

A Retrospective and Prospective View of Digital Transformation in Banking Sector

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Abstract:

This chapter explores the ongoing digital transformation in banking, aiming to understand its motives and highlight the industry's distinct path in pursuing digital evolution. It delves into the intricacies of this shift, unraveling the compelling forces prompting banks to adopt digital innovations. The chapter also sheds light on strategic decisions and operational adjustments characterizing the sector's transition to a digitally driven paradigm. Through a meticulous examination of the rationale behind digital transformation and an exploration of the consequential trajectory undertaken by banks, this chapter contributes valuable insights into the contemporary banking landscape.

1 Introduction:

The banking landscape is undergoing a major facelift with the advent of digital transformation. It is not just about upgrading the services but revolutionizing the entire way banks operate. The shift to digital platforms not only opens up new channels for customer interaction but also allows for more efficient and cost-effective operations. Adapting to these changes is crucial for banks to stay competitive in this fast-paced environment. It is not just a matter of keeping up; it is about being future-ready. The substantial investment in informational technology (IT) is a testament to how pivotal technology has become in the banking sector.

The traditional banking models are indeed being challenged and banks need to reevaluate their strategies to stay relevant. Embracing digitization, disruptive innovations, and new technologies is not just an option; it is a necessity. From e banking to online trading platforms, every aspect of banking is being redefined. It's exciting to see how these changes are not just limited to customer interfaces but extend to the very core of banking operations. The digitization of documents, electronic signatures, and even e learning for staff displays the comprehensive nature of this transformation. Customers are increasingly leaning towards digital solutions, and banks need to meet those expectations to remain competitive. It's not just about providing services; it's about creating an entire ecosystem that revolves around digital convenience.

In essence, the future of banking is not just about banking; it's about a holistic digital experience that reshapes the entire industry. The shift towards e-banking is not solely a response to changing consumer habits. It stems from various critical factors, including the necessity for banks to align with evolving technological trends, create additional service channels, deregulate the banking market, and introduce competition from external entities

like Alipay and Paypal . The term "open point of banking" has been coined to encompass non-banking companies offering services akin to traditional banking, with half of the population expressing receptiveness to such products.

A substantial portion of banking transactions now occurs through personal computers or mobile phones, providing users with real-time information on investments, reward programs, and digital media-incurred expenses. This convenience, coupled with time and cost savings, has led to a steady migration from conventional banking channels, such as physical branches. Mobile banking, appealing not only to younger generations but to all smartphone owners, is gaining traction. Those born after 1980, familiar and accepting of electronic technologies, as "digital natives."

Banks are making significant investments in e-banking infrastructure, anticipating rapid depreciation due to the widespread acceptance of these technologies by customers and the resource savings achieved through the downsizing of traditional banking. While some disagree, arguing that the closure of physical branches and the adoption of digital alternatives may not be as profitable, it is widely acknowledged that digital banking facilitates access to banking services in underdeveloped areas without requiring substantial investments or infrastructure from banks.

The digitalization of banking, accelerated by the COVID-19 pandemic's impact on the economy, has resulted in remote work for 40% of bank employees and increased reliance on electronic means for various banking processes. This shift poses new challenges and opportunities in the post-COVID world, emphasizing the accelerating trend towards digitalization.

This chapter is intricately woven into the exploration of the Banking Sector's journey through Digital Transformation, delving into the realms of Customer Experience and Operational Effectiveness.

1. The Retrospective View:

Researchers have recently worked upon investigating the reforms in the banking sector particularly with respect to digital transformation of this industry over the decades. Rodrigues, Oliveira, & Rodrigues (2023) Conducted a study to examine the impact of acceptance of E Services in the banking Sector. The article examines the acceptance. This study was done for a sample size of 604 bank employees working in software development. The tool used is called Leximancer for qualitative analysis of textual content. The study revealed seven key factors affecting digital transformation: department, lack of cooperation, communication, requests, experience, relationship, and business. Notably, internal clients often view IT developers negatively due to a lack of understanding of business requests. This research provides a conceptual model to explain the key concepts influencing the collaboration between IT and non-IT employees and departments during the digital transformation process in the banking sector.

