

EXPLORING THE EVOLUTION OF CONSUMER FINANCE THROUGH SMART DEVICES

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Abstract

Digital banking applications and online banking platforms have assumed a significant role in managing customer traffic, hence alleviating the burden on conventional banks. Digital gadgets like as smartphones, tablets, laptops, desktop computers, and ATMs allow users to conveniently access their accounts and make payments. The COVID-19 epidemic necessitated social distancing measures, leading individuals to remain inside their residences. This circumstance highlighted the pronounced benefits of digital banking. With increasing awareness of the advantages associated with digital banking, there has been a notable rise in the use of digital wallets, bank apps, as well as contactless and cashless payment methods.

Keywords: - Mobile, Banking, Digital, Financial, Cash.

I. INTRODUCTION

There has been a revolutionary shift in digital banking in India, which has altered the country's financial environment and altered the relationship between banks and their customers. Digital banking's rise to prominence has been a game-changer in this complex and diverse nation, elevating accessibility, efficiency, and convenience to new heights in the banking industry. As we explore the complexities of online banking in India, it becomes clear that this technological advancement is more than just a fad; it is a sea change that has affected all facets of the financial services industry, from the most basic transactions to sophisticated asset management. Digital banking first appeared in India in the early 2000s, when financial institutions began to use technology to improve efficiency. The 2016 demonetization policy, however, was the driving force behind the country's transition to a cashless economy and the rapid use of online banking. More and more people, particularly in rural regions, are able to access financial services thanks to digital banking, which has grown rapidly in recent years because to the government's efforts to promote financial inclusion and the massive Digital India program. With so many people now able to own smartphones and afford internet, India is quickly becoming a digital banking powerhouse. Many more people are able to use convenient banking services because to the widespread availability of mobile devices. By enabling customers to conduct transactions, check balances, and even invest in mutual funds with just a few touches on their cellphones, mobile banking applications opened the door to a plethora of financial goods. The move towards mobile-based banking was revolutionary since it eliminated the limitations of distance and time that came with conventional banking. Fintech firms in India have been instrumental in transforming the digital banking ecosystem, which is not confined to conventional banks alone. Disrupting the traditional banking paradigm, these nimble and inventive startups have developed a myriad of services. Fintech has introduced solutions that appeal to the tech-savvy Indian customer, such as digital wallets that enable smooth transactions and robo-advisors that provide investing advice based on algorithms. Fintech businesses and conventional banks are working together more and more, creating a dynamic ecosystem that blends the best of both worlds: the stability of banks and the creativity of startups.

A plethora of new services, going beyond simple transactions, have been introduced by the development of digital banking. The Unified Payments Interface (UPI), a new real-time payment system that lets customers connect many bank accounts to a single mobile app, is a noteworthy

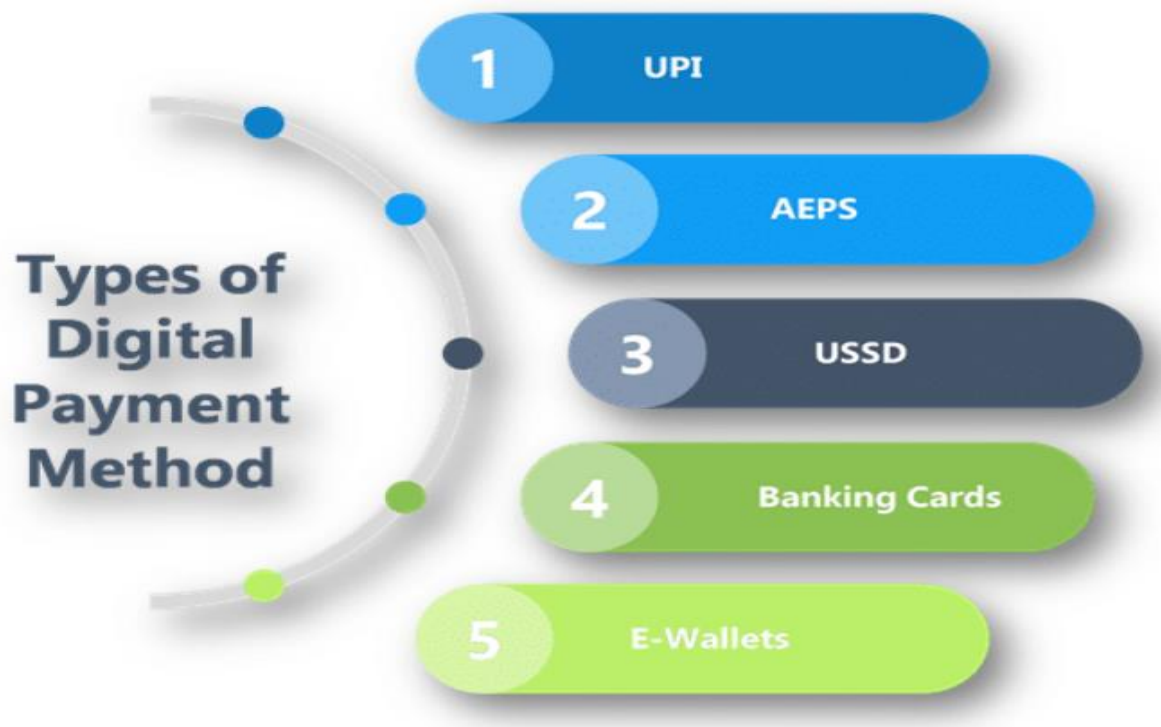
advance. UPI has provided the foundation for several additional digital payment systems, including online shopping, bill payments, and even in-store purchases; it has also eased peer-to-peer transactions. The Indian consumer market's openness to new technology that improve their banking experience is seen in UPI's success. Digital banking has changed the way lenders in India work, in addition to how customers pay. Online lending systems streamline the loan approval process by using data analytics and artificial intelligence to evaluate creditworthiness. People and companies with smaller operations that were previously unable to get loans via more conventional means have benefited greatly from this. With the rise of online lending, borrowers now have more alternatives than ever before when it comes to loan conditions and repayment schedules, making it easier for them to get the money they need.

