience. Digitalization has redefined banking operations, products and services. The term demonetization refers to the act of removing a currency unit of its status as legal tender. It occurred whenever there is a change of national currency. The process of demonetization is pulled out the old currency from circulation and replaced by the new currency. Recently in India, the Indian Prime Minister Mr. Narendra Modi announced the demonetization of high value currency on 8th November 2016 such as Rs. 500 and Rs.1000 notes would no longer will be recognized as legal currency in India. Further, the new currency notes such as Rs. 500 and Rs.2000 notes were replaced for circulation after the demonetization. There are several reason are existing why the nations demonetize their local units of currency. The foremost reason is to

combat inflation, corruption, to facilitate trade, to stop funding of terrorism, to reduce the circulation of fake currency, to make black money worthless. However, After implementation of demonetization of high value currency there is an enormous changes in all the sectors in India especially in banking sector. The demand for e-banking services of banks have enhanced by the customers. At the same time, demonetization made the bank employees to work under unconditional stress in extending working hours of a day([RamilaDuraiarasan D](#)). Hence, the present study is made to attempts figure out the influence of demonetization on banking sector. It showcases post demonetization effects on banks and its operations.

CONCEPTUAL DEFINITION

DIGITAL BANKING

Digital Banking is the automation of traditional banking services. Digital banking enables a bank's customers to access banking products and services through an online platform. Digital banking involves high levels of process automation and web based service and may includes APIs enabling cross institutional service composition to deliver banking products and provide transactions. It provides the ability for users to access financial data through desktop, mobile and ATM services.

DEMONETIZATION

Demonetization is the blend of two words De-Adaptation where adaptation implies change of question into cash, here demonetization alludes to cancelation of old money and issuing new money instead of old cash. Demonetization has actualized so far in 9 nations. Demonetization ends up fundamental at whatever point there is an adjustment in the national money. The old unit of cash must be recovered and supplanted with another money unit. It includes either presenting new notes or coins of a similar division or totally supplanting the old sections with the new

group which is typically done as a snare on the bootleg market. In India demonetization has happened thrice. The first was on twelfth January 1946 (Saturday), second on sixteenth January 1978 (Monday) and the third was on eighth November 2016 (Tuesday). Demonetization has made into move a few times in India be that as it may, the progression taken by Head administrator Shri Narendra Modi and the Legislative head of the Save Bank of India (RBI), Urjit Patel influenced a press to discharge on eighth Nov 2016 enumerating on the method of trade of 500 and 1000 notes with old 500 and 2000 notes which are to be traded in the range of 50 days which has impacted on standard resident and constrained them to utilize computerized exchanges.

REVIEW OF LITERATURE

Prabhu, Girish and Mamatha (2017) examined the demonetization and its effect on banking sector. They highlighted that implementation of demonetization will fight against corruption and black money in economy. Further, it has found that the four reasons which influences the demonetization on banking services such as increase in deposit, fall in cost of funds, demand for Government Bonds and saggiess in lending. Finally, it is concluded that demonetization will help the economy to achieve rapid growth and development of the country through the financial institution like banking industry.

SwetaSinghal (2017) examined demonetization and E-banking in India. It is found that most of the rural people don't have ATM card and they are unaware about digital transaction in banking sector. Further, it is noted that the use of e-banking service in urban area is comparatively higher than in rural areas. It is observed that after implementation of demonetization the awareness about e-banking service is significantly increased in both rural and urban areas. The author suggested that banks have to make an effort to create awareness on use of e-banking services by conducting monthly seminar to their customers and banks have to exhibit visual ads on ATM sites where customers frequently visit it.

STATEMENT OF PROBLEMS

Most of the customers are needs can be difficult to meet through digital banking alone. The ideal scenario would be a blend of digital banking for day to day transactional needs and personal relationships with bank staff to help customers find the right solutions for their overall banking needs. The risk of identity theft or actual theft or if someone gains unauthorized access to your account via a hacked or stolen password or log-in credentials. Lastly, disconnect from the internet when the system is left idle.

NEED FOR THE STUDY

The study is conducted to know the trend of e-banking products on pre and post demonetization and also to study which banking sector (public and private bank) is performing well in digital banking products after implementation of demonetization.

OBJECTIVES OF STUDY

- To know about the services are offered by digital banking.
- To identify the pros and cons of digital banking .
- To identify the level of satisfaction about customers in digital banking services.
- To know the purpose behind demonetization.

ACTIVITIES OF DIGITALBANKING

- Check account balances.
- Manage/make bill payments.
- Access and manage loans.
- Transfer funds.
- Apply for credit cards or lines of credit.
- Set and receive balance, transaction, and fraud-detection alerts.
- Deposit checks.
- Deposit cash

DIGITAL BANKING SERVICES

TO OBTAIN BANK STATEMENTS

Allows account holders to access their statements online where they can download or print them. Some banks email statements to customers as an attachment.

TRANSFER OF FUNDS

It include all types of electronic payments. On the other hand, an ACH payment is made within the Automated Clearing House Network (e.g., payroll and direct deposit). For example, wire transfers are not ACH transactions. Instead, a wire transfer is a type of EFT transaction.