In this study, traditional banks are facing significant pressure from stakeholders to embrace new technologies while safeguarding data security, which is crucial in the banking sector.

Trust in bank branches is essential for client relationships, affecting a bank's reputation, customer acquisition, and retention. Decision-making regarding the integration of artificial intelligence (AI), digital transformation, and cybersecurity is complex due to these factors. The study aims to create a practical decision-support model using cognitive mapping and the DEMATEL method, ensuring realistic results through expert group sessions. The focus is on designing an analysis model for the incorporation of AI, digitalization, and cyber security in the banking sector.

Barroso & Laborda (2022), conducted a systematic literature review on Digital transformation and the emergence of the Fintech sector. Their study talks about how new technologies are changing the financial industry and how companies are using them for money-related activities like investing. These technologies are making traditional financial institutions less important. The study looks closely at three important and controversial aspects of this industry: the problems it faces, the rules it follows, and how different organizations work together. The authors studied a lot of existing research on this topic and used special software called VOS Viewer to organize the key words and see how they are connected. This helped them understand the different ideas and trends in the financial sector. By looking at what other researchers have found, the paper also points out things we still need to learn about and study in the future.

Diener & Spacek (2021), conducted a study to examine the Banks are currently grappling with the pervasive challenge of digital transformation. This study delves into the obstacles hindering the smooth adoption of digital approaches in the private and commercial banking sectors. Through qualitative exploratory methods, including contextual interviews with German bank board members, inductive content analysis, and examining best practices, the research identifies and analyzes perceived obstacles. The study highlights significant attention given to strategy, management, technology, regulation, customers, and employees in the digital transformation process. Barriers are also found in market knowledge, products, employee and customer participation, and public benefit. The paper provides detailed insights into each main barrier and its associated sub-barriers, offering a comprehensive managerial perspective on the challenges faced by banks in their digital transformation journey.

Naskar (2021) conducted a study to examine the digital banking in India the way ahead and found that the banking sector serves as the foundation of any economy, influencing economic reforms that affect various sectors. The adoption of digitalization and technology in banking has significantly contributed to economic growth. Banks are now exploring innovative ways to offer services, catering to the changing preferences of both corporate and retail customers who seek convenient, anytime, anywhere banking. Various digital products such as UPI, credit/debit cards, online trading, and mobile banking have emerged to meet these demands. Digital banking not only enhances convenience but also reduces the risks associated with cash transactions, such as theft and corruption. The shift towards digital banking in India is a focus of study, examining trends, opportunities, and challenges in this modernization process.

Kirsois, Giatsidis, & Kamariotou (2021), conducted a study to examine the perceptions of employees with respect to digitization transformation in banking sector. This article explores the level of acceptance of digital transformation in the Greek banking sector.

The study employs a multivariate Regression Analysis to examine the components of the Technology Acceptance Model. The findings suggest that Greek bank employees generally have positive perceptions of new technologies, as indicated by their acceptance of the latest data and new methods in digital banking. The article emphasizes the practical implication for executives, recommending targeted educational programs to facilitate a smooth transition to the new digital era for banking employees.

Gouveia, Perun, & Daradkeh (2020), conducted a study on digital transformation and customer Services in Banking Sector and the major findings is that internet and smartphones, is changing how people act. With digital options, there's less need to visit physical banks for services. The rise of online services and automation has made banking more about what you do than where you go. To keep up, traditional banks face competition from online banks and Neobanks, which are digital and offer free basic services. The goal is to improve the customer experience using technology. There is a question of whether these digital competitors can match the services of traditional banks. Meanwhile, traditional banks are also adapting to the digital era, creating a shift that involves Neo banks, changes in generations, and the use of mobile technologies. This transformation is shaping the future of banking.

