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A Study on Digital transformation in the Finance Sector

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Abstract:

In the era of Modern technology, every field of business and non-business organization are transforming towards Digitalisation. With the need of Digital transformation, the Finance sector is implementing various digitalised tools in its operational activities which show the tremendous growth in digitized finance. Today the various sectors of finance such as Banks, financial institutions, co-operative organizations etc. are already shifted from paperwork to digital which is not only restricted to up gradation of systems but expanded to operate financial functions from any place.

This research paper is focusing on growth of the finance sector with the help of digital transformation. It helps to understand the need of Digitalisation, its significance, and the trend used in the field of finance. The research paper also helps to understand the availability of digital sources in the finance sector and various trends in digital transformation in Finance.

Keywords: Digital finance, Digital Transformation, Finance Sector, Digitalisation, Digital Banking Etc.

Introduction:

Finance Sector is the sector which deals with the economic activities of business areas and countries. It includes various Institutions and Firms providing the financial services/ aid to the customers for personal or for commercial purpose etc., these sectors mainly include the industries like Financial Institutions, Banks, and Companies etc.

Digital transformation in the financial sector is one of the growing concepts of finance which helps businesses to opt leading strategies to become successful. The Digitalisation in the field of digital finance led to improved efficiency of business. Digital transformation in finance creates a positive impact and creates opportunities for proper utilization of available financial resources.

Objectives:

- To study the concept of digital transformation in finance
- To study the new trends in digital finance
- To study the growth of digital Finance in various sector
- To know the market size and segmentation of various trend affecting digital finance

Research Methodology:

The research paper is based on the secondary data collected from various sources of information such as various reports presented by various institutions, earlier publications, business magazines, and websites, etc. The analysis is done on the basis of earlier published data which is extracted for the purpose of study.

Literature review:

1. **Shiva Ramani** stated in his view that "The era has arrived of countless digital transformations and innovations. He stated that the last five year demonstrated about the need for businesses to adapt the emerging technologies to remain relevant and competitive in the ever-changing, volatile landscape of doing business with ease. Furthermore he highlights Organizations are embracing digital transformation strategies that impact products and services, improve performance, create new revenue streams, improve customer experience, and drive growth."
 2. **Peterson K. Ozili** studied and explained some of the points relevant to digital finance and highlighted some of the developments in digital finance around the world. As per researcher digital finance is an important part of the modern finance system and uses some major applications in Fintech, embedded finance, open banking, decentralized finance, central bank digital currencies, among others.
- **Trends of Digital Transformation in the Finance Sector:**
 - Digital and Mobile Banking
 - Big Data
 - Block chain technology
 - Internet of things (IoT's)
 - Artificial Intelligence and Machine learning
 - Cloud Banking
 - Robotic Process Automation

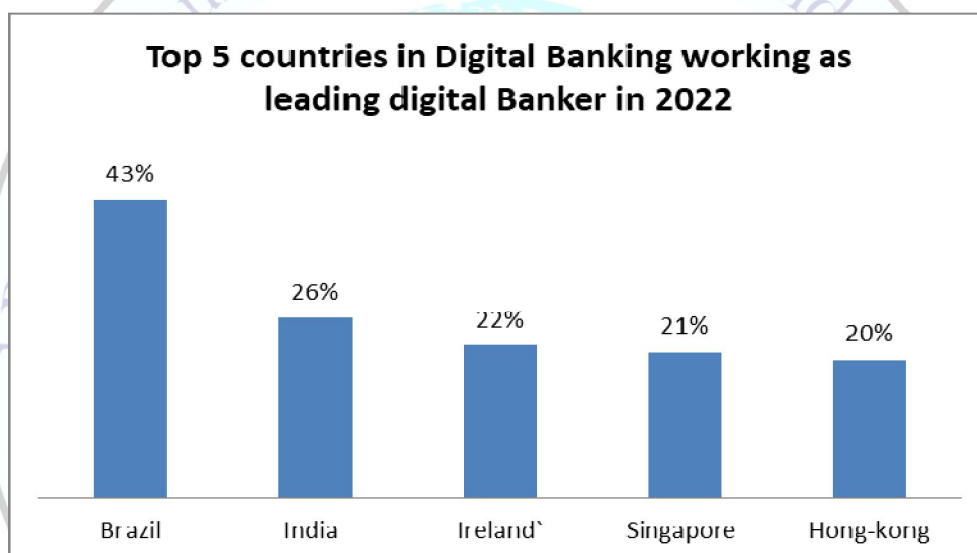
Concept of Digital Banking and Mobile Banking

- **Digital Banking** Digital Banking is the banking system where banks operate their transactional operations through digital platforms and channels. It allows users to perform

banking functions from any digital platform.

