

# Digital Banking in Rural Areas under the Aspects of Financial Inclusion

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**Abstract** - The economic advancement of a country is greatly impacted by the rural population in India where the rural users will comprise nearly half of all Indian internet users. The innovations in technology prove to be blight for the accustomed forum of intermediates such as commercial banks, investment banks and specialized finance companies. Here arises the need for the financial inclusion which turns out to be a cornerstone of nearer future of Indian economy

Financial Inclusion pushes itself to the immediate zenith of importance in the agenda of Indian government. In the recent years, many progressive initiatives have been put forth by the government. Hence, an attempt has been made in this paper to understand digital banking considering the aspects of financial inclusion – as a campaign where technologies and connectivity will join hands to make an impact on all aspects of governance and improve the quality of life of citizens.

**Keywords** - Digital India, Digital Technology, rural access to financial inclusion, secure digitized banking.

## I. INTRODUCTION

Today, digitalization is the demanding requisite of every nation which benefits both the user and the service provider. The financial independence and the advancement of people is optimistically affected by digital banking making them less emigrational to cities in search of revenue. Since the money has an easy access over the rural population they are more likely to invest on digital banking thus building a better society. “Digital financial inclusion” can be defined broadly as digital access to and use of formal financial services by excluded and underserved populations. These services should be adaptive to factors like costumers needs, cost affordability, emerging necessity which also sustains the providers. The transactional platform benefits financial inclusion further by providing access to other way of investments like credit, insurance, interest bearing services and in even investment products.

## II. DIGITIZATION TRENDS IN BANKING

Digital banking has brought in a lot of accession in the development of several nations, thereby reducing the fancy over phones as the insistence of Unstructured Supplementary Service Data (USSD), a Global System for Mobile (GSM). Digital innovation in concepts of app development, cloud computing and big data analysis has also proved to accelerate its accession in newer economic transformation. Companies all over the world desire to invest in Digital India- the 21st century India, as a growth opportunity.

Digital banking is the digitization (or moving online) of all the banking activities adopted earlier which provided only physical access inside the branch banking including activities like:

- Money Deposits, Withdrawals, and Transfers
- Checking/Saving Account Management
- Applying for Financial Products
- Loan Management
- Bill Pay
- Account Services

Online and mobile devices prove to be the quicker preference of consumers nowadays. Howsoever the companies and financial organizations face a trouble shooting the onboarding online experiences and reducing it to smaller screens.

## III. THE REVOLUTIONIZATION IN DIGITAL BANKING

The demographical dividend of Indian economy has a quicker switch to the digital behavior with the expectancy of median age of an Indian to be 30 by the year 2020 and the fall of age group from 15 to 60 years by 2025. Mobile invasion has likely to drive the financial literacy and financial inclusion. An increased smartphone proliferation, projected at 50 per cent by 2020, and falling handsets costs are likely to increase acceptance, better servicing as well as security.

*E-Commerce* is a term popularized by the advent of commercial services on the Internet. In an economy of digital environment internet is the powerhouse and e-commerce is the driving factor. Internet e-commerce is, however, only one part of the overall sphere of e-commerce. The advent of E-Business hands on technological innovations and globalization is consistently shoving the businesses organization to reframe their business operations in terms of value chain reengineering and restructuring business models. The financial system is considered as a backbone of an economy. Likely, the financial sector is metamorphosing under the impact of competitive, regulatory and technological forces. Indian financial institutes like banking sectors are at their phase of transition at recent times. Web-Revolution has also left behind some noteworthy changes in the Indian banking industry.

## IV. NEED FOR THE RISE OF “DIGITAL FINANCIAL INCLUSION”

Digital Financial Banking plays a significant and vital role in the improvement of service quality and efficiency and also in strengthening the banking sector. To attract the costumers many commercial banking organizations take up the innovation on electronic

banking as a favored tool. Also these service sectors provide proper and secure banking options to meet the rise in various electronic channels of banking.

