



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by
Global Research Conference Forum, Pune, India
November 23rd and 24th, 2019



“A study of Problem and Prospect of Paperless technology in Indian banking Industry”

Malusare Lalita Babulal
Ph.D. Research Scholar
Sangamner College Sangamner,
Institution
Maharashtra – India
Email ID : omsairammalusare@gmail.com)

Abstract:

In a global scenario Banking System fully converted in to the Digitalization and to make the possible transaction with the Glob it is necessary to become digital in Indian Banking industry. The Digitalization starts from 1985 in Indian banking sector using recommendation of the Dr. C. Rangarajan Committee. From the last decade Digitalization and use of Computer system in banking services has been increased and private sector as well as public sector banks are now using digital and paperless banking system to serve the services to the customer. In other hand the customer should also aware about the digitalization and paperless services to make effective utilization of services. Indian Digital literacy rate is very low therefore some problems are found about the implementation of the digitalization and paperless tools of banks. The purpose of the research is to know the problem regarding the paperless banking and Digital banking system and measures the problems in India. The research paper is based on Secondary Data as well as discussion has been made to know the problems regarding the paperless services.

Introduction:

India is becoming digital and also launched ‘Digital India Campaign’ 1 July 2015 and it is necessary make all sector digital and paperless therefore preference is that to become banking industry digital. Banking system is a blood vessel of the every economy. The Indian Financial system is a large and Powerful system which influences the economic growth and development of Indian economy. The remarkable fact of the banking sector in India is the changing as the technology. There are several changes have been taken place in the Indian banking sector to improve the efficiency and the proper distribution of financial sources. The history of Indian banking started from the establishment of bank of Hindustan in 1770 after that presidency banks , bank of Bengal, bank of Bombay, bank of Madras are established latter converted in to Imperial banks and became SBI in 1955. RBI established in 1935 as per the act of 1934. Commercial banks were working in the country but they distribute their fiancé as per profitability it ignored the primary sector and focused on secondary and service sector. To avoid the problem and to provide the finance for the primary sector and preferential sector government of India has taken a important decision of nationalization of banks in 1969 and 1980.

In the history of Indian banking several decisions have taken to improve the financial activity, But the technological changes was the main decision in Indian banking it improve the better services and fiancé product which effect on time , place and efficiency of the banks as well as society. RBI is



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by
Global Research Conference Forum, Pune, India
November 23rd and 24th, 2019



playing an important role for safe, secure and effective payment and settlement system as well as the transference mechanism. It allows the technological changes to the bank to perform their functions. In 1991 Liberalization, globalization and privatization policy accepted by the Indian Economy and banking sectors ownership gradually transfer for privatization. The effect of this Indian banking get competitor.

The blue print of computerization was drawn up in 1980. A Committee was set up in 1983 under the chairmanship of Dr.C.Rangarajen, the then Deputy Governor, Reserve Bank of India, for the computerization requirement computerization in banking sector. The Committee submitted its report in 1984 and recommended that computerization is apply at Branch, Regional and Head Office levels of banks. The banking industry has since come a long way in computerizing their front and back office operations as per the guidelines of Rangarajan Committee. After that banking sector is rapidly taking in to consideration of new technology. The banking sector of India is providing several technological based banking services. The New system like Mobile banking, online banking, payment wallets system, ECS and NEFT etc are using by the Indian Banks Customer.

Objectives:

1. To know the concepts paperless banking and Digital banking.
2. To study about the problems of paperless banking and digital banking system.
3. To study the problems regarding the paperless banking of in the view of customer and banker.

Research Methodology:

The research paper is based on primary data which include the discussion with the customer and also used secondary data which is collected from the RBI reports, books previous research etc.

