

## A of Innovative Digital Services In Indian Banking

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### Abstract

Invention and knowledge have smoothened the way of financial services. Indian financial services benefactors have prudently implemented knowledge to supply facilities to increase working competence in the growing market. Traditional monetary facilities benefactors have accepted digital services as a unfailling mode to grow the financial business. Financial skill institutions are adapting the role of digital knowledges to line up novel occupation and aim new market. RBI is allowing the incident of invention in digital financial facilities sector to multiply the reach of monetary facilities for unbanked people. Invention in electronic financial services is the vision for application of expertise to supply new financial product and services in an economical mode. Innovation in digital financial services is increasingly appealing to the stakeholders in India's financial services. Insurance suppliers are pure player in digital economic facilities suppliers. There's need to create understanding among the users in rural and semi-urban areas regarding the essentials of digital finance facilities. Emerging technologies, wide practice of internet, cheap data and mobile expertise became the drivers of inventions in business services.

**Key-Words:** Financial Services, Innovation, Digital Finance, Internet Economy and Financial Product

### 1. Introduction

Digital transformation takes place in each trade, banking, financial, production, medicine, healthcare, tele-communication and retail etc. This ends up in creativity and innovation of growing digital technologies with completely new business model, transforming the competitive environment. So as to achieve success in digital transformation, organization concentrates on reshaping client expectations and reworking their operations with digital technologies for bigger client interface. Financial services developed in banking, wealth management and insurance sectors. Delivery of digital services has witnessed major modification from human led interface to machine led interaction, so as to enhance accuracy, and fraud management. This can be effective by introducing computer science, machine learning, block-chain, massive information and social media in financial services. Digital Transformation is the key driver of connecting world by dynamics of population and radically

raising the business growth. Socio-economic activities, large populations and globalization are the key factors for the modification of world expectations. Client expertise, competition and restrictive directions are major driving factors for digital transformation. Technology adaptation becomes essential so as to deliver the service on-demand employing a mobile app by lowering the cost of services across the globe. The emergence of smart phones is enhancing mobiles from an easy communication device to a full-fledged payment device. Recent initiatives of Jan Dhan Yojana, Aadhaar Attachment, Mobile Use have created optimistic surroundings for large scale recognition of digital payment in India. Execution of digital technologies for a new business is ready as prime priority.

## 2. Review of Literature

Merton and Bodie (1995) explained technological developments in computers which started in the Nineteen Sixties significantly reduced the cost of financial dealings and shaped extra cost-effective means for financial marketplaces across the world to attach to worldwide financial network

Barczak et al., (2009) inventions make an significant role in the act or fiasco of companies. On normal businesses, profits are generated from the inventive facilities and produce

Mukherjee (2011) mentioned the role of digital services to bring growth within the rural sector. The ICT is in advancement and enjoying a crucial role in every sector of the society. The character of the need becomes any sensible since the client feeling changes drastically.

Nejad and Estelami, (2012) the step of financial revolutions has accrued due to motivation of technical advances in the parts of digital economy. Examples of economic revolutions are the web and mobile transactions and development of automated expenses.

Pallab Sikdar and Munish Makkad (2013) studies the advantages that has from the purpose of bank's business. Net banking, a major ingredient of e-banking framework, has modified the dynamics of financial services worldwide.

Gurpreet Kaur (2015) Studies the consequence of digital India initiative on the project of economic inclusion. The digital India initiative will simply connect the various teams of society and might facilitate to attain the target of economic inclusion through digital banking.

Dr. P. Vijay Kumar (2016) Studies the trends in banking sector for financial inclusion, and technology in India. The recent initiatives taken by Government of India to boost to market financial inclusion and positively resulting in the place wherever all Indians have their bank accounts, using technology enabled services.

## 3. Objectives of the Study

Objective of the study are-

1. To review the meaning of digital financial services.
2. To study the kinds of digital financial services.
3. To spot the Govt. efforts to digital monetary facilities.
4. To review advantages of digital financial facilities.

#### 4. Methodology

The study is entirely related to the secondary data during COVID-19 and collected from journals, magazines and websites.

#### 5. Limitations

The information regarding digital financial services is generally secret and it is not publicly shared. Lack of such data creates barriers in conducting such study.

#### 6. Aspects of Digital financial Services

There are various financial services opened and delivered through digital channels. The digital channels covers the net, mobile phones, ATMs (Automated Teller Machines), POS (Point-of-Sale) stations, electronically enabled cards, biometric devices, tablets, phablets and other digital system. There are three important essentials of such digital financial services:

- i. The Digital Transaction
- ii. Retail Mediators and
- iii. The utilization by Clienteles and Mediators of a tool Banks, microfinance establishments, mobile operators, and third-party suppliers are leverage mobile phones, location devices, together with networks of small-scale agents, to supply basic financial services at bigger convenience, scale and lower price than traditional financial services.

#### 7. The Major Digital Financial Services are As Follows

##### 7.1. Cards

Cards are issued by banks and classified on their supply, usage and payment by the card holder. Usually there are three sorts of cards.

##### i. Debit Cards

These are issued by the bank where we have an account. These are connected to the bank account. Debit cards are issued to account holders (current, savings and overdraft) and any payment created instantly debited to user's account. User is free to use this card to withdraw money up to the limit approved in connected account.

##### ii. Credit Cards

These are issued by banks and different entities allowable by banking concern of. These are used across the country and internationally once it's enabled for international use. In case of credit cards, a client can withdraw. However there's a limit for every card up to that extra cash are often withdrawn. This add of cash is paid back to the bank together with interest charges applied by the financial institutions.

##### iii. Pre-paid Cards

These are pre-loaded from a customer's checking account. These are used for restricted dealings. These are recharged like mobile recharge and are safe to use.

