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Digital Banking: A Roadmap to Curb the Cancer of Corruption

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Abstract

Living in the technological era, we see that traditional banking is driving us towards the cancer of corruption and it is incomprehensible. Corruption in the Indian banking system has slightly lowered since the launching of the Digital India Campaign. When the government of India made its first move (i.e., demonetization) to curb corruption the outcome was it disrupted the lives of innocent people, as a positive consequence it gave an immediate boost to e-transactions. In the present scenario, people are extensively using e-transaction because of the benefits/returns that they derive from them. In this context, banks must stimulate their customers to use digital banking systems. Thus in India, Digital banking could be a roadmap that curbs corruption to a certain measure.

In this research paper, we have attempted to find out as to how Digital Banking helps to curb Corruption in India. The paper also highlights the objectives and functions of Digital Banking and how it contributes to the development of the nation. This research paper further explores the issues and the challenges faced in e-transactions. Finally, the paper examines and draws out a conclusion.

Keywords: *Digital banking, corruption, e-banking services, India*

JEL Codes: G20, L86, D73

Introduction

It is a fact that the Indians widely use banking services but not all use all the facilities/apps, and not all are satisfied with digital services. When the government of India made its first move (i.e., demonetization) to curb corruption the outcome was it disrupted the lives of innocent people, as a positive consequence it gave an immediate boost to e-transactions. In the present scenario, people are extensively using e-transaction because of the benefits/returns that they derive from them. Banking is big like an elephant, needs to be tamed and put to proper use in the economy. . The Internet is not only fascinating buy is also rapidly affecting our work and life. How do we prepare students for jobs that have not yet been created, for technologies that have not yet been invented? It has been estimated that our current skill sets would last only "the next decade or two". Rapid digitalization has increased the risk element in banking and corruption cases have increased. No doubt people of all categories used digital and mobile banking, but no one is without fear, apprehension and anxiety. This is the negative state of mind about technology tools.

How much do we know about the banking system and who issues the money you carry in your pocket? Considering the vital role money plays both in our individual lives and in the world, our educational system teaches us pretty little about how money is created, how banks operate, and what causes the considerable banking scandals and bankruptcies that have occurred. There is a need for research on expectations and impact of banking technologies on various geographies. The present study is one such attempt.

Objectives of this study

1) To know and understand the importance of Digital Banking services in India.
2) To understand how digital banking helps to curb corruption.
3) To know the current issues and challenges in Digital banking services.
4) To know the benefits availed by the people through digital banking.

Research Methodology

This research paper is done using both primary as well as secondary data. Primary data here has been collected from the general public using Google form (digital survey). Secondary data is collected through different websites and journals.

Primary Data

Primary data is collected from the general public by circulating the questionnaire that contained sixteen multiple choice questions. These questions are purely based on digital banking services. Respondents have given their suggestions based on their experience of banking in general and internet banking in particular.

Sample Size

The sample size or respondents here are 100 in total. They are of different age groups.

Limitations of the Study

This study which is based on digital banking services has certain limitations. Limitations faced during the study are as follows:

1. Due to time constrain much information could not be collected.

2. The sample is relatively small for this kind of research.

3. This study is restricted to India.

Nature of the Problem

"According to a report by the Reserve Bank of India (RBI), while the number of fraud cases declined from 24,791 in 2009-10 to 13,293 in 2012–13, the amount involved has increased substantially from ₹2,038 crore to ₹8,646 crore."

It further said that around 65 per cent of the total cases reported by banks were technology-related frauds (committed through/at an internet banking channel, ATMs and other payment channels like credit/debit/prepaid cards), whereas advance-related frauds accounted for a significant proportion (64 per cent) of the total amount involved in fraud.

In India, frauds worth ₹11,022 crore were unearthed in public sector banks between April-December 2014, and 2,100 cases of fraud were reported to the RBI, said the report.

Net & mobile banking:

The internet is fast becoming the favoured mode for performing financial transactions — checking one's bank balance, requesting for bank statements and cheque books, upgrading debit cards and even purchasing virtual goods.

A majority of the banks in India offer online and mobile banking services. Most of the transactions are conducted via payment cards, debit and credit cards, and electronic channels, such as ATMs. Consequently, both private and public banks, as well as other financial institutions in India, are becoming increasingly vulnerable to sophisticated cyber-attacks.