Top 5 Countries In Digital Banking Working As Leading Digital Bankers In 2022.

Country	Percentage of Digital Banking
Brazil	43%
India	26%
Ireland`	22%
Singapore	21%
Hong-Kong	20%



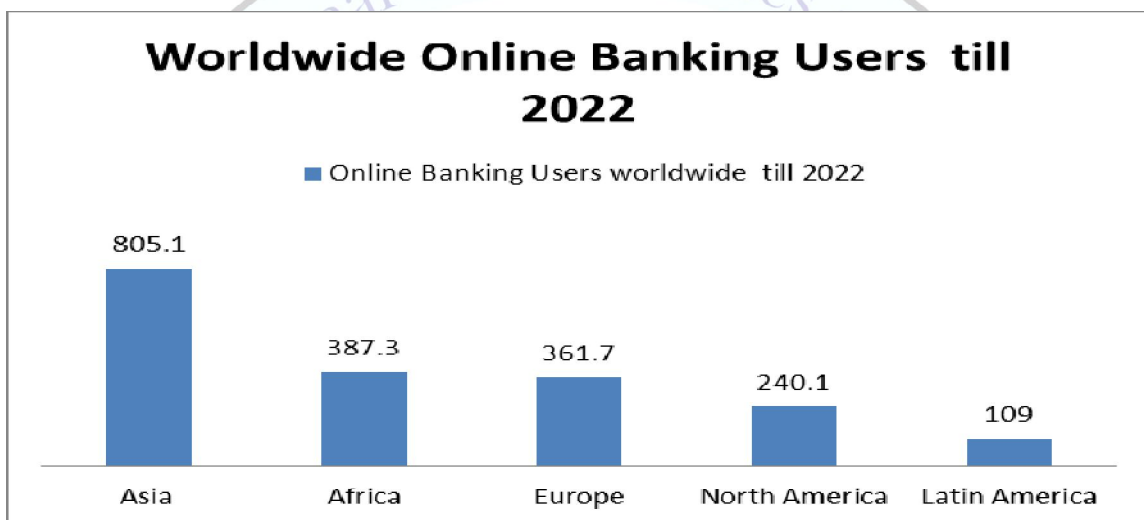
The table shows the rate of digitalised banking sector in different countries Brazil is the top country operating more than 43% of its banking function through digital platform, at same India is 2nd leading country opted various digital banking techniques to improve the customer experience, followed by India Ireland is the third Placed country operating through digital Banking with 22% of its total Banking operations. Singapore and Hong-Kong are placed at 4th and 5th countries with 21% and 20% respectively.

- **Mobile Banking :**

Mobile Banking is the trend used by banking businesses to provide the mobile banking facility to its users such as transferring money from one mobile to another, person to person through mobile application etc. it includes various payment options such as pay bills, apply loan, create deposits, invest in securities, book tickets etc. through the mobile.

Online Banking Users worldwide till 2022

Area	Number of User
Asia	805.1 Million
Africa	387.3 Million
Europe	361.7 Million
North America	240.1 Million
Latin America	109 Million