##### 7.2. Aadhaar Enabled Payment System

Adhar enabled payment system is a disbursement service authorizing a bank client to use Aadhaar database to identify account and make the fundamental banking transactions. It

permits bank-to-bank dealings at POS (Micro ATM) with the assistance of banking correspondent (BC). The user must seed account with their Aadhar variety at bank or with the assistance of B.C.

### **7.3. UPI (Unified Payments Interface)**

Unified Payments Interface may be a system for immediate electronic payments through user's smart phone. It's a sophisticated version of cash Service (IMPS) that was accustomed transfer cash between bank accounts. Like IMPS, UPI can facilitate funds transfer service. It authenticates the distinctiveness of the user credit card. It works 24x7, 365 days.

### **7.4. E-Wallet**

Electronic wallet may be a reasonably electronic card that is employed for financial services created on-line using a laptop or a smart phone. The effectiveness of e-wallet is similar to credit or debit card. The objective of e-Wallet is to create paperless cash process easier. E-wallets categorized as post-paid payment instruments (PPIs). It's an internet platform that permits a user to undertake numerous transactions. It provides mobile-based money services to the unbanked and people living within the distant geographical locations.

### **7.5. Balance Enquiry**

User can check the accessible balance of the checking account connected To The Mobile variety.

### **7.6. Mini Statement**

User generated mini accounting for the checking account connected to the mobile variety.

### **7.7. MMID**

Mobile cash Identifier User grasp the MMID assigned by the bank to the account throughout mobile banking registration.

### **7.8 Generate and alter M-PIN**

User can Generate and alter the M-PIN (Mobile PIN) that is sort of a countersign and used for authenticating money transactions.

## **8. Government Initiatives towards Digital money Services**

### **i. IRCTC e-Wallet.**

IRCTC e-Wallet may is a service that user deposit cash with IRCTC and be used as payment gateway in conjunction with different payment choices accessible on IRCTC for paying cash at the time of booking tickets. IRCTC e-Wallet provides the following advantage.

- i. Hassle-free and secure transactions.
- ii. Benefit of saving payment gateway charges per price tag.
- iii. Manage account on-line and top up on-line.
- iv. Dependency on a selected bank is reduced as once any of the provided banks go offline, passenger's still book tickets from their IRCTC e-Wallet account.

**ii. Direct profit Transfer (DBT)**

DBT was started by GOI for the delivery arrangement in government schemes for easy flow of funds and to make sure the beneficiaries to avoid repetition and scam. DBT aims to bring efficiency, clearness and accountability inside the Government scheme and infuse self-confidence of citizen within the authority.

**iv. UTS**

The Mobile Application-UTS App introduced by Indian railway to encourage paperless financial services. This official permits booking unreserved paperless journey ticket issue ticket and platform ticket.

**v. BHIM (Bharat Interface for Money)**

Bharat interface for money is a app that makes disbursement transactions simple and fast. It authorizations bank to bank payments promptly and accumulates cash using a mobile number or payment address. This app is presently reachable and downloadable from Google Play store, for smart phones.

**vi. Pradhan Mantri Gramin Digital Saksharta Abhiyaan**

This set up empowers the people in rural areas by getting ready them to work on laptop or digital access devices like tablets, smart phones etc. The scheme aims to bridge the digital gap specifically targeting the agricultural population together with the marginalized section of society like scheduled Castes (SC) scheduled Tribes (ST), Minorities, Below poverty level (BPL), girls and differently-abled persons and minorities.

**vii. Paygov**

Ministry of Electronics And Information of India with NSDL management Ltd (NDML) formed infrastructure which is used for facility to create on-line payment with internet banking, credit cards and debit cards.

**viii. PAHAL DBTL**

Pratyaksh Hanstantrit Labh Direct profit Transfer of LPG scheme aims to reduce distraction and remove identical or counterfeit LPG connections. Under the PAHAL theme, LPG cylinders are sold at market rates and enabled clientele get the grant straight in their bank accounts.

**9. Advantages of Digital Financial Services**

The advantages of digital financial services are-

**9.1 Cost-Effective**

Digital financial services normally provide cheap, simple to induce. The conversion of cash, the fast internet access, and also the adoption of mobile phones, have created the proper conditions to create it cheap, spend, offer and borrow.

**9.2 Secured Dealing**

Financial control in a digital dealing account is secure, and other people have assurance that cash can go solely to the selected recipient, with a record of dealing.

**9.3 Creates Distribution Business Models**

Mobile and web banking improve the financial inclusion within the country and may produce win-win scenario for all parties within the value-chain.

**9.4 24x7 Accessibility**

A digital service enables shoppers power to receive a payment at any time of day or night.

**9.5 Eco-Friendly**

The digital financial services are provide record on a digital mode which is eco friendly.

**9.6 Maintains Payments History Record**

Digital finance keeps the transactional record. Even doing tiny transactions gets documented and is usable for the record in future.

**9.7 Potential Channels**

Digital modes of enhancing financial inclusion for ladies by targeting help teams (SHGs) may well be one potential channel for fast and promoting digital financial inclusion in India.

**10. Conclusion**

For the digital use in business, finance services must modify. A holistic co-operation between users and Government are often the road-map to enjoy the benefits of digital finance. The application of technology will improve the payment services. Financial freedom can offer management of weaker sections of society with motive of digital finance. Adopting change in financial services together with most of population within the internet can facilitate growth and development of country. With many digital financial instruments in the market, the buyer currently has additional selection than ever before. Innovation may be a vital issue and a necessity for of the stakeholders of society. The foremost necessary factors for achievement in financial services measure customer's trust, convenient processes, low-priced transactions and powerful client base. The conclusion is that innovation in digital financial services movement is powerfully supported by new generation and their digital nature and exerting positive impact on delivery of financial services.

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