EMERGING ISSUES IN DIGITAL INDIA PROGRAMME
AND VIRTUAL BANKING

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Abstract

The main purpose of this study is to examine the emerging issues related to digital India programme and virtual banking services. The Digital India (DI) programme has been launched with an objective of transforming India into a digitally empowered society and economy. This programme would ensure that Government services are available to citizens electronically. It would also bring in public accountability through mandated delivery of government's services electronically; a Unique ID and e-Pramaan based on authentic and standard based interoperable and integrated government applications and data basis. DI programme promotes Digitization in the banking industry In future, technology will make the engagement with banks more multi-dimensional even as other entities, markets and instruments for credit and financial services continue to develop and expand. E-banking is now performs all types of transactions relating to the payment and money transfer, and people are frequently use this technique for doing their day to day transactions.

Keywords: Digital, India, Programmes, Virtual, Banking

INTRODUCTION

Digital India (DI) programme was launched by the Prime Minister of India on 1[st]July 2015 - with an objective of connecting rural areas with high-speed Internet networks and improving digital literacy. The aim of Digital India programme is inclusive growth in areas of electronic services, products, manufacturing and job opportunities etc. This programme focuses on Digital Infrastructure as a Utility to Every Citizen, Governance & Services on Demand and Digital Empowerment of Citizens.

The Bharat Broadband Network Limited (BBNL) which executes the National Optical Fiber Network project will be the custodian of Digital India (DI) project. BBNL had ordered United Telecoms Limited to connect 250,000 villages through GPON to ensure FTTH based broadband. This will provide the first basic setup to achieve towards Digital India and is expected to be completed by 2017.

LITERATURE REVIEW

Banking sectors are now moving to online banking services, which enable customers to get access to their accounts form their web enable computers to banking online system. The main purpose of this article is to describe the major issue and challenges in the development in online banking industry and also to show the application of electronic banking in Pakistan, through e-banking the banking sectors can reduce the operating cost and provide fast and more better services to their customers and can be survived for long (Kazmi and Hashim, 2015).

Fonsecca (2001) presents a particular way of understanding innovation. The experiences of innovation studied in this book suggest that innovations do not start with a match between a need to be satisfied and a set of competencies and tools purposefully brought together to meet the need. On the contrary, identification of need is a consequence of success, rather than a pre-condition. The innovations studied in this book (a selection of innovation experiences from Portugal are considered) were subject to constant and never ending redefinition.

Talha, et al (2004) concludes that though the Internet provides a new means for conducting business but fundamental of doing business remain unchanged. The present study has designed to examine the marketing strategy on Internet. For this purpose, it says that by integrating the Internet technology into the marketing strategy, business firms will be able to use the Internet as a tool to gain competitive advantage, this article explains Internet marketing mix, which consists of five P's: product, price, promotion, place and personalization. The concept of marketing has not changed in essential has a result of using the Internet as a new marketing channel but Internet offers an unlimited opportunity for business. Internet marketing goes

beyond banner advertising and e-mail marketing. It includes all the activity aimed at creating a distinct niche for the business like segmentation, differentiation etc.

The Internet is gaining popularity as a delivery channel in the banking sector. At the same time, customer needs are changing. A total of 12 Internet banking operations in the UK are analyzed under customer empowerment functions and Internet banking Web attributes. Internet banking renders location and time irrelevant, and empowers customers with greater control of their accounts. Banks achieve cost and efficiency gains in a large number of operational areas (Jayawardhena and Foley, 2000).

Dewan and Seidmann (2001) carried out a research that all major banks have been struggling with the formation of winning strategies that will enable them to maintain their current position in the force of competition from new internet enabled banks and other non-banking organizations offering banking services.

Services of Digital India Programme

Various services are offered through this programme to the society such as Digital Locker, e-education, e-health, e-sign and national scholarship portal. As the part of Digital India, Indian government planned to launch Botnet cleaning centers as the part of DI programme.

DigiLocker

It will help citizens to digitally store their important documents like PAN card, passport, mark sheets and degree certificates and will provide secure access to Government issued documents. The aim is to   eliminating the use of physical documents and enables the sharing of verified electronic documents.

Attendance.gov.in

This website is to keep a record of the attendance of Government employees on a real-time basis through common Biometric Attendance System (BAS) in all the central government offices.

MyGov.in

This platform is for citizens to share ideas on policy and governance engagement through a "Discuss", "Do" and "Disseminate" approach.

