

DIGITAL BANKING'S IMPACT ON BANKING CUSTOMER SERVICE DELIVERY: A LITERATURE REVIEW

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ABSTRACT

Digital banking in India saw a significant game-changing move when the Government in 2016 reported de-monetization. The opposite side of de-monetization is e-monetization and the spray in the digital exchanges post-de-monetization plainly evidences the progress to e-monetization. Digital banking anyway has begun a long back and its impact on Customer Service Delivery (CSD) has been a subject of interest for both academicians and professionals. Quite often means are mistaken for ends. It isn't something amazing if digital banking is scrutinized as the end in itself as opposed to being a way to improve CSD by banks. This paper reviews the development of digital banking activity in Indian banks. What kind of impact of digitalization has been there on the CSD is reviewed in this paper based on published research.

Keywords: Business Performance, CSD, Digital Banking, Literature Review

Introduction

Come 8th November 2016 and India was injected with a surprising dose of demonetization. So much has been the acclaim of the idea that banks like Kotak Mahindra have turned out with an idea of naming their bank accounts as "811 accounts". Indeed, the date has predominant as of late like "9/11." While 9/11 was a terrorist attack, 8/11 was an attack on corruption.

Research on the effect of digital banking on banks of India is widely accessible. Researchers have considered distinctive modernized banking modes in various banks, extensively and worldwide. Basic ideas like what is mechanized banking, what are diverse drivers of digitalization, what is the effect of electronic transactions on customer service delivery, etc. have been overseen by researchers.

This paper reviews the development of digital banking activity in Indian banks. What kind of impact of digitalization has been there on the CSD is reviewed in this paper based on published research. The literature review was carried with the following objectives:

1. To review the ongoing developments in digital banking in India and
2. To survey research relating to the effect of digital banking on CSD, customer perception, customer fulfillment, and so forth.

Review of Literature

Recent developments in global and Indian digital banking

Deloitte (2019) in their research paper has stated that leading up to 2020, profoundly transformed Bank models will emerge. A glimpse ahead shows the importance of innovative technologies to immensely facilitate banking - inclusive banking through innovative types of Bank models, non-customary alliances to make banking affordable, Fin-tech capabilities to make banking customer-centric. Banking in the future will be exciting, collaborative, and will raise the bar in setting new standards.

The Banking and Finance Journal (2019) in their research has stated that recently, application programming interfaces (APIs) were little new than simple lines of code encouraging communication between applications at enterprises, including banks. Today, they are vital to inventive revenue models and the evolution of model digital outreach modes and are, as a rule, the key to ensure compliance with game-evolving regulations. Developments, for example, the proliferation of new digital channels and open banking will before long make banking invisible. What then are the future key technology trends that will affect and reshape banking over the next year and beyond? Following are the 6 Technology Trends for Banking in 2019: Digital architecture evolves for greater business and customer context,

Artificial Intelligence initiatives scale-up, Commercial reception of Block-chain continues its rising trend, Banks embrace the public cloud for the benefits of deftness and versatility, Internet of things accelerates connected commerce, Virtual Reality becomes a reality in banking.

Deloitte (2019) in their research has stated that there's a new sort of promise in the banking industry and conceivably no better time than now for transformation. Economic fundamentals are strong, the regulatory climate is favorable, and transformation technologies are more readily available, powerful, and economical than at any other time.

Sarkar et.al (2019) in their analysis identified that demonetization led to a sudden increase in the number of transactions of nearly all the digital modes under our consideration during its underlying phase (the period when ATM withdrawals were restricted, ample new currency notes were unavailable). Such momentum was not neutralized yet went on for all the different digital modes, however, the expansion was not similar in all cases. While M-wallet transactions increased the most followed by Mobile Banking and IMPS, other channels, for example, usage of cards at POS, NEFT, and EFT and RTGS (Customer Transactions) didn't fall a long way behind. Subsequently, it is concluded that the recent demonetization drive in India has given the truly necessary push to the digital modes of transactions from where they received wide acceptance and increased customer support.

