

# The Upshot of Digital Banking

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**Abstract-** India, over the last decade has substantiated to a tremendous web revolution. Our honourable Prime minister Mr. Narendra Modi had launched ‘Digital India’ on 1 July 2015 as an umbrella term for the overall economic empowerment and the web revolution of the nation. This initiative is witnessed to be the factor promoting technological advancement and optimizing digital banking to a wider extent. Technology and connectivity improves the quality of life. The increase in internet penetration has leveled up digital banking amongst the youngsters who contribute about 41% of India’s population. The transparency in this responsive system holds account of every individual’s transactions to obliterate corruption. Digital banking paves way to any immediate transactions of an individual anytime and anywhere. In the payment and banking sector Aadhaar authentication can be used in multiple ways in order to bring about financial inclusion and simplify the method of transaction. Digital wallets such as Free charge, Juspay, Paytm, etc... has provided ease in the digital transactions through mobile applications. This paper is an outcome of the research made on digital banking and its attributes.

**Index Terms-** Digital banking, Economic empowerment, Financial inclusion, Transparency.

## 1. INTRODUCTION

Banking is an industry that handles cash, credit, and other financial transactions. Banks provide a safe place to store extra cash and credit. Most people in the banking industry agree that digital banking is the wave of the future.

*“Digital banking means providing DIGITAL banking products and services available through different digital DEVICES on user friendly way.”*

Digital banking product is the banking process without the use any paper or verbal communication with the client/customer. It is processed digitally in relation with the client/customer.

Perhaps digital will bring us back from all the complexities of the banking world to the fundamental

and original purpose of banking – to serve our customers and society – and perhaps that is the real meaning of digital in banking. For now, only one thing seems to be certain. The digital disruption has already begun, and all of our experiences would be forever impacted by digital. It is no wonder that banks and big consultancies are all over it – It’s their only ticket for future relevance and survival. Banking becomes much less reliant on physical distribution; it is believed that the time has come for digital banking players to gear up the launch of digital products and services for their customers.

## 2. DIGITAL INDIA

Two-third of India’s population is contributed by the rural areas, digital India is the mission launched with the vision of digitalizing the rural sector. This mission promotes the provision high speed internet facilities to its citizen to use it in the real time platform. It is a programme which acts as a bridge between the people’s hope and the services provided by the government.

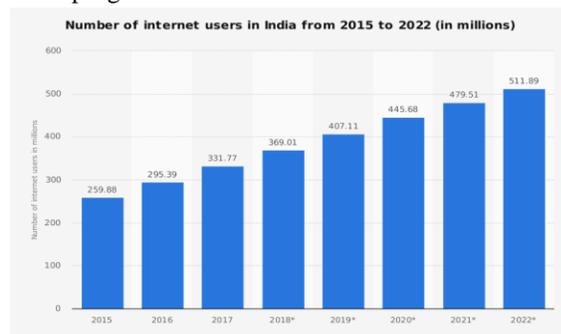
Internet penetration

The number of internet users in India is expected to reach 500 million by June 2018 said a report by the Internet and Mobile Association of India (IAMAI) and Kantar IMRB on Tuesday. The number of Internet users stood at 481 million in December 2017, an increase of 11.34% over December 2016 said the report titled, “Internet in India 2017.” [1]

Urban India with an estimated population of 455 million already has 295 million using the internet. Rural India, with an estimated population of 918 million as per 2011 census, has only 186 million internet users leaving out potential 732 million users in rural India. Internet penetration in Urban India was 64.84% in December 2017 as compared to 60.6% last

December. In comparison, rural Internet penetration has grown from 18% last December to 20.26% in December 2017.

The percentage of the internet users increases every year gradually. Digital banking will not be farther for the growing internet users, because of the digital India programme.



### 3. AADHAR CARD

An 'Aadhar' card provides a 12-digit individual identification number, issued by the Unique Identification Authority of India (UIDAI), to serve as a proof of identity and address. The profile of Digital India is unique in the world in some sense. India is the only country in the world which has given biometric-based digitally verifiable identity to 99 percent of its adult population. Out of a population of 1.25 billion, 1.09 billion people in India possess Aadhaar -- a digital identity of individuals mapped with their biometrics.

India also has 1.03 billion mobile phone users[2], with a tele-density of around 85 percent. With this, India is uniquely poised to move towards a digital economy. Digital economy doesn't mean zero cash economy. This easy and simple payment method will be a great boon for that section of the population which still doesn't have a mobile phone or a basic level of literacy to operate a mobile wallet or UPI or USSD solutions. Since this method also works on a simple 2G mobile network, it can be operated in most parts of the country, which has even basic mobile phone coverage. Above all, this method of payment cannot be misused by another person as the payment is authenticated only when the individual who holds a bank account scans his personal biometric.