The fall of the access provider is confronted when the people face irregularities in proper access to the loans, saving accounts, insurance, and other financial instruments and services are marginalized from society. This means they aren't able to achieve their full potential. But the problems of the unbanked extend far beyond the individual. Being unbanked means lack of stability. It makes it harder to escape poverty. Economic progression is when financial inclusion is seen as a key priority and means of reducing poverty. The World Bank, for example, has set a goal of ensuring universal access to financial services by 2020. Since the banking organizations prefer digital based service world over thereby shifting the client preferences to move from discounts.

## V. DIGITAL EVOLUTION IN RURAL INDIA

Rural population require elementary standards of information at a customer – vendor level prior to being introduced into a digitalized world a digitalized world .therefore it is essential for a company to frame strategies that could rise the product value , product marketing and advertisement and many other criteria's that would prove to be useful to both consumers and the banking sectors thereby attracting the people in the rural areas to adopt modern ways of banking also sustainably revolutionizing the digital world. Here the e-commerce extends an initiative role to the emergence of the digital financial inclusion. E-Commerce companies can attract rural Indians through mobile apps or website in regional or rural languages through Digital India Facilities. *In 2013 only 5% of the E-Commerce transactions were made through a mobile device but today more than 13% of all E-Commerce transactions happen using mobiles ,which is not only develop convenience of customer but also building customer loyalty for various brands or products.*

E-Commerce website provides Information directories with the list and sub headings of product and services to make it easy for serious information seeker to find the requirement of the customer and vendors. E-Commerce websites have to make payment modes easy as possible for customers for increasing conversions and sales. Through Digital India rural Indians will also make payment through either internet banking or mobile banking or debit card or cash on delivery easily. Through Digital India Rural Citizens will enter in E-commerce world there they will get Global Market and Companies will get a lot of consumers and vendors. Two projects under digital India –Mobile One projects helps to ticket booking services.

## VI. THE THREAT OF DIGITAL BANKING –“THE TECHNOLOGICAL BLIGHT”

Emerging cybercrime is most importantly due to the increased usage of internet and online services technological and digital invasion in economic activities. There is the significant need for regulation of strict and enforceable laws to reduce the crimes in the cyber world amidst of all technological advancement which is likely to be in the danger to be misused .To control these fraudulent practices Indian parliament made “Information Technology Act, 2000” on 17th Oct 2000 which deals with the laws in the field e-commerce, e-governance, e-banking as well as fines and punishments to be imposed with to control cybercrimes. Cyber Crime may be stated as *“unlawful acts wherein the computer is either a tool used to perform the crime or it becomes a target of crime or sometimes both.”* Cyber Crime is neither defined in Information Technology Act 2000 nor in the I.T. Amendment Act 2008. Under the Indian Penal Code, 1860 and a few other legislations meaning of crime or offence has been elaborated which is not done in this act. Hence, to define cybercrime, we can say, it is just a combination of crime and computer. To put it in simple terms *“any offence or crime in which a computer is used is a cybercrime”*.