Digital Banking: The Digital Banking definition is banking done through the digital platform, doing away with all the paperwork like cheques, pay-in slips, Demand Drafts, and so on. It means availability of all banking activities online. Digital Banking gives you the luxury of freely accessing and performing all traditional banking activities 24*7 without having to personally go to a bank branch to get your work done. Digital Banking can be done either through a laptop, tablet or your mobile phone. This is what Digital Banking in India is all about. Here are some of its advantages. Digital banking system means the banking services which are greatly reached to customer by using the computer and networking.

Paperless Banking: Paperless banking mean the banking system run without use of paper. Paperless banking includes all work which is performing without use of any paper instruments. It includes online banking system, mobile banking, networking, connectivity and also record maintaining trough digital way.

Concept of Paperless Banking in India: The paperless banking includes the various Instruments which effect to reduce paperwork in the banking transaction. In India following instruments are mostly preferred by bank as well as customer



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by

Global Research Conference Forum, Pune, India

November 23rd and 24th, 2019



Cash Withdrwal and Deposits	Cash Transferd / Bill Payments	Administrative Work
<ul style="list-style-type: none"> •Debit Card •ATM •Cash deposits Machines 	<ul style="list-style-type: none"> •PoS •Online Baking /Net banking •UPI •Mobile Banking & E-Wallets •Credit card •NEFT •RTGS 	<ul style="list-style-type: none"> •Account Opening •Service request •Make Complain •Digital Locker •Loan Application •Loan Enquiry •ECS

Paperless Banking makes direct impact on the paper use of bank transaction while digital banking is concept we seems that technology and networking are important factors. Paperless equipments help to reduce carbon foot print and also cost effective because of the less use of paper.

Difference between Digital banking and Paperless banking: The ordinary use of both words reflects same but there are conceptual difference between paperless banking and Digital banking. Digital banking system shows Computerized worldwide network Working with each other and it can easily available anytime anywhere. paperless banking meaning mainly focus on the reduction of paper in the banking transaction and it can be possible using various electronic tools and Instruments it mean digital banking is a work and paperless banking is a Impact or consequence of the digital banking.

Digital Banking provides various tools and Instruments like debit card, Credit card, online banking, ATM , CDM, which makes available to became paper free transaction. Paperless banking also included recording of transaction with computer system and all automatically generated records of all over transactions.

Literature Review:

1. Subrahmanya Bhat, Shilpa Korde : ‘Paperless Regime e- banking in India’ Aug 2013- Vol-2 (2277-8160) The research paper is focused on the development of technology in schedule commercial banks, the research paper is examine the adoption of the online services by the customer in the schedule commercial banks in India. This research is brought the conclusion on based on secondary data only. They concluded that the information technology is basic requirement today in banking sector. The bank are benefited from cost optimism, efficient customer services, speed in transaction etc. it also observed that technology expands the channels innovates non cash payment transaction in the study.
2. G.H. Barhate, Mohasin Tamboli ‘Green Banking-overview’ Sept 2016 vol-2: The study attempt to examine the relation in CSR and Green banking services. In this study it seen that the paperless banking technology is a part of Green banking. There are a lots of opportunities in green banking and India is far behind to implementation of Green banking.
3. DR. M S NARASIMHA MURTHY- PAPERLESS ORGANIZATION-2013- IRJ&APJMMR- Function of the peerless technology are document management, workflow by electronically, use



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by

Global Research Conference Forum, Pune, India

November 23rd and 24th, 2019



of Intranet for office works and enabling technology like scanner , storage in disk etc are the functions of paperless technology in various business offices.