A growing number of Indian banks are adopting the "open banking" model, which lets its clients safely exchange their financial information with other companies. With the customer's permission, this data exchange allows for the creation of tailored financial solutions. By facilitating the integration of different financial services, open banking allows clients to consolidate all of their accounts and transactions into a single interface. This promotes healthy competition among financial service providers, which in turn drives them to continuously develop and improve their offers, while also enhancing ease. Cybersecurity worries and the digital divide are two of the new obstacles brought about by the digitization of banking, which otherwise brings about several advantages. The prevalence of cyber risks is directly proportional to the growing number of people and companies who conduct financial transactions online. To avoid unauthorized access to sensitive consumer data, financial institutions are actively investing in cybersecurity solutions. Also, to make sure that digital banking is safe, people are trying to teach people how to be secure online. One major barrier to digital banking's broad acceptance is the digital divide, which is particularly acute in less-populated regions with spotty or nonexistent internet service. For digital banking to be accessible nationwide, the government, banks, and IT companies must work together to close this digital banking divide. One way to tackle the digital gap is via initiatives like the BharatNet project, which aims to increase broadband access in rural regions. Another way is by providing basic financial literacy.

An inclusive and transformative narrative unfolds along the path of digital banking in India. The scene has changed drastically over the years, thanks to technology developments and shifting customer tastes, from the dawn of internet banking to the present day, with mobile-first solutions and open banking. A dynamic ecosystem has been developed via the combined efforts of conventional banks, fintech companies, and regulatory agencies. This ecosystem currently satisfies the population's fundamental banking requirements and sets the stage for future customized, accessible, and secure financial services. The future of India's finances will be heavily influenced by digital banking as the country moves closer to being a digital economy.

II. TYPES OF DIGITAL BANKING PAYMENTS BY USE OF SMART DEVICES

In India, various digital banking systems are affecting not only the urban elite but also the rural sector. Several sorts of digital payments are used to categories digital banking. These electronic payment methods take the place of cash and checks.



UPI (Unified Payment Interface)

A game-changer in the world of digital payments, the Unified Payment Interface (UPI) allows for the rapid and easy movement of money between financial institutions using mobile devices. With the introduction of UPI, the National Payments Corporation of India (NPCI) revolutionized the way people and companies deal with money. By allowing consumers to connect several bank accounts to a single mobile app, UPI streamlines the sometimes convoluted process of transferring funds. Users may bypass the hassle of providing bank account information altogether by initiating transactions using a Virtual Payment Address (VPA) using UPI. Thanks to its intuitive design and advanced security measures like two-factor authentication, the system has been widely used and is available around the clock, allowing for real-time transactions. By giving consumers of all income levels an easy and fast way to make digital payments, UPI has done double duty: it has decreased reliance on real cash and it has promoted financial inclusion. With its ever-changing features, UPI is becoming more important in pushing the cashless economy forward and bolstering the digital financial ecosystem.

Web-based banking

The advent of web-based banking—also called online banking or internet banking—has changed the game when it comes to personal and company money management. Through this kind of banking, clients are able to conduct transactions and access a variety of financial services via their bank's secure website or mobile app. Users can do a lot of banking on the web, including checking balances, transferring money, paying bills, and more, all without leaving the house or their mobile device. This is a major perk of online-based banking. Customers are given more control over their financial concerns when account information may be accessed anytime, anywhere. When you shop online, your sensitive information is safe because of security precautions like SSL protocols, multi-factor authentication, and encryption. Online banking has simplified mundane banking operations and helped expand access to banking services for those who may otherwise be unable to use them due to distance or other physical obstacles. The future of banking is expected to be shaped by web-based banking, which will provide creative solutions and enhance client experiences as technology continues to evolve.

