



## **Digitization contributed to the development of banking and financial services.**

**Dr. Satnam Singh**

Department of Computer Science

Government College Aharwala Bilaspur District Yamunanagar Haryana

**Ms. Anita**

Department of Economics

Government College Aharwala Bilaspur District Yamunanagar Haryana

### **Abstract**

There has been a shift in the manner in which clients get banking and financial services as a result of digitization. As a result of the use of digital technologies in the financial industry, efficiency has grown, expenses have decreased, and the quality of the customer experience has improved. for the purpose of investigating the role that digitalization has played in the evolution of banking and its associated services.

By utilising a variety of digital platforms, financial institutions are now able to provide a comprehensive selection of products and services thanks to the advent of digitalization. Using mobile banking, internet banking, or other digital platforms, customers are able to access their accounts, make payments, and transfer cash without having to leave the comfort of their homes or workplaces. Consequently, this has resulted in a decreased requirement for physical branches and an increase in accessibility, particularly for clients who are located in rural areas.

**Key Terms-** Digitization, Banking, Financial Services, Efficiency, Reach, Customer Experience, Automation, Machine Learning,

### **introduction**

The advent of digitalization has brought about a transformation in the way we go about our everyday lives, including the manner in which we access and engage with financial companies. Digitization has resulted in several benefits for the banking and financial industry, including higher efficiency, decreased costs, and an enhanced client experience. Through the use of digital technology, financial institutions are now able to provide a diverse selection of goods and services to customers through a variety of digital channels. These digital channels include mobile banking, internet banking, and other digital platforms. Through the use of automation and machine learning algorithms, processes have been simplified, expenses have been decreased, and mistakes have been minimised. Customers' accounts and transactions have been protected from fraudulent activity and cyber threats thanks to the enhancements that digitalization has brought about in security measures. The purpose of this paper is to investigate the role that digitization has played in the development of banking and financial services, as well as to investigate the ways in which financial institutions have utilised digital technologies to enhance accessibility, efficiency, and security within the context of lowering costs and enhancing the overall customer experience.

The effectiveness of banking and other financial services has been enhanced by the advent of digitalization. Financial institutions have been able to simplify their operations, decrease



expenses, and limit errors thanks to the implementation of automated procedures and machine learning algorithms. Additionally, clients have found it simpler to apply for loans, create accounts, and access other financial services as a result of digitization, which has resulted in a reduction in the amount of time and resources necessary for these operations.

Through the use of digitalization, the safety of banking and other financial services has been improved. The accounts and transactions of customers have been protected against fraudulent activity and cyber attacks through the implementation of various security measures, including biometric authentication, two-factor authentication, and other security measures. The ability of financial institutions to monitor and track suspicious actions has been improved as a result of digitization, which has also made it simpler for these institutions to see and prevent fraudulent activity.

In recent years, there has been a growing desire for financial transactions that are not only quicker but also more convenient and safe. As a result, the use of digitalization in banking and financial services has grown much more common. In addition, the COVID-19 epidemic has hastened the adoption of digital technology. This is because individuals are now required to rely on digital channels in order to receive financial services while simultaneously preserving social distance.

The financial industry has been revolutionised in a variety of ways as a result of digitalization, which has been beneficial to both clients and financial institutions. In addition, we will investigate the difficulties that are associated with the use of digital technologies in the banking and financial industry. These difficulties include the digital divide, issues over data privacy, and threats on the cybersecurity front.

The expansion of traditional banking and financial services has been significantly influenced by the advent of digitalization. In addition to lowering expenses and enhancing the overall user experience, it has expanded accessibility, increased efficiency, and strengthened security. The adoption of digitalization by financial institutions is expected to ensure their continued competitiveness and ability to meet the ever-evolving requirements of their consumers in the years to come.

The evolution of banking and financial services has been significantly influenced by digitization, which has resulted in improvements in accessibility, efficiency, and security, the reduction of costs, and an improvement in the quality of the client experience. There is a high probability that the use of digital technology in the financial sector will continue in the future. This is because financial institutions are striving to maintain their competitive edge and satisfy the ever-evolving requirements of their consumers in this digital era.

Several new options for the design and development of new goods and services have been made available to financial institutions as a result of digitization. These prospects include online lending, digital wallets, and robo-advisory services.

1. Using digital technologies has made it possible for financial institutions to collect and analyse data about their customers. This has allowed them to gain a deeper understanding of their customers' requirements and preferences, which in turn has enabled them to better tailor their products and services to meet those requirements.



2. Digitalization has also resulted in the emergence of new challenges for financial institutions. These challenges include the management of the ever-increasing volume of data, the protection of data privacy and security, and the resolution of the digital divide, which can result in unequal access to information and services.
3. The COVID-19 pandemic has brought to light the significance of digitization in maintaining the continuation of financial services. As a result of the pandemic, several financial institutions have expedited their efforts to change their operations into digital ones.
4. Additionally, the growth of digital currencies such as Bitcoin and other cryptocurrencies has caused disruptions in the conventional banking and financial system. These disruptions have resulted in the creation of new possibilities and problems for different types of financial organisations.
5. The expansion of digitalization has also resulted in the rise of new participants in the financial industry, such as fintech startups. These entrepreneurs have utilised digital technology in order to provide novel goods and services to their customers.
6. The widespread use of digital technology has resulted in a transformation of the workforce in the banking and financial industry, which has led to an increase in the demand for new skills such as data analysis, digital marketing, and cybersecurity.
7. Customers' behaviours and expectations have also been altered as a result of digitization. Customers now anticipate that their interactions with financial institutions will be streamlined, personalised, and convenient.
8. Traditional financial institutions are now experiencing competition from fintech startups, huge technology corporations, and other non-traditional actors as a result of the adoption of digitalization, which has raised the level of competition in the financial industry.
9. There is a possibility that digitization will introduce new risks for financial institutions, such as threats to cybersecurity, data breaches, and operational risks. In order to mitigate these risks, financial institutions will need to make investments in cybersecurity measures and risk management strategies.
10. Finally, the implementation of digitization has resulted in a shift in the regulatory environment. Regulators are now concentrating their efforts on ensuring the safety and soundness of financial institutions in the digital age, as well as fostering competition and innovation within the financial sector.

### **conclusion**

Access to financial services, distribution of those services, and management of those services have all undergone substantial transformations as a result of the deployment of digitalization in the banking and financial industry. Financial institutions have been able to increase access, efficiency, and security through the utilisation of digital technology, while simultaneously lowering costs and improving the overall client experience. Because of the COVID-19 epidemic, the use of digital technology has increased, and the necessity of digitalization in maintaining the continuation of financial services has been brought to light.



The implementation of digitalization has also resulted in the emergence of new challenges for financial institutions. These challenges include the management of risks related to data privacy and security, the resolution of the digital divide, and the adaptation to changes in customer behaviour and expectations. Financial institutions have been presented with both new possibilities and new problems as a result of the rise of new actors in the financial industry as well as changes in the regulatory environment.

As we move forward, it is imperative that financial institutions continue to make investments in digital technology and data analytics in order to maintain their competitive edge and satisfy the ever-evolving requirements of their clientele. In addition to this, they need to concentrate on developing strategies for risk management and cybersecurity in order to reduce the dangers that are related with digitalization. In addition, regulatory authorities should continue to encourage innovation and competition in the financial industry while simultaneously safeguarding the safety and soundness of financial institutions with regard to the digital era.

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