Baskerville, Capriglione, & Casalino (2020) conducted a study to examine Challenges and Trends of digital transformation in the banking sector. The article examines the impact of covid -19 on work dynamics, Digital transformation in banks, multi-channel strategies, Customer service innovations. A study conducted in response to the COVID-19 pandemic reveals significant transformations in the banking and finance sector. The pandemic's work-from-home measures prompted a reevaluation of work dynamics, leading to a pivotal digital transformation in banks. Multichannel strategies are evolving to balance digitization and human interaction, reshaping customer service and internal processes. Societal trust in digital financial instruments has surged, demystifying advanced technologies. The year 2020 marked a global shift in lifestyle and operations. In 2021, increased digital integration is expected to reshape decision-making, information management, and knowledge handling. Economic challenges and stricter regulations have led to organizational simplification, emphasizing top management's control. Growing trust in digital banking could drive efficiency, demanding ongoing learning, knowledge development, and innovation for competitiveness.

Khanchel (2019) conducted a study to examine the digital transformation in Tunisian banks. It explores the developments in both traditional banks and FinTech in the Tunisian market. It emphasizes that the disruption in the banking sector won't be caused solely by technology but by how companies implement and utilize it. This paper addresses several key questions. It begins by investigating the impacts of digitization on the banking sector, examining how these changes influence banks, particularly in their digital interactions with FinTechs.

The next section involves a survey of Tunisian banks to identify prevalent trends in their digital transformations. Notably, a significant portion of investments is directed toward adopting new technologies such as Big Data and Data Analytics, underscoring Tunisian banks' awareness of the challenges posed by these innovative areas. Regarding their environment, many Tunisian banks have engaged with FinTechs, particularly those specializing in payment or risk management.

Despite these collaborations, there are still untapped opportunities, particularly in cooperation with RegTech to help alleviate regulatory burdens on Tunisian banks.

The big change in banking is going digital, which means using technology more. This change is making banks focus on customers and use new ways to develop services. New technologies are entering the market and changing how banks provide services, and more companies are joining the competition. Both traditional banks and new companies have creative ways to adapt.

The changes happening are making the industry see banking and finance more as a supporter of services rather than just a provider of products. The article talks about what digital transformation means for banks, what both banks and FinTech companies are doing, and emphasizes that it's not just about the technology itself, but how companies use it that will shake up the banking industry.

Dapp (2017) conducted a study to examine how digital structural change is piling up the pressure on traditional banks. Although banks face challenges from society and regulations, they realize the importance of digital advancements and are actively working on solutions.

However, these changes are often applied in a fragmented way within different parts of the bank, and the process of innovation is slow because of an outdated approach. Many banks also struggle to fully understand the language of the internet.

To truly succeed in the digital shift, banks need significant changes in their structures, not just in their internal processes but also in how they interact with the outside world. On the other hand, new players in the market, like non-bank companies, understand the internet language well. Digital ecosystems and fintech companies, in particular, use smart strategies to dominate various markets. Their success comes from a well-coordinated mix of hardware and software. They provide consumers with appealing products and services globally and conveniently by using compatible and interoperable standards and technologies.

Kaur, Ali, Hassan, & Emran (2021), This study explores how efforts made by banks within their physical branches impact the shift of customers from traditional branch banking to digital banking in India. The researchers interviewed high-ranking bank executives from both public and private banks in India using in-depth semi-structured interviews. The data gathered from these interviews was analyzed using a qualitative content analysis technique.

The study identified four main themes based on the responses received during the interviews: in-branch communication with customers, the digital transformation of the branch, customer-centric initiatives, and the redefined role of branch staff.

These factors have the potential to encourage customers to transition from traditional to digital banking. The study concludes that to enhance the acceptance of digital banking in India, it is crucial for banks to undergo integrated cultural and organizational changes. This will help build customers' confidence and trust in digital banking services. The shift towards digital banking in India is a focus of study, examining trends, opportunities, and challenges in this modernization process.

2. Digitalization Of Banks and Banking Services in India:

The Digital India revolution, driven by initiatives like Pradhan Mantri Jan-Dhan Yojana (PMJDY), electronic Know Your Customer (e-KYC), and Unified Payments Interface (UPI), has transformed how India engages with financial services. Despite notable achievements, there remains a substantial credit gap, particularly for Ministry of Micro, Small & Medium Enterprises (MSMEs), estimated at INR 25 lakh crores.

