A STUDY ON THE IMPACT OF DIGITAL BANKING: TRENDS AND INNOVATION IN DESIGN THINKING

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ABSTRACT

Driven by the 2020 pandemic's work-at-home mandates, the future of work in banking and finance may be in the midst of disruptive change. The digital transformation process of banks sees the development and strengthening of digital channels as one of the first and most important stages, without prejudice to the importance of the physical channel for specific needs. On the one hand, this duality between digitization and the human factor is reflecting in the multichannel strategies of the banks, which are increasingly moving toward synergy between digital channels and human touch. On the other hand, a thorough review of customer service logics leads banks to review the operation of internal processes, introducing elements of innovation through structured work paths that lead to the construction and management of an innovation strategy. Accordingly, society wide trust in the use of digital instruments and processes in finance has bounded forward. Artificial intelligence, machine learning, big data analytics, block chain ledgers, digital money, and myriad digitally developed financial derivatives are losing their mystery both inside and outside institutions and companies operating in banking and finance. The 2020 year represented a major watershed between the world before and after the pandemic. The health emergency, in fact, has profoundly changed people way of living, relating, working, training and make financial operations.

KEYWORDS

Digital transformation, banking sector, organizational studies, change management, corporate governance, digital strategies, innovative forms of public control.

INTRODUCTION

The modern world economy is in a transformational state due to the growing and more and more embracing effect of the influence of the introduced digital technologies, primarilyon the financial market. This technological direction is usually called digitalization, which affects both individual links in technological chains and covering entire processes. The economic result from the introduction of digitalization is a reduction in the used labor resources and, asa result, all interrelated costs arising

from a reduction in the used human resource Currently, the banking system of Russia is undergoing transformation, which is moving to the next quality level that meets the technological requirements of the national digital economy. Digital transformation contributes to the evolutionary development of business models, the introduction of modern conceptual solutions in the banking sector, from the improvement of Internet banking technologies to the maximum transformation of traditional monetary transactions. The introduction of digital innovative technologies is a sustainable platform to ensure stable and long-term growth in the efficient operation of banks and financial institutions. It is digitalization that is a modern strategic priority in banking technologies in the global economy. Financial technologies are the driver of changes in the banking sector. However, the banking system is on the initial formation and digital transformation, in the context of the introduction of banking innovations

EMPATHY

DESIGN THINKING	**POTENTIALQUESTIONS**
Empathy	**1.** What risk so cured due to innovation? **2.** What change for online payment? **3.** What technical issues faced by customers? **4.** What transaction process is fast and fair?

STATEMENTOFTHE PROBLEM

The studyofthe role ofthe digitalizationprocess inthe transformationofthe banking system, aimed at increasing the technological potential formed at the intersection of sciences, has caused scientific controversyover the past ten years. Researchers assessed the significance and importance of introducing innovations inthe banking sector, andthe subsequent impact onthe nationaleconomy. Scientists - Popova (2011), Koch (2010), Zub chenko (2009) and others .Russian economic science does not provide a unified concept of the term “banking innovations” in the digitaleconomy. The concept incorporates a set of implementedmeasures,whicharedistinguished byadvancedtechnologicalfeaturesusedforcertaingroups ofusersofinnovativetechnologies.Domesticeconomicscience identifiesfourapproachesfordefiningthis category in the banking environment. Within

the framework of the first approach, banking innovations introduced in the digital economyare considered as a source for the development and implementation of modern banking products. Zhukov (2008) noted that banks and financial institutions are analysing innovations with the aimof their subsequent implementation into existing financial instruments, into operating product lines, and permissible financialtransactions, withthe sole purpose offorming additional financial funds and resources for the final growth of profits

.**DEFINE**

DESIGNTHINKING STAGE	**INTERFERENCE**
Define	1. Do you believe technology-based bankingserviceandonlinebanking increasedbankservicesefficiency? 2. Do youbelievetechnology-based bankingserviceandonlinebanking increasedbankservicesefficiency?

SCOPEOFTHESTUDY

Thescopeofthisstudyisto analyzetheimpactofinnovation inthebankingsector.

OBJECTIVESOFTHESTUDY

1. BriefdescriptioninnovationinIndianbankingsector
2. Thepurposeofthestudyistoemphasizethenewfinancial innovationsinthebanking sector.
3. Tostudythechallengesfacedbybanks inthechanging scenario.

LIMITATIONSOFTHESTUDY

1. CybersecurityConcerns

   DigitalBanking makesacustomervulnerableto cyberattacksoridentitytheft.So whenever youusedigital banking services, be carefulto avoid using networks that are not secure and be change your passwords and protect your login information.

2. NorelationshipwithPersonalBanker

   Throughtraditionalbanking, youdevelopapersonalrelationshipwiththe Banker.While indigital banking you get an anonymous Customer service agent who doesn't know you well. If you have a financial relationship with someone who can help and who knows you wellcan be a major advantage over digital banking.