MOBILE BANKING

The act of making financial transactions on a mobile device. This activity can be as simple as a bank sending fraud or usage activity to a client's cell phone or as complex as a client paying bills or sending money abroad.

FINANCE

Invest, raise loans, open fixed deposit accounts-all through digital banking. De-mat accounts can be linked to your bank account to provide a seamless flow of funds so you can invest promptly.

MANAGE CHEQUES

Intervene in the cheque clearing process using digital banking to stop the cheque if the need arises.

MONITOR TRANSACTION RECORDS

Banks send transaction alerts to the linked mobile number or e-mail. Transactions are updated almost as soon as executed.

CASH WITHDRAWALS

ATMs facilitate cash withdrawals at any point in time and they are widely present in every locality.

BILL PAYMENTS

Auto-debit feature for bill payments lets a user setup monthly debits in favor of regular utility payment.

PROS OF DIGITAL BANKING

Digital banking enables consumers to perform banking functions from the comfort of their homes.

An elderly person who is tired of waiting in lines or a person who is caught up with work, or a customer who doesn't want to visit the branch to run a single errand.

Digital banking allows the user to operate banking services around the clock with 24×7 availability of access to its functions.

Digital banking-enabled fund transfers reduce the risk of counterfeit currency.

With the help of digital banking, a user can report and block misplaced credit cards at fraction of second.

By promoting a cashless society, digital banking restricts the circulation of black money as the Government can keep a track of fund movements.

Banking has become paperless with the development of digital banking as a service.

A user can log into their account at any point in time to monitor records.

Digital banking allows a user to set up automatic payments for regular utility bills such as electricity, gas, phone, and credit cards. The customer no longer has to make a conscious effort of remembering the due dates. The customer can opt for alerts on upcoming payments and outstanding dues([Haralayya B](#)).

CONS OF DIGITAL BANKING

Follow prompts to change your passwords regularly and keep your passwords confidential.

Anti-virus protected systems offer another level of security to your systems.

If there's a power outage, or if servers go down, you might not have any access to your account whatsoever.

The risk of identity theft or actual theft or if someone gains unauthorized access to your account via a hacked or stolen password or log-in credentials.

You're typically handed off to an anonymous customer service agent who is unlikely to know you from the next customer.

It might seem counterintuitive that a bank, whose purpose is to attract assets, makes it hard for customers to make deposits, but that can be true in the case of some online banks. With an online bank, you can't simply drop off cash or a check at a local branch.

Avoid using public networks and devices to access digital banking – if you must use a public device, remember to clear cache and browsing data. It is good practice to not allow the browser to save your username and passwords for bank details.

Banks never ask for confidential information so refrain from sharing it with anyone who asks for it.

Lastly, disconnect from the internet when the system is left idle.

LEVEL OF CUSTOMERS SATISFACTION IN DIGITAL BANKING

Customer's satisfaction in digital banking survey was collected from 100s of e-banking customers. This survey shows that most of the customers are satisfied with the service of digital banking, and they feel that the issues made in digital banking was simple problem and they clear it as soon as possible. As digital banking plays an important role in our society. It is cause an increase level of customers in post demonetization.

Responses from customers satisfaction with the service of digital banking

OPTIONS	COUNT	PERCENTAGE
Excellent	33	33.00
Good	56	56.00
Average	8	8.00
Poor	0	0.00
No idea	3	3.00

Majority of the customers (89%) who responded as satisfied. And some does not have any idea in digital banking. Most of the people in the society feels that digital banking system is compulsory need to our society and it easy to use were the service hours are available for 24*7.

Responses from customers - Does digital banking is compulsory need to our society

OPTIONS	COUNT	PERCENTAGE
YES	99	95.19
NO	5	4.81

Were as we can clearly understand that the cons of e-banking system are increased than pros of e-banking system at the same time.

PURPOSES BEHIND DEMONETIZATION

To handle black money in the economy. To bring down the trade discrimination out of the nation this is straight forwardly identified with basement in our nation. To take out phone cash and dodgy subsidizes which have been utilized by dread gatherings to finance psychological welfare.

TOOLS FOR ANALYSIS

Digital payments appears to be beneficial in generating real revenue stream to all the stakeholders of mobile ecosystem like customers,banks,mobileoperators,financial institution time,offers and discounts ,and transaction time,offers and discounts, and convenience.On the other hand ,banks get benefits in the form additional income in form of transaction cost, enhanced brand image, extended value-dded service to customers.

CONCLUSION

E-Banking is a non-reversible phenomenon which will gain more momentum in the coming years .With digitalization of Indian economy and move to turn India into cashless society,e-banking is going to be strengthened.

Demonetization had a strongly positive effect on financial inclusion , leading to increases in ebanking facility availed by the people. **While digital transactions had been consistently growing over the years, demonetization gave it an additional legup.**

In Indian banking scenario E-Banking has pave way to the paradigm shift from the seller's market to buyer's market.This shift has changed the approach of banks from convetional banking to convenience banking and from mass banking to class banking. The shift has increased the accessibility of banking facilities to a larger number of common people. In years to come E-Banking will not only be acceptable facilities to a larger number of common people.In years to come E-Banking will not only be acceptable mode of banking but will be the preferred mode of banking in India.

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