SBM Mobile app

This mobile app Swachh Bharat Mission (SBM) is being used by people and Government organizations for Swachh *Bharat* Mission goal.

E-Sign framework

Citizens are allowed to digitally sign a document online using Aadhaar authentication by this framework.

E-Hospital

It provides hospital services online such as registration, payment of fees and appointment, online diagnostic reports, enquiring availability of blood online etc.

National Scholarship Portal

This portal is a single step solution for end to end scholarship process right from submission of student application, verification, sanction and disbursement of the scholarships provided by the Government of India.

Virtual Banking

Virtual banking is also known as electronic banking, cyber banking, Internet banking or online banking. Thus Virtual or internet banking is a system where all the transactions of the bank are done online and there are no physical branches of the banks or branchless banking. It is the latest technological breakthrough to provide the customers the ease of banking while on the go i.e. they don't have to personally walk into any bank branch and can operate ones account or other services online only. The system has gradually moved from 'nice to have' to a 'need to have' service in some of the developed countries where net-banking have become a new norm rather than an exception. It is the quickest way to bank and also the cheapest as it saves both time and money. Many types of bank accounts can be accessed virtually like checking accounts, savings accounts, viewing account statement, certificates of deposits, etc. In a simple word E-banking means the use of electronic device at the time of doing banking transactions.

United National Conference on Trade and Development (UNCTAD) defines E-banking as "internet banking refers to the development over the internet of retail and wholesale banking services. It involves individual and corporate clients and includes bank transfers, payments and settlements, corporate and household landings, card business and some other banking activities."

E-banking offers various services to its clients at different levels. The main types and functions of E-banking is are as follows:

Table 1. Virtual Banking

Types of Virtual Banking	Functions of Virtual Banking
1- Debit Card	1. Answering routine queries
2- Credit Card	2. Electronic fund transfer (EFT)
3- Tele-Banking	3. Electronic clearing system (ECS)
4- Internet Banking	4. Payment of various Bills, tickets, etc.,
5- Mobile Banking	5. Investment through electronic mode
6- Smart Card	6. E-Shopping
7- Door-step Banking	

With a rapid change in technology, competition among the service providers and consumer needs the Internet banking has emerged the self service delivery channel that allows banks to provide information and offer services to their customers with more convenience.

Objectives of the Study

The main objectives of the study are as follows-

1. To study the Digital India programme and Virtual banking services in India.
2. To define the relationship of DI programme and Virtual banking.
3. To evaluate the problems and challenges of DI programme.

Scope of the Study

The present study covers all the important areas related to the DI programme and Virtual banking services. It mainly defines the present status of virtual banking services i.e., whether there is increases or decreases in the Debit card, Credit card, NEFT, Mobile Banking, and various other services.

DIGITAL INDIA PROGRAMME AND VIRTUAL BANKING

This programme is one of the mile stone in India's technology enabled and the same has been initiated by the Government of India. This programme aims every citizen as a technically enabled programme to explore digital data independently. The main purpose of this programme is to train the people and utilize the available resources digitally. After announcing the Digital India Programme by the Government of India on 1st July 2015, provide strong base for the Virtual banking, and also try to make country more transparent and convenient, it can only be done through the use of Information Technology.

The main aim of Digital India programme is to promote the digital transactions in the country and since its launch, many key IT and e governance initiatives have seen a surge in their growth, which has taken the vision of a digitally empowered India to the next level. Last year, many milestones were achieved by the Government of India. Various schemes, products and services have been rolled out under the programme to promote e-governance efforts in the country through Digitization.

The future of banking in India looks not only exciting but also transformative. Despite the somewhat difficult current operating environment, banks remain the largest financial sector intermediary in India. In future, technology will make the engagement with banks more multi-dimensional even as other entities, markets and instruments for credit and financial services continue to develop and expand. E-banking is now performs all types of transactions relating to the payment and money transfer, and people are frequently use this technique for doing their day to day transactions.

Table 2: Growth of Virtual Banking Transactions in India

Electronic Banking Transaction	No. of Transactions (in millions)		Growth (in percent)
	2014-15	2015-16	
NEFT	927.60	1252.91	135.07
CREDIT CARD	615.42	785.71	127.67
DEBIT CARD	808.13	1173.50	145.21
MOBILE BANKING	171.12	386.60	225.92

Source: Annual Report of RBI

From the above table it is observed that all types of virtual banking transactions are growing but high rate of growth is occurred in Mobile Banking because of the maximum use of Smartphones in India. More than 200 percent growth is recorded in mobile banking. This shows that DI programme increases the use of virtual banking in India.

