

# CHALLENGES OF DIGITAL INNOVATION IN INDIAN BANKING SECTOR

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**Abstract :** Digital Banking has been an innovative move from traditional banking to online banking where banking services are delivered through the internet. This has been an advantage for the banks as well as customers by providing more convenient and faster banking services.

Even though, Banks has to meet certain challenges such as demand that connect vendors with money through channels determined by the consumer technology upgrades, spearheading with innovation..

**IndexTerms-** Challenges, Innovation, customer satisfaction, Sustainability.

## I. INTRODUCTION

A bank is a financial institution that accepts deposits from the general public and creates credit. Whereas the business conducted or services offered by the bank define banking, now this banking system has been drastically reached to digital banking. Digital banking means of network has shown drastic innovation. Over the past few years and has indeed affected almost every sphere of our lives. One of the most recent effects has been the move towards a cashless economy in countries like India.

The developmental strategy towards achieving supremacy in digital banking must consider core elements in their entirety to achieve desired goals. The primary element is Innovation the ability of the bank to develop unique ideas to transform itself.

### 1.1 Statement of Problem

The digital banking is indeed radically better than the physical one since it allows instant access, extreme convenience, trail and tracking options, lower costs and automatic record keeping. Even though 'the recognized problem here would be that if all these benefits are not evident to users, the digital process is flawed.

### 1.2 Objectives

1. To analyse the challenges faced by cloud banking in present days.
2. To provide suitable suggestions to overcome the challenges

### 1.3 Importance of study

The digital revolution has changed many elements within almost every industry especially the financial industry. The new technology wave that has started throughout the entire finance industry has changed a lot of the banking structure that were traditionally set up. Banking solutions have changed drastically since the introduction of online banking options. Cyber security and data protection have also improved drastically since the entire industry has shifted to more digital banking options. Factors such as online ATM, online banking, net banking, NEFT, IMPS, mobile banking 24 hour access have changed the outlook for why there is a need for digital banking.

The importance of emerging technology of digital banking there are many innovations that have been succeeding such as mobile wallets, investment management applications, card less ATM withdrawal towards the emergence of digital banking.

## II CHALLENGES FACED BY CLOUD BANKING

The rapid transformation in digital era important for banks to remain transparent and convenience however under banking makes it, in order to tap into the power of digitalization there are number of challenges that need to be overcome.

### 1. Attaining app perfection

Developing applications related to a business becomes crucial in order to retain customers, with banking and financial applications increasingly offering the comfort and luxury of monitoring expenses at any time from any place, however most of applications are often ridden with bugs and face severe performance issues.

### 2. Technology upgrades

It is not only necessary to include or adopt technology but it is also important to grow with up by upgrade and new innovative ideas

That needs serious amount of investment for banking and financial entities in digital capabilities and formulating effective digital strategies is more a challenging factor.

### 3. Cyber crime

Most of the banking and financial applications are subject to cyber attacks the most. Fraudsters have been known to be innovative in their actions to siphon funds, either as large amount in a shot or minuscule amounts from thousands of accounts. If not money directly, there is always the threat of data being compromised.

### 4. Spearheading with innovations.

Spearheading the marketplace by offering innovative services is not just desired but also required in order to stay ahead of the curve and attract a wide customer base.

## 5. Sustainability

Post the successful innovation and implementation. The next pressing challenge is to tackle effectively is sustenance and maintaining consistency in providing services is a challenging factor.

## III SUGGESTIONS

1. The professionals or developers have to provide relevant and necessary information and provide smooth functionality which will help even a common man to access it easily.
2. Upgrading the applications with even more creative features and to come up with new technological advancement will influence the users even much better.
3. Software and security testing must be conducted eventually by concern professionals to assure its quality, to overcome the crime done by the hackers and their by to avoid cyber-crime.
4. The developers has to come up with innovations in software and digitalisation under the banking system to make sure they are putting up something different from its competitor.
5. The professionals has to retain the potentiality and the functionality in the applications so as to maintain sustainability in the long run.

## IV CONCLUSION

Banks are going through tremendous challenges of competition from non-banking companies and smaller fintech companies. Therefore, in order to fight competition and stay ahead of competition in digital banking era, it is important for banks to work on not only goods web site, social media connect and mobile banking etc.; but they also need to come up with new technological innovations where these inventions could create a new era under cloud banking. The decisions for banks to add more digital solutions at all operational levels will have a major impact on their financial stability. While not all banks are in a position to make quick changes to IT infrastructure or the architecture on top of it, banks aiming to be disrupters can move towards broad end to end automation.

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