

Pros and Cons of Digital Transformation Trends in Banking through the Customer's Perspective

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Abstract

In the early 90's it was hard to envision a situation where banking transactions could be done without entering a bank, traditional banking always wanted a customer to visit the bank to fulfill all the transactions related to banking, may be deposits, withdrawal, transfer of amounts and so on. But today we have reached pinnacle where any and every banking transaction can be completed anytime and anywhere. The current forms of Digital trends in banking include internet banking, mobile banking, mobile wallets, banking cards, Unified Payments Interface (UPI) and so on. Digital banking can be considered as a boon to most people in the current times as they do not have much time or patience to visit a bank to complete a transactions, but at the same time digital banking can also be considered as a bane because this also leads to a number of different problems like hacking, lack of knowledge, internet issues and so on. In this research paper we are going to focus on both the positive and negative impact of digital marketing on the customers.

Keywords: Traditional banking, Digital trends, positive and negative impact

Introduction:

Banks are the central point for all kinds of financial transactions, may it be personal or business transactions. Initially both banking transactions and workings were done manually but gradually things started to change wherein working in the banks were computerised and also we witnessed the transactions being slowly digitalised. Currently we at a state where all the financial transactions are done through digitalised methods, which has increased the efficiency of the bank employees as well as increased the ease and satisfaction level of the customers. At the other end

employees are finding it hard to adjust and cope with digitalised system of banking. Even though most of the people are slowly using digitalised system of banking, they still face certain discomfort and difficulty in adapting to this advanced system of banking. The current forms of Digital trends in banking include internet banking, mobile banking, mobile wallets, banking cards, Unified Payments Interface (UPI) and so on. Digitalization of banking system is a coin with two sides which consists of both positive and negative aspects to it. Hence it is the duty of the customers to be responsible while using digitalized banking system and be aware of consequences caused by using this advanced system.

Literature Review

Singh (2022) The most digitalized system at present is in banking sector which is driving the economy to success. The change in the system of banking has been gradual and evolutionary. Here the focus is on the employee advancement, because a change in the system will also lead to the change in the working of its employees. The digitalization in banking has seen a change in the relationship between the employees and its customers leading to better and improved employee engagement.

Kothari (2021) A transformation in the current banking system has been witnessed with the introduction of E- Wallets which is the most recent financial innovation in Banking system. Though this E- Wallet offers a lot of merits and ease to the customers they also have certain demerits and difficulties. Here an analysis is conducted to understand the awareness of the customer's regarding these problems and also to understand their perceptions regarding the same .

Sharma (2023) Technology is not limited to the field of industries but also in the finance sector. The pressure of digitalization has led the banks and financial institutions to gear up and innovate different and modern digitalized systems for integration of financial markets worldwide. Consumers are adapt at using latest technology and demand the same from financial markets which has led the banks to innovate certain different channels to satisfy the customers in regard to avail the financial benefits. Mobiles and Computer gadgets are rampantly in use for all the transactions which has also increased the need for banks to improve their facilities and provisions provided to the cutomers.

Antonio (2024), The World today is witnessing a tremendous change in the digitalization of transactions and banks being the central focus point of financial transactions also has to embrace this technological advancements. Here the priority is in making the employees of the bank be familiar with using the changes in the banking sector . The skills of the employees are of vital importance in order to build a holistic approach and increasing the capacity of the banks to the maximum limit. The fact that employees are the key stones to the improvement in the implementation of the digitalized banking system and also to keep the customers happy is prioritized here

Nurjanah (2023) Here the pros and cons of the digital transformation in the banking industry has been determined. As there is a gradual change in the technological advancement in the banking sector, it is also noticed that there are many hindrances also with this improvements. Technology always comes with certain inbuilt problems like cyber attacks and the security of the digital system is also at high risk . Training is mandatory in order to be cautious regarding the hazards of using technology and also to improve the digital proficiency.

Objectives of the Study

1. To analyse the evolution in banking system
2. To understand the mind set of customer regarding digitalised system of banking
3. To study the pros and cons of digitalised banking system
4. To recommend suggestion

Research Methodology

. To realize the objectives of the study, we have collected the primary information through questionnaires. The respondents were selected customers from various banks in Mangalore Region. Both the primary and secondary sources are used for the collection of data. The study focuses on few selected respondents in the Mangalore city limit. Random sampling techniques are used for our study. The study being a descriptive in nature, an attempt is made to understand the negative and positive impact of digitalization in Banking sectors.

Findings

According to our Research, we analysed that all the respondents are familiar with at least one platform of Digital Banking System and majority of them use these platforms on regular basis. Most of the respondents are using UPI Payments and Mobile Banking for the purpose of personal use and for payments for utilities such as bills, Insurance, Fast tag, tax payments so on. The less frequently used platforms are Banking Card, Mobile wallets and Internet Banking for work transactions and cash transfers. Many of our respondents were initiated to use Digital Banking System by their Friends and family members, colleagues in the workplace, promotion in different Medias and their banks respectively.

The central point of our study is to determine the pros and cons of digitalised banking system. Even though all the respondents are regularly using digital banking system they have also faced few difficulties like Network issues, Bank issues, Hacking, Fraud and lack of knowledge. Most prominent problems faced by our respondents are issues with network and bank server. It is sad to note that banks and bank employees are not able to assist customers to solve the above mentioned problem which leads to a certain extent of dissatisfaction in the minds of customers. Even after facing certain difficulties customers are happy to use digitalised banking system because of ease of usage, saves a lot of time, banking can be used anytime anywhere and people are eager to gain knowledge regarding technological advancements.

Suggestions

1. Government should take initiatives to educate customers regarding the different frauds taking places and to be cautious about sharing the OTP or passwords, response to spam calls and messages.
2. Awareness should be created to customers regarding their rights and provisions available to them to sort out the problems faced by them while using Digitalised Banking System like consumer courts, cyber security and so.
3. It is not only the responsibility of Government and Customers but also the responsibility of the banks to train the bank employees before implementing digitalised system of banking, because unless they have the knowledge they cannot solve the problems of the customers.

4. It is noted that bank employees are not very prompt and quick in responding the customers, hence bank employees should also be trained to apply the knowledge they have received while serving the customers.
5. Extensive promotion should be undertaken to promote or advertise different platforms of digitalised banking system and create awareness in the minds of people regarding the availability and usage of these different platforms.

Conclusion

Even though a part of the population is using digitalised banking system for their day to day transactions and are also satisfied and enjoying using these platforms, the other part of the population is still reluctant to shift from traditional banking method to digitalised banking system and is still visiting banks in order to fulfil their financial transactions. Hence it is necessary not just to provide training and awareness but also interest in people should come within themselves to use these advanced technology. Overcoming of fear is the first step in embracing the technological advancement in field of banking. In future a situation might arise where brick and mortar system of banking might totally disappear and only digitalised system might survive. Therefore people should be ready to use advanced technology right from today.

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