Recent innovative financial services, such as mobile wallets, have also been targeted by fraudsters. Similarly, money management tools are becoming increasingly susceptible to cyber threats and related frauds.

Banks, mostly private sector, have also launched multi-social payment apps that allow customers to transfer money through social media channels, such as Facebook and WhatsApp.

Such technological solutions also expose customers as well as financial institutions to the risk of bank spoofing, hijacking of mobile phones and SIM card cloning, the report highlighted.

According to the Minister of Communications and IT, the RBI and CBI have reported cyber fraud cases worth ₹497 crore since 2011.

Fraudsters a step ahead:

The report observed that "Fraudsters are devising new ways to exploit loopholes in technology systems and processes. In the case of frauds involving lower amounts, they employ hostile software programs or malware attacks, phishing, SMSishing and whaling (phishing targeting high net worth individuals) apart from stealing confidential data.

In February 2013, the RBI advised banks to introduce certain minimum checks and balances, such as the introduction of two-factor authentication in case of 'card not present' transactions.

According to RBI records, 22 million of the 589 million bank account holders use mobile banking apps.

The volume of mobile banking transactions has risen from around ₹1,819 crore in 2011-12 to approximately ₹1,01,851 crore in 2014-15.

Currently, 74 per cent of the Indian population owns mobile phones. Mobile payment volumes have hence registered a steady rise.

Growing m-shopping:

A recent study on e-commerce in India by Accel Partners estimated that shopping through mobile phones grew 800 per cent in 2013. It is expected to show a compounded annual growth rate (CAGR) of 150 per cent by 2016.

According to the RBI, the primary responsibility of preventing frauds lies with banks.

Data Analysis and Interpretation

Table 1: Table 1 shows the age of the respondents.

Particular	No. of Respondents	Percentage
18 to 25	14	14%
26 to 40	56	56%
41 to 55	19	19%
56 and above	11	11%
Total	**100**	**100%**

Interpretation: In the above table we see that 14% of the respondents belong to 18 to 25 years, while 56% are of 26 to 40 years, 19% are of 41 to 55 years and remaining 11% are of 56 years age and above.

Table 2: Table 2 shows the gender of the respondents.

Particular	No. of Respondents	Percentage
Male	57	57%
Female	43	43%
Total	**100**	**100%**

Interpretation: In the above table we see that 57% of the respondents belong to the male category and the remaining 43% belong to the female category.

Table 3: Table 3 shows the Profession of the respondents

Particular	No. of Respondents	Percentage
In Service/Working in an organization	49	49%
Self-Employment	18	18%
Government Employee	10	10%
Student	9	9%
Homemaker	14	14%
Total	**100**	**100%**

Interpretation: In the above table 49% of respondents are in 'Service or Working in an organization' while 18% are' Self-Employed', 10% of them are 'Government Employee', 9% of them are 'Student' and 14% of them are 'Homemaker.'

Table 4: Are you aware of the concept 'Digital Banking' and 'Digital Banking services' provided by the bank to their customers?

Particular	No. of Respondents	Percentage
Yes	93	93%
No	7	7%
Total	**100**	**100%**

Interpretation: In the above table we can see that 93% of respondents are aware of the concept 'Digital Banking' and 'Digital Banking services' provided by the bank to their customers while the rest 7% are still not aware of this concept.

Table 5: Do you use Digital/Internet Banking to receive or transfer funds? (If 'YES' answers 5a question and if 'NO' answers the 5b question)

Particular	No. of Respondents	Percentage
Yes	53	53%
No	47	47%
Total	**100**	**100%**

Interpretation: In the above table 53% of the respondents said 'Yes' while rest 47% of them said 'No'.

Table 5a: If 'YES' what may be the reason for using Internet banking?

Particular	No. of Respondents	Percentage
Easy to receive and send money	7	13%
Safe and secure	6	11%
Saves time	7	13%
Transactions can be made from any part of the world	33	63%
Total	**53**	**100%**

Interpretation: In the above table we find that 63% of respondents said 'Transactions can be made from any part of the world',13% of the respondents said the reason for using Internet banking is because it is 'Easy to receive and send money', 11% said 'Safe and secure', 13% of them said it 'Saves time' and rest

Table 5b: If 'NO' what is the main reason for not using Internet Banking?