Top Indian Government E-banking initiatives of 2016
Mobile Wallets-
Mobile wallets emerged as the key success story of 2016. M-wallets saw a surge in their use during the last two months of 2016, owing to demonetization. Number of transactions saw a growth of 210 percent in between November 8 till December 25, 2016, as reported by Software Technology Parks of India (STPI). As per The Economic Times, estimates the m-wallet

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business will grow to 275 lakhs by 2022. This shows how India is moving ahead to become a digital economy.

United Payment Interface (UPI)

It is a single window mobile payment system launched by the National Payments Corporation of India (NPCI). This provides a simple, secure and convenient "single interface" to enable sending and receiving of money using smart phones through a "single identifier".

BHIM App

The Bharat Interface for Money (BHIM) was launched by Prime Minister NarendraModi on December 30, 2016. It is an app that enables fast, secure and reliable cashless payments through mobile phones. It has been developed by the National Payments Corporation of India (NPCI) and is Aadhaar enabled. As per livemint.com, BHIM app has been downloaded 5 million times and enabled 7 lakh transactions from the day it was launched till the first week of January in 2017.

Problems and Challenges of DI Programme

The DI programme is facing a number of challenges in successful implementation due to lack of clarity in policies and infrastructural bottlenecks. Challenges are in every sector right from policy making, changing the work flow up to changing the mentality of the government officers. It is technological change within the most diversified nation. Few of them have been listed below:

High Level of Digital Illiteracy

Digital illiteracy is prevalent in most of the towns and villages in India. Cities have adopted digitalization but limited to certain extent. Fully fledged digitalization is cashless transaction on daily basis, use of internet services to get government certificates. This requires administration changes, Taxation changes and change in public mentality. So it's a team work which includes citizen's responsibility and support to the new system.

Connectivity to Remote Areas

It is a mammoth task to have connectivity with each and every village, town and city. The problem of connectivity is a complex issue because every state has different laws pertaining to its execution. Also it is challenging for the central authorities to make a database where such a huge information can be stored.

Compatibility with Center State Databases

Every state has different internet protocols because every state is diversified. Diversified not only in the sense of religion but also in language. Hence, software compatibility with the center is a crucial issue. Information shall be saved carefully.

Cyber Crime

There is cyber threat all over the globe and digital India will not be any exception. Hence, we need a strong anti-cybercrime team which maintains the database and protects it round the clock

1. **Inter Departmental Coordination**: Within the government there are various departments which should be integrated. Integration has technical as well as corporate issue. Corporate in the sense self-ego of the officers and staff of our government services are hurdle in the change. Also the middle man policy will be eliminated completely because of digital India; hence, there will be imminent resistance from the working staff.

2. **Finance:** Though there are resources with India but there is a huge capital cost which is to be invested and the fruits of the investment will be received after few years.

3. **Net neutrality:** The issue is still on the table and we are blindly following the digital India. Net neutrality is must and we should make sure that digital India without net neutrality would be a great blow to entrepreneurs and citizens of India.

4. **Changing the mindset:** This point will come into picture when you have allocated the required resources and material but when it comes to implementing them, most of them will be hesitant to change. People are accustomed with years of same of practice that they are not ready to change.

5. **Exchange of information**: The information stored should also be used by other government offices. For example police, surveillance and other security issues can be easily resolved with digital India but its coordination is a mammoth task. It is not only a technological question but also deals with the question of privacy and security.

CONCLUSION

From the above discussion it is clear that there is a huge growth recorded in Virtual banking services and it is promoted by the DI programme. DI programme provide the strong base for the further development of the various types of Virtual banking services, but it's also faces various types of challenges which are discussed earlier. In India, it is seen that Mobile banking recorded the high growth in all types of virtual banking transaction.We all support Digital India but we

should be aware of the dangers and setbacks, so that we can prepare ourselves for the upcoming challenge. We should be mentally prepared for the changes and challenges in implementing the policy, only then it would be possible to change it to reality. It is well known fact that the internet penetration in rural areas is only around 20% but in urban areas it is around 60%, since 70% of the total population in this country did not find any chance to access internet. Therefore, the Government has to take appropriate action to lay infrastructure and the technically trained the people of the country, then only virtual as well as DI programme would be a successful programme. Further, literacy rate and financial literacy rate among the people still not up to the mark . Therefore it is a basic duty of government, private bodies and other social welfare organization to educate the masses to spread the technology enabled booking transactions. There is much scope for further studies especially empirical one may be conducted in this area.

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