The credit to GDP ratio on the retail side is also comparatively low. To address these challenges, a NITI Aayog Report suggests the establishment of full-scale digital banks under the Banking Regulation Act to be implemented. The report outlines the credit gap, identifies underserved demographics, and draws on global regulatory best practices. The proposal aims to leverage technology effectively, bringing the unbanked into the formal financial sector. After stakeholder consultations, the final report recommends a regulatory framework for digital banks, positioning India as a leader in the global digital landscape.

India has established itself as a global leader in fintech innovation, showcasing significant growth in initiatives like India Stack and the Unified Payments Interface. The country has also introduced its version of "open banking" through the account aggregator framework, facilitating the secure transfer of financial data among regulated intermediaries. Having laid the foundation for financial innovation and inclusion, India is now poised to advance towards full-stack digital banking.

The NITI Aayog's Report on licensing and regulatory regime for Digital Banks aims to solidify India's position as a trailblazer in the fintech industry. The report emphasizes the potential of full-stack digital banks as a solution to the ongoing challenge of credit deepening, representing the next phase of financial inclusion. Recognizing the disruptive impact of technology and increased digitalization, the report advocates for a level playing field among different business entities to foster holistic growth in the banking, financial services, and insurance sector.

The recommendations in the report are based on feedback from 24 organizations, a large-scale multi-stakeholder round table discussion, and consultations with industry leaders and experts. The call for support extends to Ministries, fintech organizations, platforms, and other stakeholders to collaborate on implementing the report's recommendations, paving the way for the development of "full stack" digital banks in India.

The Niti Aayog Report from July 2022 focuses on "Digital Banks" (DBs), which are entities defined by the Banking Regulation Act, 1949, to issue deposits, make loans, and provide banking services primarily through the internet, excluding physical branches. The report proposed that despite operating as full-fledged banks under the law, DBs should follow the same regulations as traditional banks for stability and liquidity. The goal is to establish a new regulatory framework for DBs as an innovative measure, rather than exploiting regulatory loopholes. While recognizing the unique approach of DBs, the report acknowledges the need for differentiated treatment in specific areas, while maintaining consistency in addressing key risk factors. As an acceptance to this proposal, 84 such banks are operational in India.

Additionally, the report distinguishes "Digital Banks" as proposed from "Digital Banking Units" (DBUs) introduced by the Finance Minister in the FY-23 budget. DBUs aim to bring digital banking benefits to grassroots levels in a consumer-friendly manner. The Reserve Bank of India (RBI) issued guidelines on DBUs, defining "digital banking" as electronic services provided by licensed banks for banking transactions over digital channels.

A DBU is described as a fixed-point business unit housing digital infrastructure for delivering digital banking products and services. Notably, DBUs will be treated as "banking outlets," essentially equivalent to branches, adjusting for technological advancements. The report highlights key differences between the proposed "Digital Banks" and the established concept of "Digital Banking Units" (See Table 1, Annexure).

Hence, it is evident from the above stated reports and claims that Digitalization in the banking sector plays a pivotal role in developing an economy and so it does for the Indian economy. Upon reviewing several studies conducted lately, the present study identified a substantial amount of pending work related to digitalization in India.

The focus is on the regulatory framework set by the Reserve Bank of India (RBI), which emphasizes the need for a clear separation between traditional banks and their digital units. The implication is that there's a need for distinct units within banks specifically dedicated to digitization efforts.

The study makes a significant contribution to the current body of literature, specifically in the realm of bank managers' viewpoints on in-branch efforts. It recognizes specific limitations inherent in the research, paving the way for future investigations to address these constraints. The study underscores the importance of delving deeper into customers' perspectives, particularly in understanding how in-branch initiatives shape their inclination towards adopting digital banking services.

By advocating for further exploration of customers' opinions, the study identifies a key area for future research to enhance our comprehension of the intricate relationship between in-branch initiatives and the adoption of digital banking by customers. The insights derived from such investigations hold the potential to be pivotal in constructing a comprehensive model. This model, once developed, would serve as a valuable tool for scrutinizing and understanding the nuanced impact of in-branch initiatives on customers' decisions to embrace digital banking services. In essence, the study lays the groundwork for a more profound understanding of the dynamics involved in the evolving landscape of banking services.