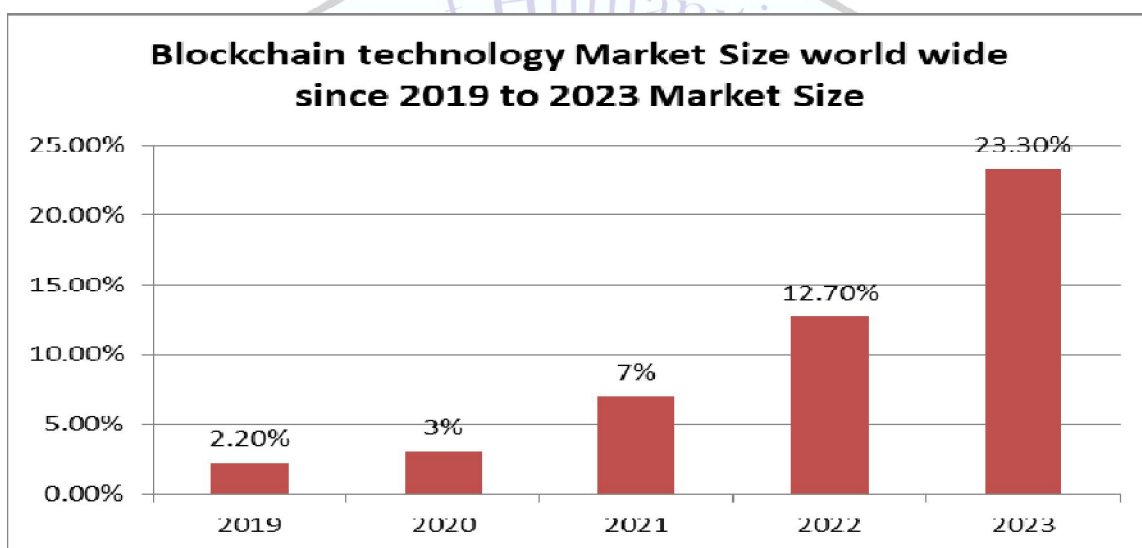


As per the table, it shows in Asia most of the regions are providing the Digital Banking and Mobile Banking, as the result the number of user are increasing day by day in Asia more than 805.1 Million users are using online banking followed by Africa, Europe, North America, and Latin America is 387.3, 361.7, 240.1 and 109 Million Respectively. It shows the utilization of digital banking is increasing drastically.

- **Big Data:** Big data is the one of the techno oriented terms used to describe analytically computing large amounts of data/ information.in finance industry big data refers to set of data which is large, complex and diverse use to provide the solution to the business challenges such as recoding huge data, sorting information of customer etc.
- **Block chain Technology:**
 Block chain is the technology that helps to record the transactions, distributed ledger without interference of third parties. It is used in various industries such as manufacturing, automotive, healthcare and other industries.

Size of Block chain technology Market worldwide since 2019 to 2023

Year	Market Size
2019	2.2
2020	3
2021	7
2022	12.7
2023	23.3



The above table indicated that the market size of block chain technology is increasing which shows the demand for the block chain technology. From 2019 to 2022 it shows drastic change in the utilization of block chain technology i.e. from 2.2 to 12.7 till 2022. It is assumed that it will increase to 23.3 till the end of 2023.

- **Internet of things (IoT's):** Internet of things is the network embedded with software, sensors and other relevant technologies used for the connecting and exchanging the information from one device to other device or from one internet network to another. In the finance sector, IoT's used to share the bulk information from one person to another with a secure system to avoid the frauds and prevent the major loss of the fund.

It also helps to collect real time data and maintain the customer record which can be accessed by the user from any place. The internet of things provides the various applications to finance industry they are as follows:-

- Collateral Management
- Gather real time data
- Advanced Customer service

- Intelligent asset Monitoring
- Wearable payments
- Optimized Investment and capital market visibility
- Advance data security and fraud detection

- **Artificial Intelligence and Machine learning**

Artificial Intelligence and Machine Learning in finance industry are tremendously growing since from last decades, it provides various option to finance industry to solve the various problem of finance sector such as-

- Helps in Decision making
- Helps in credit solvency assessment
- To help in Fraud Prevention
- To help to improve service level
- Helps to know customer retention
- Helps in development of investment strategies

- **Cloud Banking:** Cloud Banking is another digitized trend in banking and the financial sector. It is based on a cloud computing system which helps banks to manage data in large form. It provides the facility like cloud data facility, server, communication, networking, storage, data analysis and various computing system applications.

Digital Finance in India:

As per the various surveys India is the one of the leading countries opted for digital transformation in the Finance sector. There are various programs launched by the Indian government to implement digital Finance in various industries. India is one of the top five countries opted for digital banking and financial services.