4. Farhana Yasmin Liza; Factors Influencing the Adoption of Mobile Banking: Perspective Bangladesh(Global Disclosure of Economics and Business, Volume 3, No 3/2014): out of the study ‘usefulness’ impacts on the adaption Mobile banking in Bangladesh. Mobile banking should develop with valuable functionality.
5. Kaheru, Elizabeth Karusoke An evaluation of the adoption of paperless banking in Uganda: A case study of selected banks : The study is on the paperless banking in selective banks in Uganda. The study focused on the problems in adaption of paperless banking in Uganda. It examine that the ecological infrastructure is not sufficient and developed and there is also lack of awareness in the society about paperless banking. There are some problems like less literacy rate, absence of national identification card. It concluded that paperless banking is in emerging age in Uganda. Some suggestions are there in the study that to improve the computer literacy in the Uganda to develop the paperless banking.
6. Johari Bhavana- 2003 – E- banking in India Problems and Prospects – The research find that most of Indian customer uses paperless ATM facility .convenient ,better services, and promote of services are basic reason of adaption of e-banking. There is a personal touch in e-banking services due personally reaches to home of every customer. The problem of the techlogoy are software problem, hardware problem, network problem, can be reduce the effectiveness of the services.

Paperless Banking in India: There is a strong Network of Foreign bank in India as per the sources of RBI (2015) there are 46 foreign banks and 352 branches all over the India. Standard Chartered Bank has large numbers of branches India 102 branches of United Kingdom, HSBC Ltd Hong Kong have – 50 branches and City bank USA have 45 branches all over the India. Foreign banks are more developed about the electronic and paperless banking services. The Branches of All foreign banks are majorly at Mumbai and Delhi. The foreign banks do not have branches in other cities.

Public sector bank and Private sector banks now changing their traditional banking system and making it digital. SBI launched the ‘Green Banking Channel’ to save the environment and several paperless services started by SBI from 2010, YONO banking launched by the SBI to paperless account opening in 2017 but this services is temporary disable due to SC order. This was the totally paperless account opening and maintaining procedure by making e-KYC. SBI and Associated banks provides so many paperless Facilities to the customer like ATM, NEFT, EFT, Bill payments, Deposits, Net Banking, Mobile banking , Digital Information etc. it helps to the customer to performance the transaction from anywhere.

In a Private Sector banks in India the digitally leading bank is Yes bank. Yes bank is the first Digital bank in India. Then ICICI , HDFC, Kotak Mahindra bank etc. are best private banks for digital Banking system. The privet banks in India are also using paperless technology in mentioning their transaction and providing services to the customer. The Axis bank is the 3rd large bank working in India in digital form.

There is the new banking trend and every bank is trying to attract the customer by providing digital paperless banking to the society.

The paperless transaction is in increasing in the economy as per the report of RBI.

Table No.1. Payment System Indicator- transactions (Comparison taking base year 2013-14 – Increase and decrease value in %)



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by

Global Research Conference Forum, Pune, India

November 23rd and 24th, 2019



Method	2013-14	2014-15 Increase in %	2015-16 Increase in %	2016-17 Increase in %	2017-18 increase in %
RTGS	100.00	102.69	114.43	138.53	162.15
Retail Electronic Clearing	100.00	136.59	191.01	276.50	403.53
Card Payments Credit Card ATM POS	100.00	110.18	132.66	136.35	17.21
M. Wallets	100.00	281.72	708.57	2884.72	4875.52
Mobile banking	100.00	461.68	1802.53	5845.64	6574.42

Source : RBI Value In Percentage

As table shown above it s indicates that the number of electronic transaction are in increase trends, as compare to the 2013-14 to 2017-18 RTGS, electronic clearing , Card payments and m. wallets and mobile banking are increased by near about 70%.

National Payments Corporation of India offers mobile banking services on a National Unified USSD Platform (NUUP) through a short code – *99#. Mobile-Banking Services Typically, mobile-banking services include the Account information Mini statements and account history, Alerts on account activities, Monitoring term deposits, Access to loan and/or card statements, Insurance policy management, Funds transfer Fund transfers between customer-linked, accounts Fund transfers to other accounts, Bill paymentsv Credit card payments, Investment Portfolio management, Real-time stock quotes etc. RBI allowed in may 2014 to access the mobile banking above age 10 minor. They can open and use the mobile banking services. They can open fixed and saving accounts using mobile banking, SBI and ICICI are the banks who providing these services to minor.

