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"DIGICAL" AND 'DIGITAL' BANKING IS TRANSFORMING THE SOCIETY FOR FINANCIAL INCLUSION IN THE DIGITAL ERA

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ABSTRACT:

"DIGICAL" and "DIGITAL" Transformation leads to major changes in the society in terms of banking transactions. "DIGICAL" Banking is an autonomous branch; it is the marriage of Digital Banking with Physical Banking. It has Customer Touch Points, Mobile Apps, Video Conference, Wealth management, Big Data, Smart ATM, Tablets, and Smart Phones. The "DIGICAL" and DIGITAL Banking holds the

key to Financial Inclusion in urban and rural area, through payments, Savings, Credit, Insurance, Pensions and DBT by leveraging the digital solutions. Digital literacy and training is required through BCs, SHGs in rural areas and urban areas. Fintech, Mobile banking, Mobile money, Money20/20, Apps like Pay Pal, 24x7 are transforming and empowering Financial Inclusion and cashless society in the Digital Era. There are 21 Public sector banks, 21 Private sector banks and 44 foreign banks operating in India. Demonetization has given scope for the Fintech start up in India. The Index will give the insight about the Digital transformation in the society.

KEYWORDS: Digital Transformation, Autonomous Branch, DIGITAL, Fintech, Financial Inclusion, Cash less Society, Mobile banking, BCs, SHGs DBT, Digital Literacy, 24x7 and Digital Era.

1. INTRODUCTION

Un Banked population of India is approximately 47 per cent and 900¹ million mobile subscriber base, sees only 1 to 1.5 per cent of mobile subscribers using mobile money actively. Financial inclusion is likely to remain high on the government's agenda over the

next decade. The 'Digital India' initiative, coupled with a payments infrastructure, is laying the cornerstone for a digital economy. The technology-levered 'Aadhar' Programme is likely to be the biggest disruptor in financial inclusion delivery. 'Aadhar' Enabled Payment System (AEPS), financial inclusion transaction at points of sale (Micro ATM) through the business correspondent of any bank using 'Aadhar' authentication. Direct benefits transfer (DBT) National Rural Employee Guarantee Act (NREGA), social security pension

scheme, handicapped old age pension scheme, etc. Retail banking, rural banking and financial inclusion model, Analytics data of 'Pradhan Mantri Jan Dhan Yojana' (PMJDY), 'Pradhan Mantri Bima Yojana' (PMBY), the launch of 'Pradhan Mantri' Micro Units Development and Refinance Agency Ltd ('MUDRA Bank'), mobile phone and smartphone penetration, Demonetization" drive paved the way for the digitization of the Indian economy. digital banking trend has inclined more towards E -wallets, P2P lending, Cloud technology, On signing up,

¹ FINANCIAL SERVICES Role of digital banking in furthering financial inclusion kpmg.com/in-2015

customers are financially included through the below various services :-Viewing Account Balance, Load Money into the Account, Apply for Loans/Credit Cards, Generate Virtual Cards, Recharge Mobile Phone, Pay Utility Bills, Pay Insurance Premiums, Purchase Tickets, View Pass Book and Transaction History, Upgrade to a Regular Bank Account, Fund Transfers using IMPS, both P2P and P2A, Merchant Payments through Scan and Pay. Digital Branch has interactive Video Branch Machines allows customers to connect with the remote teller over a real time video call and perform regular banking transactions like statement printing, cheque deposits, opening FD account and encashment, funds transfer along with dispensation of cash. The Digital Branch lobby also has a smart table with iPads. The Digital banking is completely automated branches or virtual centers and Doing away with brick-and-mortar bank branches, Digi bank has instead turned to a wide range of technology to offer improved services to customers. Transforming the competitive structure of the banking sector. Digital banking to social platforms namely Facebook and Twitter for the customer convenience on social media. The Twitter banking allows the user to stay connected with his bank anytime, anywhere on Twitter. Digi banks, uses software robots, internet and chatbots to reduce response time for customers and improve accuracy and completely paper-less, signature-less and branch-less bank. The customer authentication is purely done using the Aadhaar card / PAN card. The bank account can be wholly operated through cutting edge mobile technology.