Since 2014, there is growth in Indian Digital Finance Services as Indian Government took initiatives to improve the digital services

List of Government Initiatives

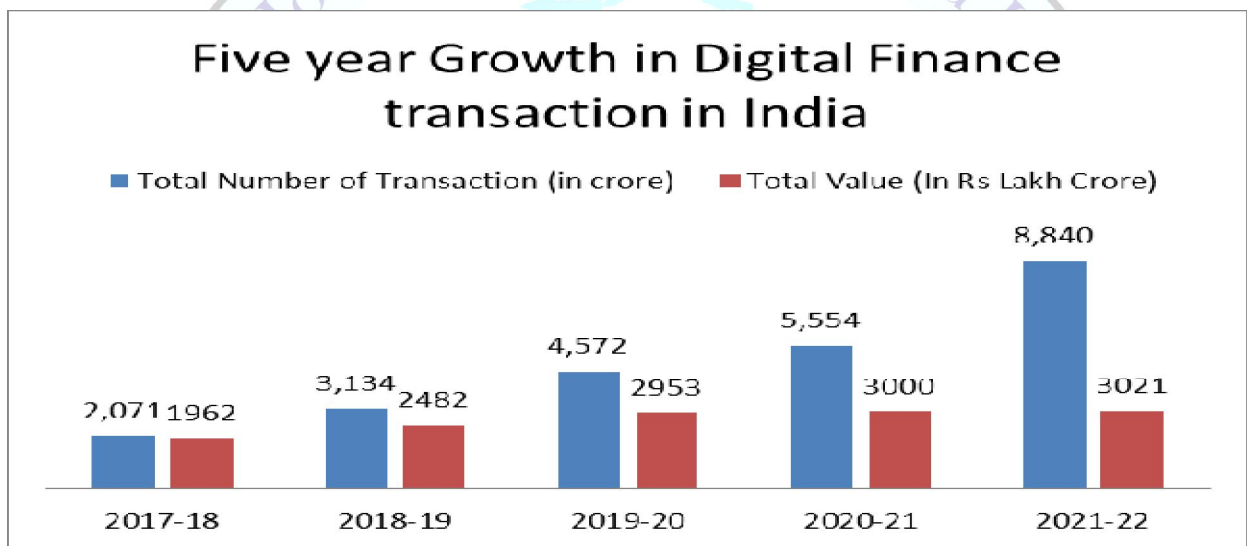
1. Jan DhanYojana
3. RuPay
4. Direct Benefit Transfers (DBT) and Government-to-Person (G2P) payments
5. Aadhaar and the India Stack
6. Unified Payments Interface (UPI)

Last Five year Growth in Digital Finance transaction in India

As the Indian government moves towards revolutionary change in the Digitalised World it shows tremendous growth in the digital finance transaction and its services, the following is the last

five years information shows the growth of digital finance transactions in India.

Year	Total Number of Transaction (in crore)	Total Value (In Rs Lakh Crore)
2017-18	2,071	1962
2018-19	3,134	2482
2019-20	4,572	2953
2020-21	5,554	3000
2021-22	8,840	3021



Since 2017 to 2022 there is growth in the digital payment and its transaction volume, in year 2017-18 the volume of digital transactions was 2071 crore increased to 8840 crore in 2021-22, at same the total amount of digital financial transactions was Rs1962 lakh crore in year 2017-increased to Rs.3021 Lakh Crore in 2022.

Conclusion:

Growth in Digital Payment in India provides people easy and efficient payment system available at any place, sin last decade in India there are various revolutionary measures have taken by government under its development initiative which helps to improve the business and Economy of the country, the digital finance not only help business but also provides convenient facilities of payments to its citizens such as BHIM -UPI, NACH, IMPS etc., which helps merchants, small traders and vendors and individuals, It provides the fastest and safest payment system. The digital transformation in the finance sector helps everyone to improve their payment system, constant and convenient payment, it also helps the government to increase transparency to avoid malpractices,

enhance credit accessibility, improve speed and timeliness of payment etc. in overall the finance sector is growing tremendously and helps to move toward digitized generation.

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