Cellular Banking

A game-changer in the banking industry, cellular banking (or mobile banking) puts customers' banking needs at their fingertips via their mobile devices. With this banking option, clients may easily

and quickly handle a variety of financial tasks, no matter where they are. Using the bank's specialized mobile apps or SMS services, customers may do anything from checking account balances and transfers to paying bills and applying for financial products. Particularly in areas with limited access to conventional financial services, the pervasiveness of mobile phones has accelerated the transition to cellular banking. By reaching those who would not otherwise have easy access to brick-and-mortar bank branches, mobile banking helps to expand access to financial services. Protecting sensitive financial information during mobile transactions is our top priority. To do this, we have developed security measures including robust encryption techniques and biometric authentication. Cellular banking is well-positioned to lead the way in digital financial innovation as technology keeps getting better. It offers customers more features that are both smart and easy to use, so it can satisfy their changing banking demands.

Financial Cards

As a safe and simple way to make a wide range of monetary transactions, bank cards have quickly become an integral part of today's economy. Common examples that have revolutionized personal and company financial management include debit, credit, and prepaid cards. A practical substitute for carrying about large amounts of cash, debit cards enable users to access their money straight from their bank accounts. A credit card is essentially a line of credit that lets you make purchases using borrowed money and then pay it back over time. The opposite is true with prepaid cards, which can only be used up to the amount that is really on the card. In addition to making it unnecessary to carry about significant sums of cash, these financial cards also provide a digital record of transactions, which aids in better financial management. Financial card transactions are made safer with the broad use of secure technology like chip and PIN, contactless payments, and online authentication. Furthermore, due to their universal acceptability, bank cards are essential for both online shopping and overseas travel. Financial cards will probably always play a significant role in many different types of financial transactions, regardless matter how the financial environment changes.

Phone Wallets

One of the most practical and widely used innovations in the field of electronic payment systems is the phone wallet, often called a mobile wallet. With these apps, people can keep track of all their payment data in one place—credit card numbers, debit card details, loyalty card numbers, discount codes, and more—on their smartphones. Apple Pay, Google Wallet, Samsung Pay, and other regional choices are examples of well-known mobile wallets. The capacity to make contactless payments is a major feature of phone wallets. Using appropriate point-of-sale terminals, users may make transactions quickly and easily by touching their cellphones.

Tokenization and biometric identification (fingerprint or face recognition) are two further security measures that phone wallets often use to protect users' private financial data. In addition to paying for goods and services, certain mobile wallets may also enable you send and receive funds between friends and family, keep tabs on your spending, and even store boarding passes and event tickets.

Phone wallets provide a safe and easy method for people to handle their money and simplify their everyday lives, which adds to the movement towards a digital economy and a cashless society. With the rapid advancement of technology, phone wallets are expected to keep becoming better and more integrated into our digital lives.

Indian Money Interface

For the most current and correct information, it is recommended to verify the most recent sources, such as official financial institutions, news stories, or government announcements in India, if a certain word, product, or service referred to as "Indian Money Interface" was launched after my previous update. In the ever-shifting world of digital payments and financial technology (FinTech), new initiatives might emerge and existing financial terms and services can undergo changes.

III. ISSUES WITH DIGITAL BANKING PRACTICES

Under COVID, internet banking became more important. The expansion of internet banking has been beneficial to digital lending, investment, and wealth management. More people have access to banking, and those who do have a growing appetite for cutting-edge tools. However, banks are struggling to adapt to the changing customer behavior because of the strain of digital banking and rising demand.

Change in Banking Practices and Products via Innovation

Banks prioritize fast customer service, but they have a hard time keeping their networks fast enough to handle agile clients on digital platforms. As more and more people choose to utilize digital transactions rather than cash, financial institutions should prioritize creating financial solutions via interactive tools and personalized products.

To address the less educated population, particularly in tier 2 and beyond regions of the country, it is important to provide customer-satisfying goods in the local language. Dispute management has to be handled properly when new goods are introduced.

Recovering customer real-time insights analysis that provides better precision is crucial for answering questions about consumer choice and product needs. The technology-enabled change should cause the bank to refocus its efforts from data-intensive tasks to endeavours like product creation, company growth, compliance enhancement, and customer relationship building.

Security Issues

While online banking has many advantages, it also opens the door for scammers to target both consumers and financial institutions with the potential for fraud in financial transactions. Financial institutions are making an effort to educate their clients on the many risks they face. Kids should be wary of giving up their personal banking details to someone they don't know over phone, email, or text message.

