

# Enfolding Digital Transformation as a Key Marketing Tactics Along with Influence of IT to Transform the Future of Indian Banking

Pelak Mehta<sup>1\*</sup> Dr. Bharat Bhushan<sup>2</sup>

<sup>1</sup> Research Scholar of NIILM University, Kaithal

<sup>2</sup> Professor, Department of Commerce, NIILM University, Kaithal, Haryana

**Abstract – India's banking sector has made rapid strides in reforming and aligning itself to the new competitive business environment. Hi-tech arrangement has become a vital chunk of the modification course in the banking pattern, with the continuous progress of refined mechanisms and innovations in market practices. The banks in India are under immense onus to act exceedingly well as otherwise their very existence would be at stake. Earlier the time was such where consumers preferred on-going relationship with one organization than to switch continuously. On the other hand, seeing the present scenario of intense competition, the banks too are not left behind from any other consumer marketing enterprise. It has become essential for the service firms and that too banks in particular to identify what the individual customer requirements are, how those customer requirements can be met effectively i.e. providing good quality of services tailored as per individual customer's requirement, few Jaw-dropping innovations, thereby retaining them, improving services and marketing mix of services over a period of time and ultimately enhancing the loyal customers as they speak to others about it. In this regard, the major role in the banking field has been played by computer engineering which not only guarantee effortless track of interconnected transactions over the electrically powered medium but also facilitates complex financial product innovation and product development. The usage of IT and continuous shift towards e-banking is becoming the demand of the day as the banking system seems to be progressing towards virtual banking.**

**In context to analyse the above mentioned information the paper discusses in detail the effect of digital transformation, tactics used in keeping the growth momentum surging ahead for banking sector in the Indian economy, cutting edge over rivals and also to be at par with international banking standards.**

**Keywords: Digital Transformation, Financial Consumers, Marketing Tactics**

-----X-----

## INTRODUCTION

Banking business is making a shift with the entry of commodification concept. In today's time, segregated and captivating consumer practice has befit new imperative than simply providing monetary services. Not just to hold the competition but to out beat it , banking sector has to take in the tacit desires of the client just like the airlines understands the preferences of the regular flyers or the retailers comprehend the likes/dislikes of their customers, without depending on direct response from customers. Every other day the market seems to be flooded with new devices with latest technology that provides various consumer contact points. Whenever customers strike computer screen, they provide information path and it becomes banks' obligation to be aware of how they utilise this track to pull their bottom line up. Usually, banks devote their maximum

struggle in terms of money, hard work and time on transaction accomplishment, which is just a basic feature of overall service in today's time. At the same time convenient, stable and accurate transaction dispensation capacity is however critical, to acquire knowledge about this feature banks need to study in detail as to how retailers perceive the customers' ride through an Omni-channel lens.

It's time for banks to reconsider the tactic through which customers are being valued, possibly be from the viewpoint of those industries that greatly assess customer experience. A strong united multichannel may possibly deliver a portion of customer's pocket, but effective execution of Omni-channel can lead to an escalation in their share as they will have competitive advantage which will help retain the same share for much longer period

of time. It's not that business owners are the only people who need to bank whenever or wherever they want, regardless of the location of bank or the trade hours. Customers from all spheres with different age group, income groups and countries could make a transaction online one day.

Multichannel offers the flexibility to hop between channels, but lacks the feature of carry-over facility of the transactions between numerous channels. Hence, this symbolizes a noteworthy encounter for the financial institutions, which are often involved in multiple types of banking such as retail, corporate, hypothecation etc... To overcome this shortcoming banking sector requires to intensely focusing on customer-centric view as being clear and truthful with the customers is a great way to pull them in favour even in acute competition.

Therefore, Omni-channel is an all channels approach to customer service where operations of all possible channels are tightly integrated, keeping customer in the centre of the integration. As customers nowadays keep changing their channel using habit patterns, banks must emphasize on delivering an unbroken customer experience through several touch points. As people these days are more refined and tech savvy and each one of them wants a unique experience from banking, so to be at par with their particular requirements banks need to put in extreme efforts right from exploring new services, opening an account, checking balance, conducting transactions, loans, credits, capital management, customer support and for all these supplying an Omni-channel experience has become a key to success in this competitive market place as it provides timely access to information that can prove incredibly valuable when going forward and forecasting for promotion and operational proficiencies.

#### OBJECTIVES:

- To understand financial consumers in the digital era.
- To face Cut-throat competition amongst financial institutions and make them work harder to win over customers.
- Impact of digital transformation in banking industry.

#### LITERATURE REVIEW:

Collection on marketing bank services is plentiful since it is one of the ancient professions well-known to manhood. But these works are general in nature indicating mostly the governmental policies and their commitment towards the operation of banks only. It has witnessed many changeovers out of which net banking is the newest in the list of such alterations.