Particular	No. of Respondents	Percentage
Never heard of Internet Banking	7	15%
Fear of Security	25	53%
Your Bank has no such facility	3	6%
Lack of knowledge regarding how to use internet banking	12	26%
Total	**47**	**100%**

Interpretation: From the above table we see that 15% of respondents say that they have 'Never heard of Internet Banking' while 53% of them say 'Fear of Security', 6% say that their Bank has no such facility and remaining 26% said 'Lack of knowledge regarding how to use internet banking'.

Table 6: How did you first learn about Digital Banking?

Particular	No. of Respondents	Percentage
Through the Internet	16	17%
Social Media	20	21%
Through bank branch office	41	44%
Friends/family/relatives	10	10%
Newspaper/Journals/Advertisement	6	8%
Total	**93**	**100%**

Interpretation: From the above table we see that 17% of respondents say that they first learned about digital banking' Through Internet', while 21% of them say 'through social media',44% say 'through bank branch office', 10% said through friends/family/relatives and 8% of them say 'through newspaper/journals/advertisement'.

Table 7: For what purpose do you use Internet banking services?

Particular	No. of Respondents	Percentage
Check balance online	8	15%
Online shopping	21	40%
Online Bill payments	8	15%
To apply for loan/repayment of loan amount	6	10%
To Transfer and receive funds	10	20%
Total	**53**	**100%**

Interpretation: From the above table we see that 40% of respondents use internet for shopping, 20% to transfer funds, 15% each for checking balance and bill payments, and the remaining 10% to apply for or repay loans.

Table 8: Which device do you often like to use for Digital banking?

Particular	No. of Respondents	Percentage

Smartphone	28	52%
Laptop/Computer	19	36.2%
Tablets	6	11.8%
Total	**53**	**100%**

Interpretation: From the above table we see that about 52% of the respondents use smartphones for digital banking, 36.2% use laptop or computers and about 12% use tablets.

Table 9: Are you very familiar in using your respective banking apps?

Particular	No. of Respondents	Percentage
Yes	49	92%
No	4	8%
Total	**53**	**100%**

Interpretation: From the above table we see that 92% of the respondents are very familiar in using their banking apps and 7% of them are not familiar in using banking apps.

Table 10: How often you use the ATM?

Particular	No. of Respondents	Percentage
Never	3	5%
Once a week	6	12%
Once a month	30	56%
Few times in a month	14	27%
Total	**53**	**100%**

Interpretation: From the above table we see that 56% of the respondents use ATM 'once a month', 27% of them use ATM 'Few times in a month', 12% of them use ATM 'Once a week', and 5% never use the ATM.

Table 11: Do you think banks in India should only use digital banking for a transaction?

Particular	No. of Respondents	Percentage
Yes	40	43%
No	53	57%
Total	**93**	**100%**

Interpretation: From the above table we see that 43% of the respondents think that banks in India should only use digital banking for a transaction and 53% of them do not find the need only to use digital banking for a transaction.

Table 12: Will paperless banking reduce corruption in India?

Particular	No. of Respondents	Percentage
Yes	17	18%
No	46	50%
Maybe	30	32%
Total	**93**	**100%**

Interpretation: From the above table we see that about 50% of the respondents feel that paperless banking will not reduce corruption in India, 32% of them feel that paperless banking may reduce corruption in India, and 18% are affirmative that paperless banking will reduce corruption in India.

Table 13: Can Digital banking services detect theft or corruption?

Particular	No. of Respondents	Percentage
Yes	37	40%
No	42	45%
Maybe	14	15%
Total	**93**	**100%**

Interpretation: From the above table we see that 45% of the respondents are of the opinion that Digital banking services will not detect theft or corruption, 40% of them are of the opinion that Digital banking services will detect theft or corruption and 15% of them are of the opinion that Digital banking services may or may not detect theft or corruption.

Table 14: In your opinion, the security used in digital banking is strong enough to protect your account from theft and fraud?

Particular	No. of Respondents	Percentage
Yes	21	40%
No	32	60%
Total	**53**	**100%**

Interpretation: From the above table we see that 60% of the respondents are of the opinion that the security used in digital banking is not strong enough to protect their account from theft and fraud and 40% of them are of the opinion that the security used in digital banking is strong enough to protect their account from theft and fraud.