3. InternetConnection

   DigitalBankingrequiresagoodinternet connection.Soifyour internet connectionisunstableorthebank server is slow then the speed ofthe transaction will be slow orthe transaction might fail. Ifthe system crashes or there is a bug in their code it may lead to losses

RESEARCHMETHODOLOGY

Banking and technologyare two sides ofa coin. They both coincide with each other. Technology is now mandatory inevery field and its use inour dayto daylife is increasing E-banking facility is boon to both bank as well as their customers, for that reason we need to curbthe malpractices in e-banking and help bankstoovercomethese risks. There isalso aneedto makecustomersawareaboutsuchmalpractices and help them to overcome these risks, also to change their perception fromtraditional to modern banking services.

Tools used

1. Simplepercentage
2. Chi- square
3. ANOVA

REVIEWOFLITERATURE

1. **Utpala (2013)** did a studyto examine the market's present stateofe-banking. The authorexamined respondents' perceptions about e-banking using the primary data source. The researcher examine the challenges that clients confront when using internet banking. According to Utpala, 60% ofthe urban population uses digital banking. All transactions are now completed using mobile banking. Bill payment via mobile banking has just gotten a whole lot easier. It is critical to target the ruralpeople by developing awareness initiatives and training courses. It should aid in the promotion of digital banking in India.

2. **Geetha (2014)** did a study on urban cities in India with 200 respondents. The researcher has identified a number of factors that directly affect the adoption of e-banking services. They outline criteria including innovation, client familiarity, awareness, security, and trust.Theseelements impact how customers view online banking.

3. **Sharma (2015)** statedthat digitalbanking willbe a watershed moment inthe Indianeconomy. The study is analytical in nature and is based on secondarydata. According to her, digital banking has an impact on the Indian economy. The economy is changing as a result of advances in financial technology. It can deliver better services to their customers. It is acceptable in the market because of their rapid expansion. After analyzing the benefits ofdigital banking, everyone in the market desired it for overall expansion and success

4. **Rajeshwari (2017)** customers' expectations of banks are rising as a result of digital banking. They conclude fromtheir analysis of secondarydata that digital banking marks an important turning point for the Indian banking system. The development of Indian banking is aided by it. It demonstrateshow swiftly banks'

operating expenses have been decreased as a result ofdigital banking. Banks will profit more if their operating costs are lower.

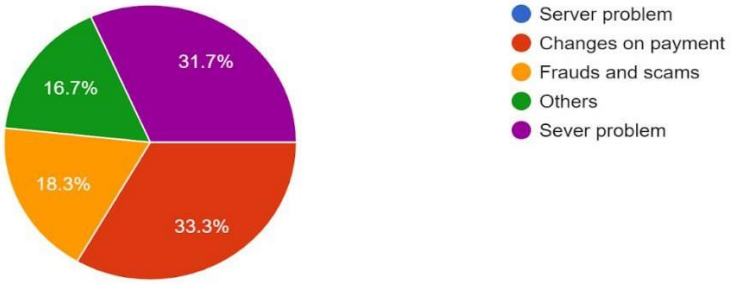
RESEARCHGAP

Researchgaps ina studyonthe impact ofdigital banking trends and innovationcan include regional differences, customer behavior, security concerns, regulatory effects, SME impact, traditionalbankingconsequences, socialandeconomic impacts,technologicalchallenges, user experience, and the role of blockchain and cryptocurrencies.

DATAANALYSISAND INTERPRETATION

TABLE1.1AREYOUSATISFIEDWITHONLINE PAYMENT?

PARTICULAR	NO OF RESPONDENTS	PERCENTAGE%
Severproblem	**38**	**31.7%**
Changesonpayment	**40**	**33.3%**
Fraudsandscams	**22**	**18.3%**
Others	**20**	**16.7%**
Total	**120**	**100%**



INTERPRETATION

The above table indicates that 31.7% of the respondents prefer Server problem, 33.3% of the respondentsprefer Changesonpayments, 18.3%oftherespondentsprefer Fraudandscams and remaining 16.7% of the respondents prefer others.

TABLE1.2RISKOCCURREDDUETO INNOVATION?

	ObservedN	ExpectedN	Residual
Fraudsandscams	41	40.0	1.0
Liquidityrisk	57	40.0	17.0
Systematicrisk	22	40.0	-18.0
Total	120		

TestStatistics

	Risk
Chi-Square	15.350a
Df	2
Asymp.Sig.	.000

0cells(.0%)haveexpectedfrequencieslessthan 5.Theminimum expectedcellfrequencyis 40.0.

INTERPRETATION

The above table indicates that 41% of the respondents prefer Frauds and scams, 57% of the respondentsprefer Liquidityrisk andremaining22%oftherespondentsprefer Systematicrisk.

TABLE1.3 CHARGES FOR ONLINE PAYMENT?

