

SWOT ANALYSIS OF DIGITAL BANKING DURING COVID 19

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ABSTRACT

The study aims to analyse Digital banking sector using SWOT analysis in the banking sector during the pandemic. Banks across the world proceeds supremacy over the new technologies to streamline their operations and supply a far better experience to their customers. Due to the increase in mobile phone adoption and internet penetration across the globe. Financial institutions have been shifting towards digital channels to deliver their services. The incorporation of advanced technologies like artificial intelligence and blockchain has increased the adoption of digital banking services. A user can carry out the banking activities via - smartphones, thus endorsing the digital banking platform market. This study will discuss about the prevailing market trends, current economic situations, development perspectives, key drivers and restrictions in digital banking sector have been analysed.

Keywords: *SWOT Analysis, technology, digital banking*

INTRODUCTION

Banks certainly have their hands full in light of the novel coronavirus outbreak (COVID-19). There is a long-lasting change in the customer's digital behaviour due to this pandemic. A large number of people staying at home are turning to digital channels, both online and mobile, to fulfil their banking requirements. Since March 2020, banks in India have expanded their digital footprints across the banking space. Banks in various countries have reduced their opening hours and have advised more and more people to use the facility of online banking. They have also shared tutorials on how to use digital banking and have expanded the various forms of transactions that can be carried out by the customers remotely. There are some technical as well as operational challenges that are faced by the customers and banking systems when faced with such a pandemic and its impact on digital banking. It may be ahead of schedule to predict the impact on digital banking due to the pandemic, but an action plan must be made

on the basis of these predictions to cope with the weakness and challenges that are in front of us post covid-19.

STATEMENT OF THE PROBLEM

The novel coronavirus outbreak has caused a crisis that has never happened before. While banking has shifted towards digital over the past decade, the crisis forced this trend to move at rapid speed last year. With people avoiding face-to-face interactions, less people are visiting banks and are moving for contactless forms of payment. Everyone wants to quickly catch up and transform to the digital format, but it's not that easy and leads to mistakes. The advantage cannot be extracted by the ones who quickly conducted the digital transformation, but only by those who did it right. This increasing digitalisation is endless. Despite the growing customer demand, not everyone wants bank online, and even those who do would not choose it for every banking service. While most banks will now be in full business continuity mode, they also need to consider the SWOT condition on the Digital banking industry and its customers.

OBJECTIVES OF THE STUDY

- To analyse the SWOT analysis of Digital Banking.
- To study the technological environment improvement of Banking sector after Covid19.
- To study the effect of covid-19 pandemic on Digital Banking Services

LIMITATIONS

- It is based on the secondary data only.
- Due to time constraint the area is covered to some scope.
- Banking environment has only been selected.
- The study has been carried on the Indian Banking sector.

RESEARCH METHODOLOGY

This paper is descriptive study in nature. The secondary data and information have been analysed and preparing the paper broadly. This study is focused on the SWOT Analysis Digital banking during Covid 19. The secondary information has been collected from different published books, journals, periodicals, conference paper, blogs and websites.

SWOT ANALYSIS:

SWOT analysis refers to strengths, weaknesses, opportunities and threats of an organisation. SWOT analysis, that is, a strategic plan that determines what strengths can be

used to build; what weaknesses must be covered; what opportunities can be captured; and which threats must be defended, so that the direction and goals of the industry can be achieved clearly and a decision can be taken immediately and all the changes in dealing with the problem. Banking is going through a period of unprecedented innovation in Digitalisation. The SWOT Analysis is done to identify the external and internal factors that can have an impact on Digital Banking.

I) STRENGTH:

The ongoing pandemic in India has led to a sharp increase in digital banking, and has raised the expectations of consumers who want instant and personalised services. Over the past several months, banks have offered paperless customer onboarding, Aadhaar and video KYC, contactless debit cards, card less cash withdrawals, Tap and Pay through mobile, Scan and Pay, payments and remittances, UPI-based collection, and chatbot. The digital banking apps may start to provide user-friendly and straightforward user experience in the future which will, in turn, benefit in reducing barriers of digital and financial literacy. As a result, the doors of digital banking will be opened to people who use less technology. India has a number of favourable factors for the further development of digital financial services, including a large and growing middle class population and a well-established digital identification system, an increasing penetration of smartphones and high-speed internet. Smartphones and computers are typically readily available, allowing 24/7 account access to take care of any number of banking tasks quickly. Many mobile banking apps now allows customers to use biometric authentication to log in. Banks asks for additional verification if it spots login from an unknown device. Digital payments and e-wallets offer more security in some cases than physical cards, giving some users even more reason to use digital banking tools. Unlike banking in person, mobile banking apps and websites generally have no restrictions on when banking tasks, like depositing a cheque or transferring money from one account to another. The digital banking sector will definitely continue to grow in the upcoming years with a few changes in technology. Several banks are utilizing artificial intelligence for meeting the financial demands and expectations of customers. With digital banking, customers have the option to receive their account statements online thereby reducing the usage of paper. Banks in India are beginning to go paperless thus being environment friendly.