The new entrants from the Fin Tech industry and Digitalization are also an opportunity to reduce marginal costs and increase productivity in financial services. Creating new licenses for non-banks is not the only regulatory option to enhance competition in retail banking markets and also Payment Services Directive (PSD), mobile phone, Artificial Intelligence (AI), voice-activated, robot-advisors and biometric authentication, power of big data. Regulatory Technology (Reg Tech) has been playing an increasingly important role in the new banking and financial services ecosystem. The payments innovation like FAST in Singapore, UPI in India and NPP in Australia has provided new opportunities in bank connectivity.

Financial inclusion involves increasing the number of individuals that have access to formal financial services mainly through having formal bank accounts, which contributes to poverty reduction and growth. Self-help, groups, small finance banks, BC and Microfinance intuitions participating are the agents of financial inclusion. Financial inclusion being recognized as fundamental for economic growth and poverty alleviation. Indicators, such as percentage of bank accounts and loans or number of automated teller machines (ATMs) and bank branches. To improve the financial inclusion the RBI and Government have launched several measures, like, UPI, BHIM, and NEFT. RTGS, NACH, Repay Card, IMPC, Prepaid instrument and 'Payments and Settlement system in India Vision 2018'. "DIGICAL" and DIGITAL Banking will improve the welfare of the society by access to the bank account and to carry out financial transactions. RBI's effort to encourage these new varieties of payment and settlement facilities aims to achieve the goal of a 'less cash' society.

Table-1 Progress of financial inclusion at a glance

Sl .No.	Banks	No of Accounts			No of Rupay Cards	Aadhaar Seeded	Balance in Account	Percentage of Zero Balance A/cs
		Rural	Urban	Total				
1	Public Sector Banks	11.74	9.43	21.17	16.75	12.54	54,507.02	25.8 percent
2	Regional Rural Banks	3.86	0.61	4.47	3.36	2.26	12976.71	25.08 percent
3	Private Banks	0.52	0.35	0.35	0.82	0.39	2,587.07	33.92percent
	Total	16.11	10.4	10.4	20.93	15.19	70,070.79 Crore(Us\$ 10 Billion)	24.61 percent

(Sources: Kurukshetra A journal on Rural Development March2019-Vol.67)

Table 2. Progress of financial inclusion at a glance

Parameter of financial inclusion	March 2010	March 2016	March 2017
Number of Bank branches in villages	33,378	51,830	50,860
Number of Business Correspondents (BCs)	34,174	531,229	543,472
Number of other forms of banking touch points	142	3,248	3,761
Total number of banking touch points	67,694	586,307	598,093
Number of BSBDA* (in millions)	73	469	533
Deposits in BSBDA (Amount in Rs. billions)	55	636	977

Table 3. Progress of PMJDY up to 9 May 2018

Group of banks	Number of new savings bank accounts opened (in millions)	Deposits accumulated (in Rs. millions)	No of debit cards issued (in millions)
Public sector banks	255.3	652182.50	192.00
Regional rural banks	50.7	137170.30	36.80
Private sector banks	09.9	22681.30	08.20
Total	316.6	812035.90	238.00

Table-4.Core Banking Services offerings and technology based alternatives

Core Services	Key Technologies used	Fintech - based description
Payments	Mobile app, data analytics, block chain	Easier, faster and universal management of online payments.
Consumer banks	Internet, mobile app	Better control over personal accounts, cards, access to pre-authorization controls.
Lending	Mobile app, data analytics, block chain	Peer to peer lending, easier and faster access to money at lower interests.
Fund transfer	Internet, Mobile app	Easier, faster funds transfer across geographies with low transaction costs.
Personal finance	Internet, Mobile app, AL(chatbots)	Timely, relevant and contextual education and actionable alerts.
Personal investing	Internet, data analytics	Online money management with lower transaction costs
Crypto currencies	Mobile app, block chain	Simple card (and platform) for all online and offline digital currency transactions.
Institutional investments	Data analytics, machine learning	Automated prioritization and management of client accounts.
Small business	Data analytics, AL (chatbots)	Customized faster and easier disbursement.