UIDAI's Aadhaar national identity project was instituted on the principle of inclusion, an attempt to bring all citizens under a single fold. The project with

its massive repository of biometric, residential and banking data of Indian citizens can be leveraged across diverse sectors in order to transform the way we function as a nation. In the payment and banking sector alone Aadhaar authentication can be used in multiple ways in order to bring about financial inclusion and simplify the way we transact today.

As part of the endeavour towards a cashless, digital economy, UIDAI in collaboration with NPCI, RBI and other banks has introduced several initiatives to provide easy and efficient payment solutions to businesses and individuals alike.

The entire Aadhaar platform is built to connect all segments of the society under a unified, identity system and payments is one of the biggest areas of impact that Aadhaar will bring about. Through the various payment solutions, Aadhaar has the power to transform the way we transact. Simple, yet powerful and transparent Aadhaar based payment solutions can prove to be great way to bring the remote, financially excluded segments of the country under the realm of digitized banking and financial services. Aadhaar based payment solutions are inherently easy-to-use and are built in such a way that it reduces the banking costs of providing financial services. For instance, AEPS through the Micro ATM system allows people in remote areas to access to banking services without the need to set up a full-fledged branch. Similarly, the Aadhaar Pay app removes the need for POS equipment at stores and merchant locations.

In addition, the sheer size of the Aadhaar program with more than 88% (1.12 billion) of India<sup>2</sup> registered under the program provides a solid base to build and scale solutions that can have widespread impact. Over 40 crore Aadhaar cards have been linked to bank accounts and this number is only going to grow, paving the way for digital, less-cash India.

### 4. THREATS AND EXTORTION

We want to help our customers to better protect themselves against potential Internet threats. By familiarizing yourself with current threats and past trends, you can increase of your chances of effectively combating the evolving tactics of fraudsters.

The most recent banking security threat goes like:

- Phishing
- Spyware and Adware

- Viruses
- Trojans
- Key loggers

According to Javelin Strategy & Research, mobile banking usage grew 63 percent in 2011, and the adoption rate is expected to swell globally over the next 18 months [3].

The mobile threat landscape is ever-evolving, and institutions and consumers alike are wary of the risks.

Among today's growing concerns:

- Mobile Malware - Trojans, viruses and rootkits migrating from traditional online banking and designed specifically for the mobile marketplace. Researchers see an increase in mobile malware development - in pace with market growth.
- Third-Party Apps - Consumers love their smart phone and tablet applications, but often these apps come from third parties with questionable security practices. Or worse, the apps are created by fraudsters and loaded with malware.
- Unsecured Wi-Fi - The unsecured wireless network is a toll-free highway for fraudsters to gain access to mobile devices, either to seize control of or gain access to account information.
- User Behavior - Consumers are prone to download third-party apps, use unsecured wireless networks, open and click links in SMS text messages and e-mails, and lose their mobile devices. Mobile-use behavior is creating a suite of vulnerabilities, and fraudsters are eager to take advantage.

While mobile banking and payments are still relatively young in the U.S., adoption is more mature in international markets such as Asia, where presenter Tom Wills currently resides. In this session, Wills walks through the attack methods cyber fraudsters are pursuing and offers steps banking institutions can take to reduce their risks. During this presentation, Wills offers insights about:

- The latest mobile malware and the technology solutions aimed at stopping it;
- Why secure application development matters, and how institutions can provision their risks;
- How consumers risky behavior makes them prey for social engineers;
- Why consumer privacy is a growing concern, and how to address it;

- How institutions can leverage mobile to improve customer trust and loyalty.

## 5. LEVEL UP

The next few years will shape a different and even more competitive scenario in the banking industry. Customer behavior, mobile, new technologies and regulatory mandates are already irreversibly changing the way consumer banks, shop and experience services.

On the road to Banking 2020 it will be necessary to comply with regulatory mandates, whilst leveraging opportunities based on the new landscape. Banks must also take advantage of the assets they have built for years: their reputation, client base and data.

The current technological revolution is accelerating the transformation, not only of industry and business, but also of human lifestyles, culture, and, therefore, society as a whole.

## 6. CONCLUSION

*"We're witnessing the creative destruction of financial services, rearranging itself around the consumer. Who does this in the most relevant, exciting way using data and digital, wins!"*

-Arvind Sankaran

Global expertise in retail banking

The word 'Digital' may sound to be frightening but not everything new is bad. Digital banking being a boon of technological advancement serves to promote cash-less India and protect us from being careless Indians.

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