Table 15: In your personal opinion will Digital banking help an individual to solve his/her Bank related problems/issues?

Particular	No. of Respondents	Percentage
Yes	22	42%
No	31	58%
Total	**53**	**100%**

Interpretation: From the above table we see that 58% of the respondents think that Digital banking will not help them to solve their Bank related problems/issues and 42% of them believe that Digital banking will help them solve their Bank related problems/issues.

Table 16: Do Banks encourage customers to use Digital Banking services?

Particular	No. of Respondents	Percentage
Yes	60	64%
No	33	36%
Total	**93**	**100%**

Interpretation: From the above table we can see that 64% of the respondents say that banks encourage the customers to use Digital Banking services and 36% of them say that banks do not encourage the customers to use Digital Banking services.

Table 17: Does Digital banking generate more revenue than traditional Banking?

Particular	No. of Respondents	Percentage
Yes	63	68%
No	30	32%
Total	**93**	**100%**

Interpretation: From the above table we can see that 68% of the respondents feel that Digital Banking generates more revenue than traditional Banking and 32% of them say that Digital banking does not generate more revenue than traditional banking.

Table 18: Do you agree that Digital Banking is much better and useful than Traditional Banking?

Particular	No. of Respondents	Percentage
Yes	58	62%
No	35	38%
Total	**93**	**100**

Interpretation: From the above table we see that 62% of the respondents agree that Digital banking is much better and useful than traditional banking and 38% of them do not agree that Digital Banking is better than traditional banking.

Table 19: Do you think Digital banking helps India to become a developed nation?

Particular	No. of Respondents	Percentage
Yes	55	59%
No	38	41%
Total	**93**	**100**

Interpretation: From the above table we see that 59% of the respondents agree that Digital banking helps India to become a developed nation and 41% of them do not agree that Digital banking helps India to become a developed nation.

Findings

1) The survey reveals that majority of the respondents are of the age group between 26 to 40 years.

2) The survey reveals that females mostly use internet banking services.

3) The survey reveals that majority of the respondents are in service or working for an organization.

4) The survey reveals that majority of the respondents are aware of the Human Resource Development.

5) The survey reveals that majority of the respondents came to know about 'Human Resource Development' through Social media.

6) The survey reveals that majority of the respondents say that Human Resources Development is required in any organization.

7) The survey reveals that majority of the respondents believe that knowledge and skills are essential while hiring the employees.

8) The survey reveals that majority of the respondents believe that by providing training and development in an organization will encourage employees to increase their efficiency productivity.

Issues and Challenges faced in Human Resource Development

Human resource development in India faces specific Challenges. Some of them are mentioned below:

1) Management Changes

2) Quality of Human Resource development programs

3) Adapting to innovation

4) Recruiting the best employees

5) Retaining the employees

Suggestions

Suggestions for this research are divided into two types. They are as follows.

1) For the Employees:

For some, it may be difficult to take in all the training and development programs conducted by the organization. However, an employee needs to understand that such an opportunity shall never be missed. The reason is that such training and development programs help an individual to grow in his career. The training and development programs that an organization conducts will help that employee at some point. Hence every employee needs to take every training and development program as an opportunity to grow.

2) For the Organization:

Every organization must keep in mind that, while conducting any training and development programme it must be done in such a way that it increases the efficiency of the employee and at the same time it helps in the overall development of that same employee. Any programme that is conducted must not be done just for the namesake; rather the output must be positive and productive. Hence every organization must see to it that the programmes that they conduct must be overall a useful one.

3) For the Government:

Special fast-track courts are needed to handle corruption cases. The courts will ensure that agencies like CBI pursue these cases in a speedy, time-bound manner. Everyone holding foreign bank accounts or asset overseas directly or indirectly must declare them, including the source of funds. Non- reporting should result in prosecution and seizure of assets. The integrity commission should work with CII and Ficci to improve the standard of ethical governance in the corporate sector.

Conclusion

To conclude, an organization which plans to elevate the efficiency of the employee must find a suitable way that helps in the overall development of the employee. Increasing the efficiency of the employee will result in an improved output and at the same time productivity will increase. Moreover, it all depends on what kind of training and development programme will the organisation provide and how well the employees take in will all matter. Hence we can say that training and development will elevate or uplift the effectiveness and efficiency of the employee.

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