Internet banking introduced a complete change in the entire banking industry. It simply made shopping, money move and invoice payment etc. convenient. Such is the convert in the current scenario that timing is no longer a restraint and one knows how to discharge day to day everyday jobs and deposit activities relaxed when one possess the time. Over the years, it has been observed that the internet banking enables banks to offer low cost and high value added financial services. Internet banking acts as a vehicle that delivers your banking needs to right where you are. Moreover, one of the key tasks for modern banks is finding ways and methods for creating an edge over competitors in increasing competitive financial markets. The role of marketing within this task is beyond doubt, especially in bank services Quality area. The quality is reached through putting clients in the epicenter and by giving them special treatment. Marketing has been a little slow in taking part in banking area. This lag is being made up for by more personal attitudes to clients. Informational technology application made this way of functioning easier; it created a database which included some important personal dates in clients' lives. The ambition to be different is closely connected to brand creation. Once it has been determined what makes a brand, it is necessary to express it through marketing activities.

Marketing objective is the construction of the complete marketing strategy and various tactics needed to carry out strategy efficiently. The efficiency as a business principle is realized through static and dynamic component. The static efficiency is in offering services under the best conditions and price and the dynamic one means introducing new, higher quality products and services through "skim the cream" strategy in the market.

As a response to constant pressure for achieving dynamic and static efficiency, the financial market has developed and converged and the financial institutions accomplish their growth through expansion in new geographical areas, introduction of new services and gaining larger number of various clients. In context to this, few of the studies are reviewed here, as they would facilitate a clear backing for carrying out the present study.

Tavishi and Santosh Kumar (2013)<sup>1</sup> in their study "An Empirical Study on Technology Adoption by Indian Banks" studied the dynamics inducing the customers for the adoption of internet banking and mobile banking in India and hence probe the power of perceived usefulness, perceived eases of use and perceived risk on use of internet banking and mobile banking.

Sabita Paul (2013)<sup>2</sup> in his work The Adoption of Electronic Banking (E-Banking) in Odisha, India defined the recent and rapid technological

revolution shifting the whole world which has crucial impact on the banking sector based on data, collected from customers of different commercial banks of Odisha.

Prema C (2013)<sup>3</sup> in her research article "Factors Influencing Consumer Adoption of Internet Banking in India", observed the procedure of internet banking services and put stress on the fact that marketing experts should accentuate these benefits and its acceptance aids an awareness which can also be upgraded gradually to attract consumers' attention towards internet banking services.

Vandana Tandon Khanna & Neha Gupta (2015)<sup>4</sup> The study displays the elements such as Technology appropriateness, safety, convenience, user friendliness and approachability highly depends on the demographic profile of the population size. Maximum marketing decision in terms of improving the efficacy of delivery channels can be taken by allowing for these elements.

### **IT IN BANKING:**

Banking landscape is altering especially fast. Lot of new players with different strengths will make their way to the market. The Central Bank in its proposal to turn towards the most excellent intercontinental banking practices will hone the prudential norms and strengthen its organising mechanism, which will lead to pellucidity and revelations. In the time to come, banks are estimated to engage in recreating an exact handy part in the money-spinning event and the emerging trade will grant plenty of small business opportunities to connect. Human Resource Management is presumptuous to be of larger importance. As banking in India will develop into extra and additional skill supported, human investment will emerge as the finest assets of the banking system. Finally banking is all about associates and not simply numbers to count.

The bank which adopts the advance methods of technology to provide well in time information contribute appropriately in the way that will distinguish productivity foster and in that way grow a competitive edge. To compete in a thrift, which is gateway up, it is critical for Indian Banks to discern newest technology which mutate it to go well with their environment. Banks can see Information technology as a prospect to manufacture new systems that solves an expansive array of client desires plus numerous that may not be conceivable today.

- It seems increasingly vital for banks to consider and establish the benefits of implementing latest technology. The fruit of technology will undoubtedly nibble luck sweeter as the revenues reaping in are capable of being calculated in definite terms but it requires safety measures.

- It's not been easy going for banks cutting to hop against IT trend rather deterrent in the pathway like stubbornness some time ago publicized by trade unions who sensed that IT may well rotate out to be an intimidation to existing safe employees. Moreover, another pratfall factor is banks expansion into far flung areas particularly remote areas where arrangements and execution is still severely disrupted. Another challenging task for banks is that they are inflicted with the helplessness of banks to keep hold of the skilled and talented personnel especially those having adequate knowledge of IT.
- The over dependence on technology in banking sector has risen up 'Security' issues. To escape any snag or failure on this interpretation banks need to have with them a well-established network of security including in-house security as well. The application of IT act has grown to be a blessing to the banking sector and the banks are required to at once make it certain to abide exactly by its pact. An endeavour should be thought to encompass e-trade activities in the country's consumer laws.
- Few are capitalizing in it to initiate the business progress, while others are having no alternative but to invest in it, to remain and survive in business. The selection of an appropriate channel, explanation of IT investment on ROI, e-governance, consumer affiliation management, protection concerns, technological outmodedness, mergers and acquisitions, dispersion of IT in far flung areas are the most important challenges and issues in the wake of IT in banking operations. Banking technology will see much more rise in investment in the years to come, but obtaining returns out of it will demand for new tactical measures.

