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**Manisha**  
Assistant Professor, Arya Girls  
College, Ambala Cantt,  
Haryana, India

### Role of digital finance in banking sector: As an agenda of digital India

**Manisha**

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#### Abstract

Digital finance and financial inclusion have dramatic changes in life of not only for businesses but for an every individual. As largest part of RBI'S policy promoting digital payment system through National Electronic Fund Transfer (NEFT) and Real time gross settlement (RTGS) facilities in saving banks accounts free from January 2020 is indeed significant. These facilities are accessible 24/7 at convenient place. Digital finance steer to financial inclusion, expansion of financial services to non-financial sectors and expansion of basic services to individuals since nearly 50% of people in developing world already own a mobile phone (World Bank, 2014). RBI's vision for 2019-21 to empower every individual of India route payment system and transfers quick, easy, safe and affordable. Even customers have started using these IT based banking services and so this study intends to know the benefits derived, problems faced and cyber-crime related issues in these services. It was found that the use of IT based banking services is improving among various sections of society (S. AISWARYA, 2015). Howsoever, digital banking take an emerging advances during COVID-19 period without any doubt whether to realise this before or as a result of COVID-19, whole world turns towards virtual collusion. This become an greater responsibility of institutions to educate their users as well to get well emerge this bigger challenge takes an opportunity to growth in digital financing sector while staying safe as well enhancement of growth in an economy. The prevailing situation requires new development in digital phase in banking services as well. Digital services ready to bring transitional innovations to require best technology and support.

**Keywords:** Digital system, financial inclusion, IT tools

#### Introduction

Digital finance refers to that activity where working of bank sector transform from traditional way to use of new technologies. Technologies includes electronic banking, mobile banking, electronic telecommunication devices etc. digital finance is new concept in banking sector which initiate working of banking activities prompt in time. It benefits customers maximize utility in form of minimize the cost and increase the relevancy of transactions. Digital banking in India benefits to banking sector in many ways. It store data in form of digital signals, it makes transaction simple, ATM eliminate the clutter of users in bank who used to go to bank withdrawing money. Digital finance in banking sector had greater control over customer personal finance, quick decision making.

#### Objectives

1. To study different tools of digital banking helpful to enhance banking profitability.
2. Digital finance helpful in achieving financial inclusion.
3. Does the digital system helpful in reducing the cost of transaction and save time and contains time value of money.

#### Literature Review

In the study of 'Impact of digital finance on financial inclusion and stability' the author Peterson k. Ozili states that how an digital finance and financial inclusion work better for individual, business and government. Researcher makes a discussion on how a digital finance implied for financial inclusion and stability.

In the study of digital finance and fintech: Current research and future research directions

**Corresponding Author:**  
**Manisha**  
Assistant Professor, Arya Girls  
College, Ambala Cantt,  
Haryana, India

author Peter Gomber, Jascha-Alexander Koch & Michael Siering states that digital finance deals with innovative business functions and various key dimensions have been stated in respective business functions, technologies and technological concepts.

### Research methodology

Research work is purely based on secondary sources. The required secondary data collected from research journals, articles, publications and websites.

### Different tools in financial sector

**Mobile apps:** different mobile apps like IDBI bank go mobile, BOI mobile, PNB one, etc. helpful to users performing different activities of bank. Customer can deposit check, paying bill at their own place.

**Digital wallets:** google Pay, Samsung pay these electronic payment tool safer to use and provides security. Only within few clicks you can transfer your money from one person to another.

**Online bill pay:** customer at home can pay through bill payment system digitally.

**E-passbook:** Electronic passbook is digital version of traditional banking system. It provide accessibility through online banking platforms which provide real-time transaction information and account details.

### Role of digital finance in achieving financial inclusion

Digital finance plays a crucial role in achieving financial inclusion, particularly in areas with limited access to traditional financial services. It increase the accessibility in remote areas. It neglects the transportation cost which is cost effective as compared to traditional banking system. With the help of digital financial services help people to manage their money, make payments more efficiently. This enhances financial literacy and also promote growth in financial empowerment by giving them control over their financial transactions. Digital finance expand microfinance services which provide support to micro-entrepreneurs also.

### Futher Scope of Study

By studying the various researchers it finds that study can further be extended in area of digital finance in banking sectors about its delivery channels of digital banking its technology, major findings about non users of digital financing system whether bankers or an individual users, prefer of digital system in critical situation facing currently in prevailing situation.

### Conclusion

Digital banking system makes transaction of banks easy for the customers. It is really cost-effective, provides better management to both the customers and the bankers. Customers can easily pay their bills, transfer money. With the growth of digital banking in India it helps growth in various sectors. Digital baking system also spread banking activities in remote areas also. Through the invent of technologies it meet the need of low-income customers, provide financial literacy and financial empowerment.

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