Furthermore, this research highlighted the importance of extending these digital units into rural areas. This signifies recognition that digitalization efforts should not be confined to urban or developed regions but should reach and benefit rural communities as well.

The regulatory framework should not only promote the integration of digital technologies within banking but also ensure that these advancements are accessible and implemented in less urbanized areas, contributing to financial inclusion and technological outreach across the country.

3. Methodology:

The present study has been conducted with a quantitative approach and secondary data has been used to draw inferences. Studies from last three decades have been taken into consideration for analysis and interpretation. The major geographical considerations for the study included countries such as Portuguese, Europe, Prague, Czech Republic, Queen Mary University, London, UK, Carthage, Tunisia, New York, & India.

The study has considered Customers' Migration to Digital Banking as the study variable which is the main outcome variable. It represents the movement of customers from traditional branch banking to digital banking channels (See Figure 1). The development and implementation of a practical decision-support model for incorporating AI, digitalization, and cybersecurity in the banking sector.

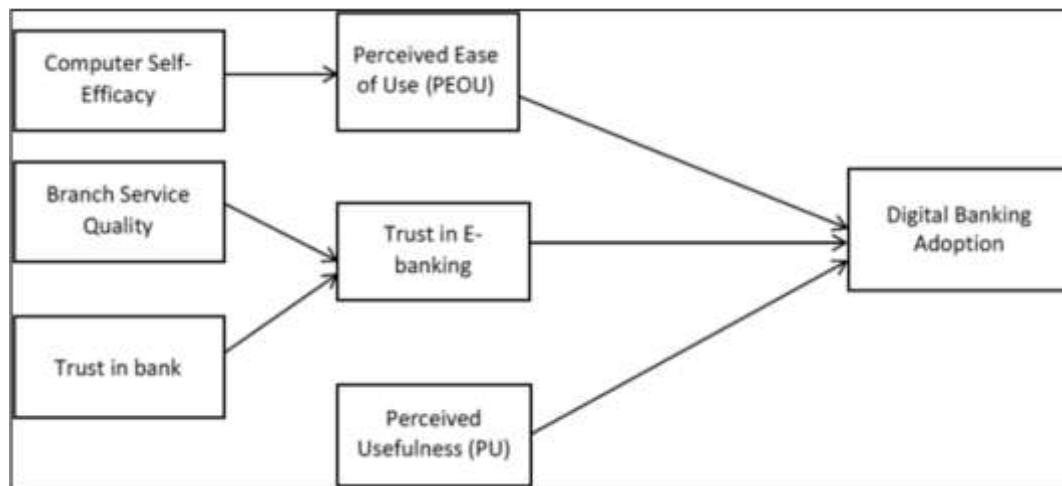


Figure 1: Process of Digital Banking Adoption

Source: Davis 1989; Lee et al. 2007; Yap et al. 2010

As per a 2021 KPMG report, Fintech has the potential to significantly boost employment by 5 times and elevate the MSME contribution to the GDP by 10 percentage points by 2022. . This raises the crucial question: How can steps are taken to ensure the sustainability of fintech businesses in India? -Refer to Figure- 2.

The image gives an overview of the Indian Fintech.Th profile of the Fintech,stages of the Fintech, customer outreach and Funding.Fintech companies in India cover various segments, including digital payments, lending, insurance, wealth management, and blockchain.

An 8% share indicates that, at the time of measurement, digital banking services constitute a relatively small portion of the overall financial services market. The majority of financial activities may still be conducted through traditional banking channels or other non-digital means.