After around ten years after the global financial emergency of 2008, the banking industry seems to have regained the lost ground. The sector is looking healthy and the environment is filled with confidence, inspiration, and lightness. They need to enjoy the upward go to the fullest extent possible because the 2008 ruin was quite a severe one. "With 85% of banks referring to the implementation of a digital transformation program as a business need for 2018, investment in technology to drive efficiency, manage evolving risks and benefit from growth opportunities will be basic for sustainable success. Our Global banking standpoint survey of 221 financial establishments across 29 markets reveals that bankers are positive about their capacity to

improve their financial performance in 2018 and beyond" reports Ernst and Young (2018, page 2). Some of the key performance and other features indicating the improved health of the banks are given below –

- The tier-I capital of the banks (EY analysis of 200 global banks) has trebled in 2017 from what it was in 2007. This indicates stronger capital adequacy.
- A sizable greater part of banks expect profitability and revenues to improve over the next one to three years, despite increasing costs.
- The banking industry is heading for a period of double-digit Return on Equity (ROE) and further is likely to support it shortly.
- From an unequaled yearly high of prosecution costs of USD Billion 137 out of 2014 the same has dropped to USD billion 82 out of 2015 and further to USD billion 49 of every 2016. This indicates that things have got settled well.

The agency however has tossed some preventative signals too. It has warned that the recent constructive conditions may not be permanent. An apprehension has been expressed in terms of lack of lucidity concerning whether banking returns on equity would be able to withstand the pressure of an unexpected repetitive slump, aside from the potential effects of the well-telegraphed loosening up of quantitative easing.

In this way, the environment is one of confidence and idealism. It has been a long and challenging journey from 2007 to 2017 for global banks. Through measures like increasing equity, strategic negotiations, repositioning, etc. banks have been able to bounce back to their long stretches of feed. They have demonstrated some sort of resilience in battling the adversities imposed by the 2008 global meltdown resulting from the US banking collapses (Sub-prime emergency). The growth and the great times however are tagged with issues like prospects of the repetitive downswing, possibilities of quantitative easing, etc.

Vij (2018) has conducted a descriptive study on the effects of demonetization on the Indian economy based on authentic secondary data. She opined that demonetization proved to be an advantage to digital transactions and e-wallets and the government must continue to provide appropriate infrastructure and cybersecurity to help this flow of digital transactions in the economy to ensure India's workday towards a digital economy.

Mukherjee (2018), composing for the Inc42 has reported that as a result of the government's unleashing 'Digital India' push, digital transactions in the country reached a record-breaking high of 1.11 Bln in January 2018, up by 4.73% from the 1.06 Bln mark touched in the period of December a year ago. (This includes all the digital transactions including those over and above executed by NEFT, RTGS, Mobile Banking, etc.)

According to data released by the Reserve Bank of India (RBI), the all-out exchange value shot-up to \$2 Tln (INR 131.95 Tln) in January 2018, making it the second-highest reported in a single month over the most recent one year. Compared to that, December 2017 clocked transactions worth around \$1.9 Tln (INR 125.51 Tln). These figures include payments made by debit and credit cards, UPI, Internet banking, prepaid payment instruments (PPIs), and unstructured supplementary service data (USSD). As per Reserve Bank of India data, UPI-enabled transactions crossed the 151.7 Mln mark a month ago, recording a 4% increase from the 145.5 Mln transactions clocked in the long stretch of December 2017. Similarly, the value of transactions likewise shot up by 18% from \$2 Bln (INR 131.4 Bln) in the most recent month of 2017 to \$2.4 Bln (INR 155.4 Bln) in January. Of this, the government's Bharat Interface for Money (BHIM) application accounted for over 9.57 Mln transactions worth upwards of \$57 Mln (INR 3.65 Bln). Indeed, over the most recent year or somewhere in the vicinity, UPI-based transactions have seen a massive 7000% increase, as stated by the RBI. For instance, UPI recorded distinctly around 2 Mln transactions in December 2016, a month after demonetization was instituted.