	ObservedN	ExpectedN	Residual
Paymentgatewaysetup charges	23	30.0	-7.0
Annualmaintenance charges	34	30.0	4.0
Integrationcharges	39	30.0	9.0
Merchantdiscountrates	24	30.0	-6.0
Total	120		

TestStatistics

	BankServerProblem
Chi-Square	6.067a
Df	3
Asymp.Sig.	.108

a.0cells(.0%)haveexpected frequencies lessthan5.The minimumexpectedcellfrequencyis 30.0

INTERPRETATION

Theabovetable indicatesthat23%oftherespondentsprefer Payment gatewaysetupcharges, 34%of the respondents prefer Annual maintenance charges, 39% of the respondents prefer Integration charges and remaining 24% of the respondents prefer Merchant discount rates.

TABLE1.4ISTRANSACTIONPROCESSISFASTANDFAIR?

Descriptive

	N	Mean	Std. Deviation	Std. Error	95%ConfidenceInterval forMean		Minimum	Maximum
					Lower Bound	Upper Bound		
Strongly agree	19	1.6316	1.11607	25604	1.0937	2.1695	1.00	4.00
Agree	21	2.1905	.81358	.17754	1.8201	2.5608	1.00	4.00
Neutral	33	2.4242	.75126	.13078	2.1579	2.6906	1.00	4.00
Disagree	28	2.6429	.95119	.17976	2.2740	30117	1.00	4.00
Strongly disagree	19	2.3684	1.06513	24436	1.8550	2.8818	1.00	4.00
Total	120	2.3000	.96667	08824	2.1253	2.4747	1.00	4.00

ANOVA

	Sumof Squares	Df	MeanSquare	F	Sig.
Between Groups	12.631	4	3.158	3.084	007
Within Groups	98.569	115	857		
Total	111200	119			

INTERPRETATION

The above table indicates that 19% of the respondents prefer strongly disagree, 21% of the respondentsprefer agree, 33%oftherespondentsprefer neutral,28%oftherespondentsprefer disagree and 19% of remaining respondents prefer strongly disagree

TABLE1.5 TECHNICALISSUEFACED CUSTOMER

	N	Mean	Std. Deviation	Std. Error	95%Confidence IntervalforMean		Minimum	Maximum
					Lower Bound	Upper Bound		
Wrong deductionof funds	28	2.3929	1.54774	.29250	1.7927	2.9930	1.00	5.00
Bankdonot respond	43	3.0930	1.23083	.18770	2.7142	3.4718	2.00	5.00
Cyber security	34	3.4412	.78591	.13478	3.1670	3.7154	1.00	5.00
Managing compliance	15	3.3333	1.54303	.39841	2.4788	4.1878	1.00	5.00
Total	120	3.0583	1.29832	.11852	2.8237	3.2930	1.00	5.00

ANOVA

	Sumof Squares	Df	MeanSquare	F	Sig.
Between Groups	18.570	3	6.190	3.945	.010
Within Groups	182.022	116	1.569		
Total	200.592	119			

INTERPRETATION

The above table indicates that 28% ofthe respondents prefer Wrong deduction of funds, 43% ofthe respondentsprefer Bankdo notrespond,34%oftherespondentsprefer cybersecurityandremaining 15% of the respondents prefer Managing compliance.

FINDINGS

- Majority40%oftherespondents areunderthecategoryofChanges on payment.
- Majority57%oftherespondentspreferred Liquidityrisk.
- Majority39%oftherespondentspurchased Integrationcharges.
- Majority33%oftherespondents areunderthecategoryofNeutral.
- Majority43%oftherespondentsare underthe categoryofBankdonotrespond.

SUGGESTIONS

Untilrecently,customerswouldhavetovisitthe bankinpersoniftheyneededfinancialservices. Butthatallchangedwiththeemergenceofonline banking and mobile moneyoverthepasttwo decades. Today's customers expect fast and efficient services that are accessible through a range of delivery mechanisms. It's all about flexibilityand convenience COVID-19 had a huge impact on the banking sector. The closureofregional branches and the resultingreduction in staffcapacity made it difficult for peopletoaccessvitalservices—somethingthat wasfelt acutelyinemerging markets.Thisalso exposed the digital shortcomings and lack of innovation across the industry.

CONCLUSIONS

After number of technological innovation the entire Indian banking sector itemerged as a veryfirm banking industry in entire world not only in terms of capital but also in term of making and retaining customers. The Indianbanking sector came to apositionwhere it gives globalcompetitionto other banksofworldin termsofhigher productivityand efficiency in services. The focus has nowbeen shifted from product to customer. The one of the major aspect in development of Indian banking industryisPrivateSector BanksofIndiaas act ascatalyst to ignitethe fireofcompetition in the nation as the result of which immense progress can be witnessing in both public and private sector banks. Innovationcovert Indian banking into the leadersofInternet banking, mobile banking, phone banking, ATMs. Information Technology only the tool which re-defined and reengineered banking system and gave it face that today banking sector is having, the use of these IT reform make it very clear that the future of banking will be more sophisticated and standard of services to thecustomers will be at continuous be improved with new innovations in product and process.Thus, it is correct to say that innovation has led to "conventional banking to convenience banking" and "mass banking to class banking" especially in developing economy like India.

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