Smartphone Indian Society is consist of Urban, upper-class, Middle class, high society, rural women, NGO's, Education institutions, religion, Urban, rural, IT professional, Agriculturist, Entrepreneur, Businessmen are transforming and Providing opportunity for Digital and Welfare of the Society.

Table-5 Digi Bank and Digital App infucing the Financial Inclusion

Country	App/Digi Bank
US	MoneyGram
India	Pay tam/Phonepe/BHIM
Philippines	G cash
Kenya	Mpesa
Korea	Kokapay
Digi Banking	
India	DBS Digi Bank
UK	Atom Bank

(Source: Bank 4.0: Banking Everywhere, Never at a Bank-By Brett King)

Demonetization and Digital For payment

MEASURING THE DIGITAL AND FINANCIAL INCLUSION IMPACT ON THE SOCIETY:

The Digital Economy and Society Index (DESI) is a composite index that summaries relevant indicators on Europe's digital performance and tracks the evolution of EU member states in digital competitiveness.

The Digital Society Index. The index ranks countries across three dimensions of the digital economy: dynamism, inclusion and trust.

Networked Readiness Index (NRI) or Technology Readiness: This is released by World Economic Forum annually as a part of Global Information Technology Report (GTR). The index basically measures the impact of information and communication technology (ICT) on a country and also calculates how much a country has used the ICT to grow. In the Networked Readiness Index 2016, India has been ranked at the 91st position out of 139 countries.

Financial Inclusion Index: The index will be a measure of access and usage of a basket of formal financial products and services that includes savings, remittances, credit, insurance and pension products. The index will have three measurement dimensions: Access to financial services, Usage of financial services, Quality.

Global Index (GFI), World Bank that measure the progress of FI across countries. World Bank started capturing data on FI in 2011, once in three years. The latest edition of the Global Index (GFI), which came out in 2017,

Digital maturity for India's banking industry

Digital maturity for India's banking industry is marked through industry Digitization, Digital transformation, and Digital Reinvention Improves efficiency by applying technology to individual resources or processes Digitizes entire aspects of a business. Producing customer experiences that support individuals' needs or wants Incorporates digital technologies and platforms like never before to create revenues and results via innovative strategies, products and experiences.

Table-6b The Digital India Revolution

Mobile Data	India now World Leader in consumption of Mobile Data
Mobile and Parts Manufacturing	From 2 to 268
Common Service Centers	Over 3 lakh common Service Centers Employing 12 Lakh People
Digital Villages	1 Lakh digital village in next five years
Jan Dhan Bank Account	34 Crore Account opened in five years

(Sources: Kurukshetra A Journal on Rural Development March 2019-Vol.67)

Digital Village. A village where most of the day to day transactions happen in a cashless mode with services like, BC, Mobile Wallets, Credit/Debit cards and Internet Banking Micro ATM etc. rural branch network decided to transform its branches situated in rural villages into Digital Villages through the implementation of digital Programme.

Impact of Digitization, Digital Transformation and Digital Reinvention Banking Industry:

1. Chat bots (Response to the Enquire to customers)
2. Merge Physical and Digital Process(Autonomous Branch)
3. Mobile Technology.
4. Use of Credit and Debit card.
5. Artificial intelligence.
6. Internet /Social media plat forms.
7. Block chain.
8. 24/7/365 society.
9. Wearables.
10. Agency Banking.

Table-7 Demonetization and Effect on Digital payment system

NEFT	IMPS
UPI	NACH
CARD PAYMENTS	POS
ATM	BHIM
RTGS	BC
AEPS	PREPAID PAYMENT INSTRUMENTS(PPIS)
Peer to merchant payment(P2M)	peer to peer(P2P)

As per Boston Consulting Group² UPI has been a game changer without logging on to the bank portal. It can bring all other payment instruments on one platform. The society will prefer to do the transaction digitally because of the various offers.