Financial Brand (2018) in their research has stated that the global banking sector is

emerging as a more strategically focused and technologically advanced domain to respond to consumer expectations while attempting to protect market share against an increasing cluster of competitors. A great deal of emphasis is being placed on reassessing organizational structures and digitizing core business processes and internal talent to be better prepared for the future of banking. This transformation illustrates the rising desire to become a 'digital bank'. Following are the five Innovation Trends that Will Define Banking in 2019-Serving a Segment of One, Expansion of Open Banking, Commitment to Physical Delivery, Artificial Intelligence (AI)- Driven Predictive Banking, Payments Everywhere.

Malagi et.al (2017) discussed that technology has taken over the world. The world without technology is the world without life. Technology assumes a huge role in turning society into a better place, therefore; we can't imagine ourselves living without it. It has become a piece of our life and it is one of the principle ingredients to survive in a quick phase environment. The expansion of new technology helps people make work easier and turns the world into a better place to live in. The use of plastic money is an area in that technology has been of huge use in the shopping industry. Customers can save their time by utilizing plastic money. This is the reason, why the shopping industry needs to focus on plastic money transactions than monetary transactions. In the study, attitudes and perceptions were looked for and were extracted utilizing a questionnaire as a research instrument. It was discovered that individual factors, for example, age, gender, and conjugal status had a bearing on the use of plastic money. The research concluded that plastic money is more convenient for conveying and for payment. It has different advantages which motivate the people especially the youthful generation to focus more on plastic money. It will save the cost of printing and reduce deforestation which would help the environment and the country.

Review of literature about the impact of digital banking on CSD, customer perception, customer satisfaction, etc.

IIMB Management Review (2018) examined the perceptions of Internet banking (IB) users in Kerala utilizing the technology acceptance model (TAM) by incorporating service quality as an external variable. The study found that both the TAM variables – perceived usefulness (PU) and perceived ease of use (PEOU) have a direct effect on Internet Banking use, and PEOU likewise has an indirect effect using PU. Service quality dimensions, for example, efficiency, reliability, fulfillment, website attributes, responsiveness, and protection additionally have an indirect effect through TAM variables on Internet Banking use.

Verma (2018) in her research paper focused on net banking services provided by HDFC Bank and examine the perception of people towards the e-banking services comparing to conventional banking methods. This paper is useful in understanding the customer's attitude towards such modern services provided by banks. The e-Banking is an application that was developed for a well-established regional bank operating essentially in south India. In the realm of this technological development and competitive environment, the bank has been completely computerized over the most recent 4 years, and to increase its client base has started arranging, for a concept called e-banking. With this concept, the bank needs to move very nearer to the customers and enhance its essential operational strategies. Through E-Banking the bank needs to unleash the core concept of IT-based Enabled Services (ITES). The E-Banking services are executed uniquely for the customer, and these e-banking services will completely integrate with the core banking arrangement that is already in practice. The significant idea is to provide a large group of services to the customer through the internet and make the client feel elastic in getting down on simple assignments faster instead of visiting the bank every time. The e-banking office is open just to investment funds bank account holders and not for current account holders. The customer is benefitted to use the majority of the system just as a viewing phase, the main online transactions the customer can do are

reserve transfer and checkbook requisition among his personal accounts.

Reddy et.al (2017) conducted an observational study of people on the transformation of India into a digital economy post demonetization applying other statistical apparatuses and factor analysis on the responses collected. They discovered 'time sparing' and 'ease of use' to be the main factor for fast reception of digital payments while 'security issues' as the fundamental obstacle.

Manivannan (2017) in his research discussed that digital banking which was considered to be an extravagance has become necessary. The modern technological advancements were considered to be used by the big league salary group. Among the different financial services rendered by commercial banks and other financial organizations extending their office to customers through digital banking i.e., mobile banking, net banking plastic money, etc. is significant modern-day work. These facilities are extensive not exclusively to customers in metropolitan areas or cities, yet additionally to customers residing in a country area. Yet, today, with the growth of banking and exchanging movement, the fixed income group or salaried classes have started utilizing these facilities. Yet there might be the analysis that, it induces more purchases or make the people for sparing economy. This might be so in the essential stage, yet once a customer gets used to benefit from these modern banking facilities they will realize how to use the same in a discretionary manner. On the whole, the paper concluded that, based on the areas of usage, the satisfaction level of the respondents is acceptable even however they are sharing glitches concerning digital banking i.e. working of ATM, acceptability of new-age payment systems, circulation of the network, the safety of online transactions, etc.