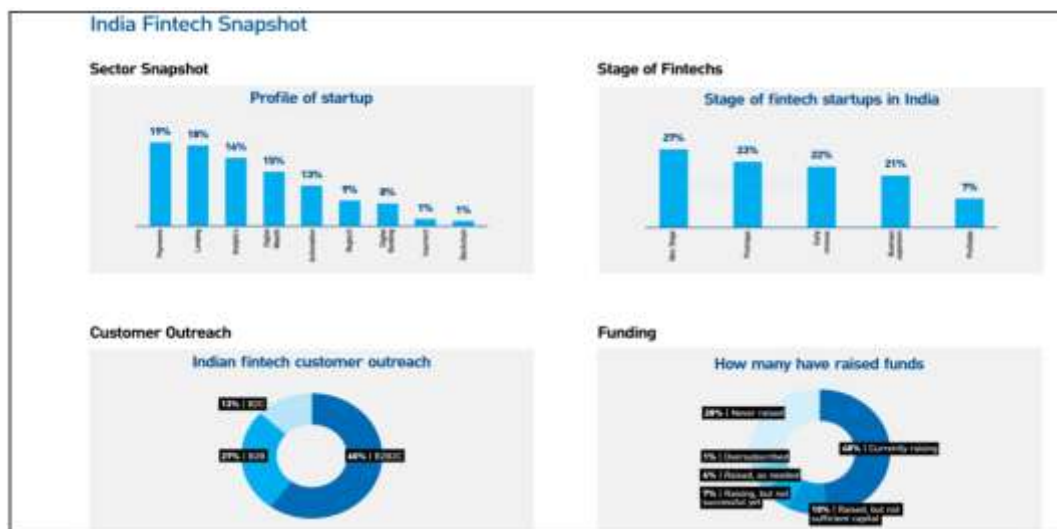


Figure 2: Overview of Indian Fintech

Source: India Fintech Opportunities Review Report 2017-18

4. Barriers to adoption of Digital Banking:

Barriers to digital transformation in the banking sector involve challenges in strategy, management, technology, regulation, customer and employee acceptance, market knowledge, product innovation, and public benefit. The views and attitudes of bank employees play a crucial role, encompassing their perceptions of new technologies, data practices, and digital banking methods. Survey results reflect the level of openness and acceptance among employees towards the latest data, methods, and practices in the evolving digital banking landscape.

4.1 Customer Behavior:

Changes in banking behaviors, such as preferences, physical bank visits, and digital option usage, are dependent variables. The competition in the banking sector, driven by online banks and Neobanks, is also a dependent variable, influenced by the degree of digital transformation in the industry. More people in India are using mobile banking because of more smartphones, better internet, and the government wanting less cash. Even though online banking and investing are popular, security worries exist, making banks use better protection. Government programs like Jan Dhan Yojana help more people join digital banking for better financial inclusion.

5.2 Competition in the Banking Sector:

The level of competition faced by traditional banks due to the rise of online banks and Neobanks serves as a dependent variable. This competition is influenced by the extent of digital transformation in the industry.

5.3 Customer Experience:

Improvements or changes in customer experience due to the integration of technology in banking services are dependent variables. This could encompass aspects like ease of use, accessibility, and overall satisfaction.

Services Offered by Neobanks:

The range and quality of services offered by Neobanks, including free basic services, can be considered dependent variables.

These are influenced by the digital capabilities and strategies employed by these new competitors.

5.4 Adaptation of Traditional Banks:

The extent to which traditional banks adapt to the digital era is a dependent variable. This could include changes in banking practices, technological integrations, and shifts in organizational strategies.

5.5 Generational Changes:

The impact of generational changes on the banking sector is a dependent variable.

Different generations may have varying preferences for digital or traditional banking methods, influencing the industry's trajectory.

5.6 Utilization of Mobile Technologies:

The adoption and use of mobile technologies by both customers and banks are dependent variables. This reflects the technological advancements shaping the way banking services are delivered and accessed.

5.7 Impact of COVID-19 on Work Dynamics:

The changes in work dynamics prompted by the COVID-19 pandemic serve as a dependent variable. This includes shifts to remote work and the subsequent impact on how banks operate.

5.8 Digital Transformation in Banks:

The extent of digital transformation within banks is a dependent variable.

This can encompass changes in technology adoption, digitalization of processes, and the overall integration of digital tools and platforms.

5.9 Evolution of Multichannel Strategies:

The evolution of multichannel strategies is a dependent variable. This includes changes in how banks balance digitization and human interaction, particularly in reshaping customer service and internal processes.

5.10 Customer Service Innovations:

Innovations in customer service, driven by digital transformation and changes in multichannel strategies, are dependent variables. This could involve the introduction of new services, technologies, or approaches to enhance customer experience.