People should be careful while dealing with money and should update their secure credentials and passwords often. With the many safeguards put in place by banks, clients may pause transactions whenever they feel uneasy. Financial institutions advise their customers to use the Uniform Resource Locator (URL) as a safety measure before visiting any unknown websites.

Technological Problems

The distance and lack of trustworthy data is a major worry for financial institutions. Financial institutions are making efforts to forestall problems caused by digital technology' rising demand burdens. Because customers now anticipate better and faster banking, it's safest to assume that you'll rely on technologically sophisticated solutions. Deploying SaaS development teams may help banks upgrade their infrastructure, which is now reliant on antiquated core banking systems, to meet the demands of contemporary technology. The digital banking service must be sufficiently adaptable to accommodate emerging technologies. To be future-ready to withstand customer demand, banks should embrace innovation and technology while keeping a front-end focus. Additionally, banks need to have the ability to restrict technical decline in UPI payments (TD).

Personal Connections are lacking

When it comes to keeping and attracting customers, customer service is king for banks. Failure by the relationship officer to promptly handle an issue with the service provider might damage the bank's image. With technology taking center stage in digital banking, non-human bots and customer care hotlines are eroding away at the personalized experience that customers still need. Potentially irritated customers may decide to stop using these automated services altogether. As a first line of defence against problems, most online banking software compile lists of possible questions for customers to ask. The problem is that not every inquiry aims to resolve the specific concerns of customers. People often lack patience and have little free time. Immediate aid would be more desirable to them. So, when someone wants to know what the loan application process is like, they get a bunch of identical questions, which is frustrating and makes them want to go elsewhere. Personalized assistance cannot be totally done away with, but must live alongside, AI. Customer wait times must be minimized and service must be prioritized. The automated system still need further development before it can respond to the specific customer question. Raising the bar for all customers. Customers are rapidly shifting to state-of-the-art online products and services. The increasing volume of digital payments processed in India via the Unified Payments Interface (UPI), amounting to INR 10.4 lakh in August 2022, is indicative of this shift. Online and mobile banking both saw rapid expansion during the outbreak. People expect their banking applications to work better and faster. Redesigning outdated technology requires a younger, more agile workforce that is willing to take risks. As security is enhanced at all levels and vulnerabilities are addressed, customer trust will improve.

IV. PRESENT STATUS OF SMART DEVICE BANKING IN INDIA

Based on my most recent knowledge update in January 2022, the state of smart device banking in India was undergoing significant changes, characterized by an increasing acceptance of digital financial services. It is important to acknowledge that the material presented may be antiquated, and I advise consulting more contemporary sources to get the most current information.

In recent times, there has been a notable transition in the banking sector of India, mostly influenced by the widespread use of smart devices and the growing accessibility of the internet. Numerous banks and financial institutions have used digitalization as a means to provide a diverse array of services via smartphones and other smart devices, hence enhancing accessibility and convenience in banking for a significant portion of the populace.

The use of mobile banking apps has seen a significant surge in popularity, enabling individuals to conveniently execute a range of financial activities, including but not limited to cash transfers, bill payments, and cell recharges, all via their smartphones. Moreover, the implementation of the Unified Payments Interface (UPI) has been instrumental in streamlining peer-to-peer transactions, allowing individuals to promptly transfer funds using their mobile devices.

The advent of smart device banking has also given rise to digital wallets, which provide users with a safe and efficient means of digitally storing money and conducting transactions without the need for physical currency. These wallets often include functionalities such as in-app payments, QR code scanning, and connection with diverse merchants.

Furthermore, the integration of artificial intelligence (AI) and machine learning (ML) in the context of smart device banking has significantly improved user experiences by offering tailored suggestions, detecting fraudulent activities, and delivering efficient customer service via virtual assistants.

Nevertheless, persistent obstacles such as cybersecurity issues, limited digital literacy, and inadequate infrastructure in some areas continue to be present. The regulatory landscape in India is undergoing constant development in order to enhance the security and dependability of digital financial services. The current state of smart device banking in India demonstrates a dynamic and continuously changing environment.

The rise of digital financial services is being propelled by the rising use of smartphones, with technological improvements and government efforts. This trend is enhancing the inclusivity and convenience of banking services for a wide range of individuals. For optimal access to current and precise information, it is recommended to consult recent reports and updates from relevant sources.

V. CONCLUSION

The indisputable influence of smart gadgets on consumer finance is of a revolutionary nature. The proliferation of mobile applications and the emergence of contactless payment methods have revolutionized financial services by enhancing transaction efficiency and radically transforming people's money management practices.

The ongoing progression of technology is expected to have a significant impact on the interdependent connection between smart devices and consumer finance, ultimately influencing the future of banking. This development has the potential to enhance global accessibility, efficiency, and provide novel solutions for consumers.

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