According to the NPCI – National Payment Corporation of India there are 104500 ATM working in the India and out of the total 59% ATM are of PSB and remaining of Pvt. SB and Co-operative banks.

Table No.2. Development of ATM , POS and Transaction

Year	ATMs			POS		Total
	On-site	Off-site	Total	On-line	Off-line	
	1	2		3	4	
2018	104011	101173	205184	3193356	0	3193356
2017	109740	98073	207813	2614584	0	2614584
2016	101826	98128	199954	1403112	0	1403112
2015	90819	91661	182480	1125377	0	1125377

Source RBI

Table No.3.

Year	ATMs			POS		Total
	On-site	Off-site	Total	On-line	Off-line	



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by

Global Research Conference Forum, Pune, India

November 23rd and 24th, 2019



	1	2		3	4	5
2018	14.5256	10.3774	12.4419	183.759	0	183.759
2017	20.8337	6.99534	13.8826	132.33	0	132.33
2016	12.1197	7.05535	9.57584	24.6793	0	24.6793
2015	100	100	100	100	0	100

The ATM And Numbers of POS machine are increases from the emerged and now in 2018 there are 205184 ATM are working and numbers of POS machines are also increases from the 2016 it was 1.82 lakh and now it increases near to 2.05 lack. The changes show that the India moving to Paperless banking and presently Indian adapted the paperless banking tools to make the transaction.

Table No 4.

	Credit Cards				
	No. of outstanding cards as at the end of the month	No. of Transactions (Actual)		Amount of transactions (Rs. Millions)	
		ATM	POS	ATM	POS
	1	2	3	5	
2018	37782876	7271175	132318612	3396	448342
2017	32056929	613206	110762306	2848.5	339297.4
2016	24860730	591865	72827537	2863.37	227246.3
2015	21288891	430487	57304068	2285.7	179215.7

Table No. 5. Debit card Use and Transaction

Year	Debit Cards				
	No. of outstanding cards as at the end of the month	No. of Transactions (Actuals)		Amount of transactions (Rs. Millions)	
		ATM	POS	ATM	POS
	6	7	9	9	10
2018	906356781	758938556	333766148	2647971	454571
2017	804051123	703913571	261256191	2270761	351310.5
2016	671187187	733399002	118284077	2252098	148033.8
2015	564707913	615527057	80124846	2000398	114991.1

Source RBI

The numbers of transaction in compare to 2015, 32% are increases in 2018 while use of Pos machines are increases by 316% . it shows that the people are using the paperless tool to shopping as well as for cash withdrawal. Use of Credit card also in progressive trend as compare to 2015 .



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by
Global Research Conference Forum, Pune, India
November 23rd and 24th, 2019



Digital technology is helps to make paperless transaction. For the development paperless banking system there should be strong network of banking and India a hug banking network is available and it is rapidly increasing also.

Table No.6. RTGS progress in Compare to the 2015-16

Item	Volume (million)			Item	Value (₹ billion)		
	2015-16	2016-17	2017-18		2015-16	2016-17	2017-18
1. RTGS	98.30	107.80	124.40	RTGS	824578	981904	1167125
Percentages	100.00	109.66	126.55	Percentages	100.00	119.08	141.54

The above table shows the increment in value as well as volume of the transaction using RTGS. The transaction show s positive increment in the volume and the value of the RTGS transactions.

Table No.7. Paper Clearing progress in Compare to the 2015-16

Item	Volume (million)			Value (₹ billion)		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Total Paper Clearing	1,096.40	1,206.70	1,170.60	81,861	80,958	81,893
Percentages	100.00	110.06	106.77	100.00	98.90	100.04

The paper clearing is not shows so much increment in the value as well as volume of the transaction in compares to 2015-16 to the 2017-18. It means it indicate that the Indian banking and financial transaction are taking turn to the way of paperless banking system.