5.11 Societal Trust in Digital Financial Instruments:

The level of societal trust in digital financial instruments is a dependent variable. This trust is influenced by the changes brought about by digital transformation, including advancements in technology and changes in work dynamics.

5.12 Ongoing Learning, Knowledge Development, and Innovation:

The demand for ongoing learning, knowledge development, and innovation for competitiveness is a dependent variable. This reflects the necessity for banks to continuously adapt and evolve in response to digital transformations and competitive pressures.

6. Prospective view on Digital Transformation:

Looking ahead, the prospective view on digital transformation in the banking sector presents a landscape characterized by continual innovation, heightened efficiency, and enhanced customer experiences.

As this chapter has illustrated, the motives driving digital evolution are deeply rooted in the imperative to stay competitive and relevant in an increasingly technology-driven era. In the future, we anticipate a sustained emphasis on strategic decisions and operational adjustments as banks navigate the complexities of this transformation.

The ongoing integration of cutting-edge technologies, such as artificial intelligence, blockchain, and advanced analytics, is poised to reshape traditional banking models, fostering a more agile and responsive industry. Moreover, the digitization of financial services is likely to lead to the development of new business models and revenue streams. As financial institutions increasingly leverage data-driven insights, the potential for personalized services, tailored solutions, and robust cybersecurity measures will undoubtedly become integral components of the digital banking landscape. This prospective view underscores the ongoing evolution of the banking sector, offering a glimpse into a future where adaptability, innovation, and customer-centricity will be pivotal in shaping the success of financial institutions in the digital era.

7. Conclusion:

In conclusion, this chapter has provided a thorough exploration of the dynamic landscape of digital transformation within the banking sector. By delving into the motives behind this ongoing evolution, we have gained a deeper understanding of the compelling forces driving banks to embrace digital innovations. The elucidation of the industry's distinct path in pursuing digital evolution has been instrumental in comprehending the intricate details of this transformative journey. Furthermore, the examination of strategic decisions and operational adjustments has offered valuable insights into the sector's transition to a digitally driven paradigm. As we reflect on the consequential trajectory undertaken by banks, it becomes evident that this chapter contributes not only to our understanding of the rationale behind digital transformation but also to the broader discourse on the contemporary banking landscape. It is our hope that the insights gleaned from this exploration will serve as a valuable resource for academics, professionals, and policymakers navigating the ever-evolving terrain of digitalization in banking.

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Annexure

This data was retrieved from a discussion held in Rajya Sabha Unstarred Question No.1482 for answer on 14.03.2023 regarding “Setting up digital banking units in the country.

Table 1: State/UT wise List of Digital Banking Units in India:

Sr. No	Name Of State/Ut	Name Of District/Dbu	Bank Allocated
1	Andaman & Nicobar (UT)	Port Blair	State Bank of India
2	Andhra Pradesh	East Godavari	Union Bank of India
3	Andhra Pradesh	Machilipatam	Union Bank of India
4	Arunachal Pradesh	Papum Pare	Yes Bank
5	Assam	Bongaigaon	Punjab National Bank
6	Assam	Baksa	State Bank of India
7	Bihar	Patna (Danapur)	Jana Small Finance Bank
8	Bihar	Muzaffarpur	Jana Small

Sr. No	Name Of State/Ut	Name Of District/Dbu	Bank Allocated
			Finance Bank
9	Chandigarh (UT)	Chandigarh (Rural)	HDFC Bank
10	Chattisgarh	Balod	State Bank of India
11	Chattisgarh	Mahasammand	State Bank of India
12	Dadra Nagar Haveli Daman and Diu (UT)	Silvasa	Bank of Baroda
13	Goa	NorthGoa	Punjab National Bank
14	Goa	SouthGoa	State Bank of India
15	Gujarat	Vadodara	Bank of Baroda
16	Gujarat	Surat	Bank of Baroda
17	Gujarat	Mehsana	Kotak Mahindra Bank
18	Gujarat	Surat	Kotak Mahindra Bank
19	Haryana	Faridabad	HDFC Bank
20	Himachal Pradesh	Solan	Indian Overseas Bank
21	Jammu & Kashmir (UT)	Jammu	Jammu & Kashmir Bank
22	Jammu & Kashmir (UT)	Srinagar	Jammu & Kashmir Bank
23	Jharkhand	EastSinghbhum	Bank of India
24	Jharkhand	Jamshedpur	DBS Bank
25	Jharkhand	Ranchi	Jana Small Finance Bank
26	Karnataka	BangaluruRural	Canara Bank
27	Karnataka	Raichur	Canara Bank
28	Karnataka	Mangaluru	Karnataka Bank
29	Karnataka	Mysuru	Karnataka Bank
30	Kerala	Ernakulam	Canara Bank
31	Kerala	Thrissur	South Indian Bank
32	Kerala	Palakkad	Union Bank of India
33	Ladakh (UT)	Leh	Bank of Baroda
34	Lakshadweep (UT)	Kawarati	Canara Bank
35	Madhya Pradesh	Itarsi (Hoshangabad)	Axis Bank
36	Madhya Pradesh	Indore	Bank of Baroda