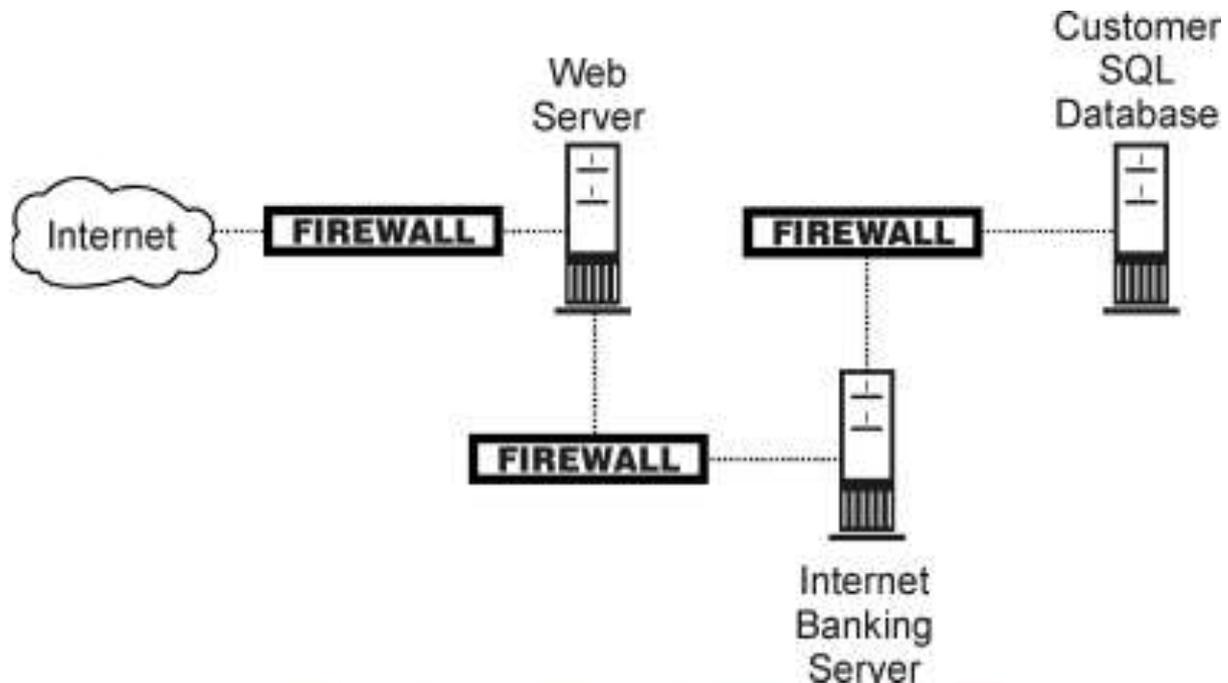
## VII. HANDLING TECHNOLOGICAL BLIGHT THROUGH “ENCRYPTION”

### Encryption:

The privacy of the communications between the user and our servers is ensured using encryption. Encryption scrambles messages exchanged between user and our online banking server. Encryption happens when the user sign-in the online banking page, the browser establishes a secure session with the server. The secure session is established using a protocol called Secure Sockets Layer (SSL) Encryption. This protocol requires the exchange of what are called public and private keys. Keys are random numbers chosen for that session and are only known between the browser and the server. After the keys are exchanged, the browser will use the numbers to scramble (encrypt) the messages sent between the browser and the server. Both sides require the keys because they need to de-scramble (decrypt) the messages when they are received.

The second part sustains and offers the secure and safe environment for the banking server online and costumers banking information. Lastly, the unjustified users are prevented from prompting to log into the banking sections of the website online. The numbers used as encryption keys are analogous to combination locks. The strength of encryption is based on the number of possible combinations that a lock can have. Decryption of a message becomes complicated for an unauthorized user as the number of possible combination grows. Today's browsers offer 40-bit encryption or 128-bit encryption.

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### VIII. CONCLUSION

*“Mankind faces huge challenges as the 21st Century unfolds. It is essential that our leading thinkers commit time, energy and resources to find solutions to these risks and problems which could threaten the future of humanity itself”*

In order to protect cybercrimes, India has enacted the Information Technology Act, 2000. The Information Technology Act, 2000 is regarded as Bible on Indian Cyber law; however, online banking frauds are not protected. Indirect protection is provided against the crimes of hacking, cracking, spoofing and online financial frauds. Therefore, it is need of time to enact strict laws for the protection of rights of consumers in e-Banking. The computer technology and legal texts must join hands for the protection of frauds in online world so that a healthy environment can be maintained for the growth of e-commerce in India.

The Indian economy will digitalize in rural area through mobile based payments that are faster and cheaper to roll out. It is a matter of increasing awareness in rural area which is likely to spread its wings in the new world of digitalized technology gaining its importance in the most unique way possible with all new innovations making it a boon to the society.

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