II) WEAKNESS:

As digital payments and banking increased during Covid-19, the number of frauds also increased tremendously. This is one of the prime reasons why many people are away from

digital banking. There is a need for fool proof security, and people should be assured of safety beforehand. The customers look for safety as the primary aspect in any situation, and India's banking sector has witnessed a lot of cyber frauds that have caused huge losses. Therefore, with more people switching to digital banking post-Covid19, banks must devise and implement stringent measures to control and provide a secure framework and system. There are some technical as well as operational challenges that are faced by the customers and banking systems when faced with such a pandemic and its impact on digital banking. Although banks are offering internet banking and other latest tech features, they're very slow in terms of adopting the technology. For instance, many banks don't allow their customers to use special characters in the password which hackers could easily break weak passwords. Indian rural population is unbanked that means without access to a bank account. So, the main challenge for the banking sector firstly would be to embrace new technological changes themselves and thereafter introduce it to the general public. Considering a large number of people in the rural areas maybe not accustomed to digital banking introducing them to such new technology would not be an easy task.

III) OPPORTUNITIES:

Contributing to 70% of the total population in India is a largely untapped market for banking sector. In urban areas banking services entered but only few big villages have the banks entered. So that banks must reach in remaining all villages because majority of Indian still living in rural areas. Banks can offer many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business. The growing banking sector in India with its strong home country linkages, seek a unique blend of Indian ethnicity and global standards that offers a valuable nice opportunity for Indian banks. The biggest opportunity for the Indian banking sector today is the Indian costumers. Demographic shifts in terms of income and cultural shifts in terms of life style aspirations are changing the profile of the Indian customer. This is currently and will be a key driver of economic growth going forward. Right now, the Indian banking sector is sitting on a goldmine of opportunities. The Government of India is actively pushing towards the digital transformation and inclusion agenda. The Aadhar program is the world's largest bio-metric identity program and provides the foundation for the financial inclusion initiatives like the Pradhan Mantri Jan Dhan Yojana. The country's burgeoning young and digitally savvy population demands innovation and uberization of services and increasing penetration of smart phones and internet has brought on demand hyper-personalized services

to their fingertips. By leveraging technology powered solutions Indian banks can overcome most of the track race in their way to consolidate their leadership position.

IV) THREATS:

As people go cashless, more activities or transactions are done online. People use digital money like credit cards and debit cards for transactions which require to be protected under Cybersecurity. The risk of disclosing private information & fear of identity theft is one of the major factors that inhibit the consumers while opting for Digital banking services. Most of the consumers believe that using Digital banking services make them vulnerable to identity theft. There is room for incorrect transaction processing, compromises in the integrity of data, data privacy, and confidentiality, unauthorized access to the bank's systems, and other such transactional risks when the bank uses a service provider located in a different country. Trust is the biggest hurdle to Digital banking for most of the customers. Conventional banking is preferred by the customers due to the lack of trust on online security. They have a perception that online transaction is risky due to which frauds happen. Worthy customer services are the best ambassadors for any bank for growing its business. Every engagement with customers is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks. According to a global economic crime survey, cybercrime has increased like never before and is the most reported crime. With the world going digital, Cybercriminals have also found new ways to attack and breach the data. A strong cybersecurity is a must for banks as data breaches may make it tough to trust financial institutions. It may cause severe problems for banks. Cybersecurity in digital banking ensures that customers sensitive data is safe and secure, which if revealed, could cause a lot of problems like fraud. Customer's data can be easily breached if it is not protected under Cybersecurity. It may cause substantial financial loss to customers and mental stress in a case where cybercrime occurs. Banks have also been facing threats from new entrants such as Google, Amazon and other technology companies looking to enter this space. COVID-19 has accelerated some of these trends, like changed customer behaviour and adaptation of tools and technologies by the banks.

CONCLUSION

The ongoing pandemic in India has led to a sharp increase in digital banking, and has raised the expectations of consumers who want instant and personalised services. A large number of people staying at home are shifting to digital channels to fulfil most of their banking requirements. As a result, traditional visits to bank branches and face-to-face interactions with

bank staff have reduced. Embracing digitalisation in banking is not a matter of option anymore. In fact, digitalisation is going to shape the future of banking industry, and it has already been started. Changing customer behaviour, increasing customer expectations, and the digitalization of business and society has begun a digital race in the banking sector. Banks have realized that investments in digital technologies are the way forward for serving their customers better. The future of banking will not be wholly digital or at least not for all customers. Depending on the service, between 8% and 22% of customers still prefer to bank in branch. And not all first time users have been won over, almost a quarter (23%) say they would prefer to return to in branch banking after the pandemic, a figure that also includes younger people. While RBI and the Government are taking steps to battle cyber-attacks, they are also evolving with new technology trends like cryptocurrencies and blockchain. This increases the need for cybersecurity as a part of the design architecture intending to detect the stemming attacks in real-time, rather than repairing the damage. RBI announced several measures to ensure better security management and controls in digital transaction. It has worked with the government to introduce systems like the Aadhaar Enabled Payment System and Digi Locker, and payment apps like Bharat Interface for Money (BHIM), which will go a long way in enabling digital-only banking in India. With more than 70% of rural India in anticipation of this future, the need of the hour is to accelerate progress. Turning the vision of a digital-first, cashless India into a tangible reality will drive an explosion of growth opportunities due to cascading digital disruptions. Sooner or later, another billions customers will transact digital banking industry must be available at their fingertips, to cater to their banking needs. The adoption of advanced digital channels across business segments grew to 98% in 2020, indicating the immense significance to digital journey. The ongoing pandemic has given us an opportunity to leverage technological capabilities and successfully drive digital transformation across business segments.

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