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Sr. No	Name Of State/Ut	Name Of District/Dbu	Bank Allocated
37	Madhya Pradesh	Sagar	Union Bank of India
38	Maharashtra	Aurangabad	Bank of Maharashtra
39	Maharashtra	Satara	Bank of Maharashtra
40	Maharashtra	Nagpur	Union Bank of India
41	Manipur	Kakching	State Bank of India
42	Meghalaya	RiBhoi(Aspirational)	State Bank of India
43	Mizoram	Aizawl	Punjab National Bank
44	Nagaland	Kohima	ICICI Bank
45	Nagaland	Dimapur	IDFC FIRST Bank
46	NCT of Delhi (UT)	South Delhi	Indian Bank
47	NCT of Delhi (UT)	West Delhi	Punjab National Bank
48	Odisha	Khurda	Bank of India
49	Odisha	Keonjhar	IDFC FIRST Bank
50	Odisha	Puri	UCO Bank
51	Odisha	Cuttack	UCO Bank
52	Puducherry (UT)	Puducherry	ICICI Bank
53	Puducherry (UT)	KARAIKAL	Indian Bank
54	Punjab	Janlandhar	IndusInd Bank
55	Punjab	Faridkot	Punjab & Sind Bank
56	Punjab	Ludhiana	Punjab & Sind Bank
57	Punjab	Patiala	Union Bank of India
58	Rajasthan	Bundi	Axis Bank
59	Rajasthan	Vijaynagar, Bhilwara	Axis Bank
60	Rajasthan	Kota	Bank of Baroda
61	Rajasthan	Karauli	Bank of Baroda
62	Sikkim	EastSikkim	State Bank of India
63	Sikkim	NorthSikkim	State Bank of India
64	Sikkim	WestSikkim	State Bank of India

Sr. No	Name Of State/Ut	Name Of District/Dbu	Bank Allocated
65	Tamil Nadu	Virudhnagar	Canara Bank
66	Tamil Nadu	Coimbatore	Canara Bank
67	Tamil Nadu	Karur	ICICI Bank
68	Tamil Nadu	Thanjavur	Indian Overseas Bank
69	Tamil Nadu	Chengalpattu	Indus Ind Bank
70	Telangana	Khammam	City Union Bank
71	Telangana	Jangaon	State Bank of India
72	Telangana	Rajanna	State Bank of India
73	Tripura	Gomati	Punjab National Bank
74	Tripura	West Tripura	Union Bank of India
75	UttarPradesh	Varanasi	Bank of Baroda
76	UttarPradesh	Kanpur Dehat Rural	Bank of Baroda
77	UttarPradesh	Lucknow	Indian Bank
78	UttarPradesh	Jhansi	Punjab National Bank
79	Uttarakhand	Haridwar	HDFC Bank
80	Uttarakhand	Dehradun	ICICI Bank
81	Uttarakhand	Nainital	Punjab National Bank
82	West Bengal	North 24 Paraganas	Federal Bank
83	West Bengal	South 24 Paraganas	HDFC Bank
84	West Bengal	Nadia	Punjab National Bank

Source: Digital Sansad (Rajya Sabha Unstarred Question No.1482 for answer on 14.03.2023 regarding "Setting up digital banking units in the country")