### **Reforming Conventional Banking through a partnership between Banks and Fintech: A tactical approach**

The period in which maximum banks are overstrained by bequest system and procedures. India has jumped into an era of modernisation marked by continuous improvement in banking sector by indulging in newest technology ever. Digitalisation in current time period is spreading in an irreducible surroundings which forces banks to re- think their business constantly and as far as the transformation is concerned from simply talking digital to being honestly digitalised, Indian Banks are most influential. The example of much spoken technology is the launch of 'Fintech'.

The story of Indian Fintech arrives with an additional support starting from various initiatives taken by government to uplift inclusive financing and encouraging cashless society have further widen the pool of opportunities for companies indulging in Fintech technology and those adopting it with promptness will be at advantage. It is because of the positive support from the government that there has been steady rise in adoption of Fintech technology by consumers.

Following are the few fintech trends based tactics that could be the avant-garde in the years to come and will redesign the shape of Indian Banking system:

- **Next-gen chatbots:** In India, the adoption of chatbots was witnessed in 2017 when major Banks such as HDFC, ICICI and Yes Bank amongst various others accepted it to assist customer interactions. As of now, chatbots are believed to have the brainpower of 2-3 year old. Since machines do not writhe from physical or remembrance exhaustion, the development of chatbots could be best labelled as more exponential than linear. So, one can expect deployment of more chatbots in future to improve quality of customer interactions.
- **Machine-Learning:** In the years to come, banks will be adopting new method of machine learning to supply better offerings. To encourage this method many scientist will be drawn in this approach and they will be provided with consumer insights related to their behaviour, desire, anticipation and reactions. The information from these insights will be gathered by considering big analytical tools which will assist banks in forecasting customer prerequisite and will be able to meet them according to individual needs tailored specifically for them.
- **Blockchain:** Launch of 'India Chain' a campaign created by NITI Aayog is India's major blockchain network. The main aim is to diminish fraudulent activities, boost up contract enforcement and escalate transparency. Some key players have already initiated pilot projects to check out the viability of existence of blockchain into their ecological unit. Implementing these in banks will come up with various options to be discovered in near future to transform banking procedures.
- **Automated personalisation:** Banks will dominate the technique of fintech to distinguish the offerings that users get on their devices. Banks will redesign the appearance of apps based on real usage by

understanding users previous interaction history, inclinations and banking habits

- **Open banking:** A linked network for financial and non-financial services that provides a roadmap for banks to electronically and securely share customer data with apps, customers and others basically the need of today's banking. Application programming interfaces [APIs] agree to third-parties to access financial information proficiently, which encourages the development of new apps and services. With initiatives such as Unified Payments Interface (UPI) and Aadhaar Enabled Payment System (AEPS), banking will become wider over the period of time.
- **Adopting Phygital concept:** It is with the help of Fintech that banks are able to reach out customers who are rich in data but are poor credit wise. In developing country like India, there are many people who are still not in touch with the basic banking facilities; to overcome this drawback fintech works better by offering a concept named 'phygital' (a blend of physical and digital) experience. The aim is to provide effective self-service that empowers customers to walk into a branch and make use of basic automated services. Canara bank is one such bank to start with the concept titled CANDI, and more banks will follow the similar path in order to eliminate the restrictions between physical and digital banking.
- **Extended digital coverage:** Till now, maximum digital banking way out have been predominantly targeted at retail customers. With the passage of time, banks will now extend digital coverage to various other areas such as corporate banking and Small and Medium term Enterprises banking and also alter their internal operations to extract the best out of digital transformation initiatives.
- **Security:** Data is the new lubricant and with so much data being generated every second, hackers are relentlessly creating ways to attain it. As maximum cyber security measures up till now have been combative rather than defensive in nature, banks will now initiate the process of adopting additional measures to ensure data security at all steps using a mixture of encryption, OTPs, biometric authentication and various others.
- Since the Indian fintech space seems to be growing, 2018 onwards will be few critical years in that journey. Response from

Customers are positive in context to opening up to the latest banking innovations driven by technology, government support and entry of private players making major investments. All these factors are leading to greater financial addition because of which everyone will be able to get access to advanced banking services and a wide range of financial offerings. These developments will surely play an important role in this modification.