Vasan (2017) in his research observed and analyzed the reasons for chosen internet banking, reasons for utilizing internet banking, the satisfaction of customers with internet banking, and recognition of the problems encountered by the customers. The essential data for the research was collected all through a well-structured questionnaire filled in a one-to-one premise by around 120 customers of ICICI Bank. The research results clearly evaluated

that most of the users of internet banking were deriving an elevated level of satisfaction.

Rajput (2015) examined that the customers' choice of banks was affected by the nature of e-banking services provided by the bank. Stratified sampling was used and the survey instrument was a well-developed Questionnaire comprising open-ended and Likert type of questions. The study revealed that gender, education, and income assume a significant role in the usage of online banking. The research corroborates the conceptual framework demonstrating that if aptitudes can be upgraded there will be a greater soul to use online banking by consumers.

Hakkeem et.al (2015) in their research observed that specific age groups have used these services, the satisfaction of the customer significantly influenced the awareness, convenience, and responsiveness. In the present technological society, the vast majority of the banking customer desire and change to e-banking facilities. So the banker may improve their services, unwaveringness to customers, and their retention by developing awareness of other age groups and concentrating on the factors contributing the customer satisfaction.

Khanna et.al (2015) in their research evaluated that the factors, for example, Technology acceptability, safety, user-friendliness, accessibility, and accessibility greatly depend on the demographic profile of the populace size. The majority of marketing decisions in terms of enhancing the efficiency of delivery channels can be taken by considering these factors.

Samsunisa (2015) in their research stated that different age groups of customers have different perceptions toward the e-banking services and the usage level of these bank's customers is different, so the bank should focus on all the age group of customers for the betterment of e-banking banks. It was additionally seen that different occupation groups of customers have different perceptions towards the e-banking services. There is a superior number of customers in every group like service class, student, business class, and professionals; it shows that they all are intensely interested in utilizing the e-banking services.

Vinayagamorthy et.al (2015) in their research examined the perception of provincial consumers towards internet banking services. It was noticed that the majority of the banks attempting to reduce the operational costs with the help of different innovative dispersion networks and value-added services. On the off chance that we see the country populace appropriation, it is very much scattered. As a result of this, offering types of assistance to this group of customers increasingly become hard. There is a trade-off that describes the nature of the problem. From one viewpoint it becomes troublesome due to infrastructural problems, while then again due to lack of banking facilities, they become more reliant on local moneylenders. The higher cost of operations might be reduced with the help of ample development of technology lead banking services, viz. internet banking services, mobile banking services, etc. The modern banking approach additionally depends heavily on the technology aspect. However, the problem lies somewhere else. Even if the banks can develop modern office, it may not be useful for the provincial consumers unless and until the consumers are well aware of the usage and office of the same over the time period. This gap ought to be removed by giving enough training to new customers. Otherwise, technology may become a burden for them.

Conclusion

Based on a collective consideration of the literature reviewed, it can be concluded that Researchers have overwhelmingly advocated different digital modes involved in digital banking and additionally different strategies and applications in digital banking in India. Substantial research is observed on digital banking and its effect on the countries. The Banking sector has been projected as a brilliant prospect for the banking industries on account of several factors like the regulatory climate is favorable, economic fundamentals are solid, and transformation technologies are more readily available, powerful, and economical than at any other time. Some researchers have identified demonetization as help for digital banking in India. Technology has a perfect role in encouraging transactions in the banking sectors and the effect of technology

implementation has resulted in the presentation of new services and products by different financial organizations in India. Researchers have highlighted the developing trend of internet usage in provincial, metropolitan, semi metropolitan areas. Plainly the Indian populace

is moving quickly towards the appropriation of internet linked services. Access to a mobile phone has improved fundamentally however internet usage isn't that rousing due to non-knowledge of the facilities.

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