Table-8 Growth Rate of Digital Transaction, Debit and Credit Cards and UPI Transactions

Growth	Year
Digital transaction	
Digital transaction 13%	2018
Growth Share 26%	2020
Expanding to 37%	2025
Debit and Credit Cards	
Debit and Credit Cards Transactions 7% to 12%	2020
Debit and Credit Cards Transactions 21%	2025
UPI Transactions	
UPI Monthly transactions 406 Million	2018
Non UPI mobile wallets and smart cards 358 Million	2018

Source: Financial Chronicle –Friday, 22, March, 2019

² Financial Chronicle-Friday, 22, March, 2019-Cash to lose out to digital by 2022.

2. REVIEW OF LITERATURE

Amit Singh Sisodiya (2019) ³explored the future of Banking and compared Indian and the foreign countries digital banking services and examined the Public and Private Banks introducing the Digital banking in the article The Future of Banking is here.

Sonia Barquin and Vinayak HV (2016) Explained Six success factors to build digital banking and Digital banking in foreign countries. Pointed out that digitization changes the efficiency. Digital banking' digital only banking business" and discuss the model of Digital banking "Digital only Banking Business".⁴

AT Kearney(2013)-Banking in a Digital World ,given insight about the challenges in future Digital banking, providing low cost banking, and digital transformation. Heanalyzed digital banking readiness Index, digital banking playground-wallet solution, app, video advisory, PFM model, big data and system integration, culture and people. Explained about digital banking after the best of two worlds-outside and inside.

Jayabth Kolla (2017))⁵ Insight about the Digital bank of future would be not only after payments through crypto currencies, but also have integrated market place for value chain players. The future of banking through Global on boarding, Universal wallet, Universal card, market place and improved security through Black chain.

Shyam Sunder Bank⁶(2017) in his article Banks are intensively Engaging in Digitization of Banking Transactions in Rural India-Adoption of Rural village for Digitization of banking as Banking Corporate Social responsibility and Digital village. The usage of POS in after Demonstration and giving practical training about the usage of digital banking technology on the village.

Markku Tinnila⁷(2012) Impact of Future Trends on Banking services review and analyzed the future trend of digitalization, use of ICT,B2B,Multiple channels of E-Commerce, payment services through smart phone,24/7/365 society and Impact of banking technology.

Safie Blakstad & Ribert Allen ()-FinTech Revolution Universal inclusion in the New Financial Ecosystem – in their books Examined growth and consolidation of Banks from 1950 to1970, 1980 to2000 and how non-banks financial services in Ecosystem. Financial inclusions in Kenya, China, and Bangalish. Changes in Techanleges like IA, Robotics, and Block chain are acceleleracting Financial Ecosystem.

K. Srinivasa Rao (2018) Article, Financial inclusion In India: Progress and Prospects⁸-Financial inclusion is indictor of development and wellbeing of society and Explained FI journey, parameter of FI, Progress pf PMJDY and measurement of FI.

Punitha Ponnuraj , Dr. Manasa Nagabhushanam⁹(2015) in there conceptual article Analysis of Adoption of Mobile Banking for Financial Inclusion in Rural India-rising mobile phone usage in the country, mobile banking has a great potential for enabling financial services to the unbanked and under banked in rural areas. Mobile banking has a huge potential to change the way people in rural areas transact and save money. Business correspondents to ensure that mobile banking reaches the last mile in view of its spread and usage; Regional Rural Banks (RRBs) and Local Area Banks (LABs) were allowed to engage Business Correspondents (BCs) and the goal was to provide nearly 74,200 defined

³ Amit Singh Sisodiya (2019)-Autonomous Branch 'the Future of Banking Is Here. Vol 6, issue10, The Global ANALYST, IUP PUBLICATIONS, HYDERABAD.

⁴ Sonia Barquin and Vinayak HV-Building a Digital Banking Business-Mckinsey and Company-2016

⁵ Jayanth Kolla-Digital Bank of the Future-Live mint 2017.