### **RECENT TRENDS IN BANKING:**

- **Electronic Payment Services-E Cheques:**

These days we hear a lot about e-governance, e-commerce, e-retail etc. Likewise, there has been technology up gradation for introduction of E-cheque, system which indicates towards the shift from traditional to e-cheque movement and eliminating thereby paper cheque.

- **Real Time Gross Settlement:**

RTGS is a system of electronic transfer wherein the money is instantaneously taken from the payer and the payee has access to it right away. This system is maintained and functioned by RBI which provides a means of an efficient and quicker transfer of funds among banks facilitating their financial operations. As the name proposes, funds transfer between banks takes place on a "Real Time" basis. Therefore, money can reach the beneficiary instantly and the beneficiary's bank has the obligation to credit the beneficiary's account in two hours.

- **Electronic Clearing Service (ECS):**

It is a retail payment system that can be used for making bulk payments/receipts of a related category specifically where each individual payment is of a repetitive nature and of relatively smaller amount. This facility is basically availed by companies and government departments who regularly make/receive large volumes of payments rather than for funds transfer by individuals.

- **Point Of Sale Terminal:**

It is an electronic replacement of cash register. During a transaction, the customer's account is debited and the retailer's account is credited by the computer or the amount of purchase. It is mainly used in industries that have a point of sale such as service desk including restaurants, lodging etc. Nowadays these are also Web-enabled that makes remote training and various operations possible such as inventory tracking across geographically distributed locations.

- **Electronic Data Interchange:**

Electronic Data Interchange is the electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advices etc. in a standard, computer handled, universally accepted format between trading partners.

### **CONCLUSION:**

Evidently, with the involvement of digital payment space the sector has observed tremendous progress and innovations that India has become the most forward-looking country when it approaches to the digital payment ecosystem. Cash is not the only factor dominant; payments through mobiles are gaining fame and certainly not are the current account the only thing one routines to handle money. Banking is turning out to be more democratised with the improvement in technology and new services are shifting the way one thinks about financial transactions and the technological proficiency and its application. Banks need to utilize multiple media tactics to create a successful digital campaign. While framing tactical approach, there are millions of metrics that needs to be analysed and each of them can be helpful in climbing up the ladder as today's digitised customers have greater expectations than older times. To be worthwhile banking sector needs to harness fresh innovative approaches to fascinate and preserve customers through highly significant and tailored experiences through multiple channels. Even though customers now have the freedom to switch banks more quickly than ever, it's the job of the banks themselves to unlock added services and ultimately put the clients firmly at the midpoint of what they do. They should harness the power of user-created content and follow up with customers should be done at regular intervals about how a service may have influenced their lives, revolutionized the way they do their tasks and in turn what banks actually has learned from the process.

### **REFERENCES:**

1. Tavishi and Santosh Kumar (2013). An empirical Study on Technology Adoption by Indian Banks, *Global Journal of Management and Business Studies*, ISSN 2248-9878 Volume 3, Number 10 (2013), pp. 1169 - 1172.
2. Sabita Paul, (2013). The Adoption of Electronic Banking (E-Banking) in Odisha, India, *International Journal of Scientific & Technology Research* Volume 2, Issue 5, May 2013, PP No. 258 – 262.
3. Prema C. (2013), Factors Influencing Consumer Adoption of Internet Banking in

India, Karunya School of Management,  
Karunya University, Coimbatore, India.

4. Vandana Tandon Khanna & Neha Gupta (2015). "Customer's Perception about Banks Technology for Innovative Delivery Channels of Public Sector Banks (PSBs) of India", International Journal of Business and Management; Vol. 10, No. 2; ISSN 1833-3850 E-ISSN 1833-8119.
5. <https://bynd.com/news-ideas/how-banking-can-improve-the-digital-experience//>
6. <https://bankinnovation.net/2017/01/6-hottest-trends-for-banking-2017//>
7. <https://blog.vimarketingandbranding.com/utilizing-multiple-media-tactics-to-create-a-successful-digital-campaign>
8. <https://thefinanser.com/2017/01/5-banking-tech-trends-2017.html//>
9. <https://thefinancialbrand.com/54551/does-bank-advertising-work/>
10. <http://www.ibef.org/blogs/digital-payment-industry-in-india>
11. <http://www.influencive.com/unconventional-digital-marketing-strategies-that-actually-work/>
12. <http://brandequity.economictimes.indiatimes.com/news/marketing/a-closer-look-at-the-opportunities-challenges-and-success-for-digital-marketing-in-2019/68535897>

---

### Corresponding Author

**Pelak Mehta\***

Research Scholar of NIILM University, Kaithal