Table 8. Payment System Indicators – Annual Turnover

Item	Volume (million)			Value (₹ billion)			Increase percentages
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	
Total Retail Electronic Clearing	3141.5	4222.9	6382.4	91408	132324	193112	6147.13
ECS DR	224.8	8.8	1.5	1652	39	10	4.45
ECS CR	39	10.1	6.1	1059	144	115	294.87
NEFT	1252.9	1622.1	1946.4	83273	120040	172229	13746.43
IMPS	221	507	1,010	1,622	4,116	8,925	4042.12
UPI	-	17.9	915.2	-	69	1098	-
National Automated Clearing House (NACH)	1,404	2,057	2,503	2,503	3,802	10,736	764.62

Source Annual Report of RBI



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by
Global Research Conference Forum, Pune, India
November 23rd and 24th, 2019



Payment Indicator table no.8 shows the progress of Electronic clearance and payments in India from 2014-15 to 2017-18. It is observed that the total electronic clearing system is becoming more popular and is in use from last 5 years. In 2017-18 it increases by 6000% in compare to the 2015-16, it may be increases due to inflation but value of transactions also shows transactions are increased with the speed.

Problems of Paperless Banking: After the discussion with customer and Bankers it is concluded that there are problems of Digital literacy in the Indian people. The digital knowledge and the literacy among the Indian people is the main reason to execute a paperless system. Most of the Indian people are unknown about the digitalization and therefore they preferred the paper based transactions. The second most important problem of the paperless system is security. Customers are not satisfied with the security of paperless instruments and systems in other words they don't believe in the online transaction still using traditional system. India is rural country and there are so many people are not aware with the system and can easily make victim of the frauds on paperless instruments. The bankers do not provides any types of assistant and training about the paperless Instruments like how to use the online banking, mobile banking, UIP payment etc.

Measure to overcome:

1. There should be increases Digital Literacy of Indian People.
2. Every Instruments and method should have strong security.
3. Bank should provide training and make some awareness program for newly launched banking system and technology.
4. Bank should create awareness and ensure to customer about the paperless system.
5. Network should be spread all over the India and make available to each and every Indian in cheap price.

Conclusion:

Paperless banking system is becoming popular in India because of easiness, quickness and anywhere availability. The paperless banking is the useful for the customer as well as banker but there are some problems. While implement the paperless banking it is necessary to make sufficient and broad networking as well as make possible to smoothly run it. The main problem of the system is security therefore banking network should make attention on the strong security of the paperless transaction to make customer convenient. It is concluded that the paperless banking system is now becoming essential for every Economy to make convenient while making transaction with other countries.

References:

1. <https://www.globalsign.com/en-in/blog/what-is-paperless-banking/>
2. <https://www.hdfcbank.com/personal/learning-center/digital-banking/what-is-digital-banking>
3. <https://www.districtsofindia.com/maharashtra/solapur/banksandfinancialinstitutions/index.aspx>
4. <https://banksifsc.com/bank-of-india-ifsc-code/maharashtra/solapur/aherwadi-branch/>



OUR HERITAGE

ISSN: 0474-903- Vol-67, Special Issue-9

“GRCF Dubai International Conference On Sustainability And Innovation In Higher Education, Engineering Technology, Science, Management And Humanities” Organised by
Global Research Conference Forum, Pune, India
November 23rd and 24th, 2019



5. <https://tech.economictimes.indiatimes.com/news/corporate/decoding-the-digital-bank-of-the-future-for-india/64449636>
6. <https://bankifsc.com>
7. <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4>
8. <https://www.mapsofindia.com/my-india/business/top-10-largest-public-sector-banks-in-india-2018>
9. <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17>
10. <https://economictimes.indiatimes.com/tech/internet/mumbai-has-highest-number-of-internet-users-in-india-study/articleshow/45036114.cms>
11. <https://content.wisestep.com/top-advantages-disadvantages-paperless-office/>
12. https://www.rbi.org.in/scripts/FS_PressRelease.aspx?prid=48069&fn=2759