⁶ Shyam Sundar Banik⁶(2017)- Digitization of Banking Transactions in Rural India.

⁷ Markku Tinnila-2012-Impact of Future Trends on Banking Services

⁸ K.SrinivasaRao (2018) Article, Financial inclusion In India: Progress and Prospects-Ideas for India.

⁹ Punitha Ponnuraj, Dr. Manasa Nagabhushanam- Analysis of Adoption of Mobile Banking for Financial Inclusion in Rural India-International Journal of Science and Research (IJSR) ISSN (Online): 2319-7064.

villages across India. Payment Banks would offer financial services to the hitherto excluded segments of the population and to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force.

Luigi Wewege¹⁰(2016) in his book The Digital Banking Revolution, explained about Financial innovations in banking industry shifts the traditional banking model to a new digital banking. The digital banking has provided more opportunity for digital players such as, Apple, Amazon, Google, Alibada, PayPal and Bitcoin and Face Book.

3. CASE STUDY¹¹

India's first fully digital bank, DBS India, continues to innovate, both with technology and products DBS Bank's largest technology hub outside of Singapore—used the platform of Amazon's cloud-based virtual assistant Alexa to create and automate tasks so that developers did not have to perform them manually. Presented at an internal employee hackathon this March, the innovation is now being tested as a minimum viable product. After receiving feedback, it can be used by the bank to build its digital platforms, involving Alexa speech and voice services. DBS's Digi bank, India's first mobile-only bank. The bank quickly adopted the idea, becoming one of the earliest banks in the country to do away with user IDs and passwords for online logins.

Paytm Payments Bank, and State Bank of India's (SBI) Yono (You Only Need One) will be strong rivals, with offers ranging from payment gateways, bank accounts, loans and ecommerce platform (Source: Forbes May2, 2018)

4. NEED FOR AND IMPORTANCE OF THE STUDY

Digital Banking services and financial inclusion are increasingly popular among the society. As per data available no of mobile usage among the people is growing immensely. To understand how digital banking has influence among the society in financial inclusion. The study was designed to provide inputs to society about the Future banking servers is provided by the banking industry according the convinces and cash less.

5. OBJECTIVES OF THE STUDY

The basic objectives of my study are

- To find out the influence of Digital Banking on the financial inclusion.
- To know the new digital services of the banking to the customers.
- To Find out importance and need for DIGICAL Banking in the Digital Era.
- To Know the Digital banking services adopted by Foreign Countries.

6. DATA AND METHODOLOGY

This study was based on the cenepetal study and Secondary data. The data were collected from various published sources which include research articles, RBI report, banking web sites. I have done my research on DIGICAL Banking is Transforming the Society for Financial Inclusion to meet up the objective of the study.

7. FINDINGS, SUGGESTIONS, AND CONCLUSION

Form the Study it is clear that it will take time for moving toward a complete Digital and Financial Inclusion. Effort are made towards Digital Banking in both rural and Urban area and awareness about Finical literacy for Finical inclusion and Advisement in information technology used by Banking industry in the urban areas for DIGICAL" and DIGITAL Banking. As technology improves, people's trust increases.

¹⁰ Luigi Wewege- The Digital Banking Revelation-www.digital Banking revolution.-2016-ISBN978-1541017191

¹¹Salil-Forbes 2018-Digibnk:Riding the digital wave

SCOPE FOR FUTHER RESEARCH

There is a scope for future researchers to study and analyses various "DIGICAL" and DIGITAL Banking is Transforming the rural Society for Financial Inclusion.

The head ¹²of Google in India presents his vision by arguing that rather than the 300 million strong 'Great Indian middle class', it would be the 400 million individuals at the bottom of India's social and economic hierarches who would make use of the smartphone for 'transformative' purpose, identifying rural women as representing 'the final frontier' in the race to connect Indians to the internet.

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¹² Aasim Khan -In search of Digital Capitalism -The Book Review-volume -XLIII ,No-3 March2019.