

# Increasing Digital Banking Adoption and Usage Trends in India and its Impact on Financial Inclusion



Narinder Kumar Bhasin, Anupama Rajesh

**Abstract**— *Financial Inclusion in India is growing with adaptation of increasing Digital Banking Trends with more Fintech players entering into the market. With more disruptive technologies and intervention with help of internet and mobile banking, adaptation and usage of electronic banking in rural and semi rural areas is also reflecting increasing trends. This reflects that more households are provided with affordable banking services including savings accounts, loans, pension and Rupay Debit Cards for the day to day retail transactions. This paper focuses on recent trends of digitalisation and analyzes the sustainability impact on increased and advanced Financial Inclusion in India.*

**Key Words :** Digital Banking, Financial Inclusion, Sustainability, Retail Payment

## I. BACKGROUND OF THE STUDY

Current Scenario of Indian Banking System is facing many disruptions due to various banking reforms and new initiatives jointly by Government of India, Ministry of Finance and Reserve bank of India. It started with Financial Inclusion Initiatives with Launch of PMJDY in 2014– A mega event to open the accounts of common man to Demonetization in 2016 to remove illegal money from the economy. Demonetization paved the way to increase in digitalization products like digital wallets to make new digital and cash free India.

Digital Banking have been existed in India for a very long time and it's not a new initiative but the adaptation by customers as well as the focus of the bankers have increased in the recent past 2-3 years . In India, various forms of payment system exists which are broadly classified into two – paper based and non paper based (E Banking). Banks have adopted new emerging technologies and RBI has also introduce new law on payment and Settlement Act, 2007 for new rules and guidelines to be adopted by the banks in their internal operations for safety and providing excellent customer services. On 28th July, 2018 Srikrishna Panel has

submitted report to the Government on the personal data protection for taking explicit consent for using like biometrics, religious, personal messages and political belief.

Financial Inclusion – PMJDY scheme played an important role to give access to affordable banking services like savings, deposits , remittances , insurance cover both accidental as well as life , pension and loan up to Rs. 5000/- to people who have been excluded from banking facilities for want of KYC documents. Demonetization forced the people to adapt digital banking options when paper currency money supply was short for few months. Kiryana shops, milkman, photocopy shops, vegetable vendor's etc start accepting credit cards or digital wallets for very small transaction Worth Rs. 100 or 50 through QR code based by Scan. This enable customers to make small Payments for utility day to day needs. Make in India and Digital India Projects have been launched by the Government of India to take this initiative of Financial Inclusion and Digitalization to the next level to bring paradigm shift of replacing cash and cheques with digital wallet, internet and mobile banking.

The research paper throws light on the relationship between financial inclusion and digital India. Financial inclusion is recognized globally as an important tool for connecting and delivering the financial services to all the sectors of the economy. Digital Banking through mobile and internet banking can reach to remote areas rural, weaker, farmers and low income section of society so that they can shift their financial needs to proper banking channels instead of unorganized financial channels like money lenders, friends and relatives. Digital Financial Inclusion can further strengthen the payment system of the country to secure and faster movements of funds. Digital India is an initiative taken by Indian government to provide government services electronically to all the citizens. The research studies the sustainability effect of digital India initiatives on the concept of financial inclusion. P K Oziler 2017 explain the various benefits of financial inclusion and digital financial services to various stakeholders of financial system like digital banking users, banks, financial institutions and Government . These studies also focus on various issues and challenges exist to for sustainable development of digital finance to make financial inclusion benefits more effective for the economy as a whole.

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\* Correspondence Author

**Dr. Narinder Kumar Bhasin\***, Professor , Amity University , Uttar Pradesh , Noida ( AUUP ), Uttar Pradesh, India.

**Dr. Anupama Rajesh** , Professor , Amity University , Uttar Pradesh , Noida ( AUUP ), Uttar Pradesh, India.

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## II. INTRODUCTION

Indian Banking System have witnessed the cash less drive after Demonetization in Nov 2016 but the Journey of transformation from traditional banking models to digitalization have started long back in 1987 when ICICI Bank became the first bank and started providing Internet banking facility. This was followed by introduction of first ATM in India by HSBC in 1987, First Public Sector Bank - Central Bank of India introduced Credit Card but the pace of growth of E / Digital banking was slow. Recent Investor's presentations by the banks as on 31<sup>st</sup> march 2018 shows that customers services by the banks at retail branches are decreasing. HDFC Bank stated the customer transactions in bank branches have been reduced from 43% in 2008 to 8% as on 31<sup>st</sup> March, 2018 where Axis Bank's business has undergone a similar digital change with 92 per cent transactions happening outside branches as opposed to 87 per cent a year ago. The major reason for this shift is due to increase in Internet and Mobile Banking adaptation by customers and financial awareness created by Retail bank branches.

PMJDY was launched in 2014 to achieve Mission 100% financial Inclusion to increase opening of savings accounts with Rupay Debit cards with deposits mobilization by both public and private sector banks. Digital Financial Inclusion in developing countries has played an important role to increase financial literacy and awareness to reach the customer who are far off and have been excluded from the affordable banking services. Digital Banking & Finance and Financial Inclusion has become the tool for economic growth and poverty reduction. Fintech companies like Paytm, Airtel are also playing an important role in reaching the common man for small digital payments as well as posing threat for the big banks. This chapter focuses on the growth of digital banking in India and impact of digital finance for achieving Financial Inclusion and Financial System stability.

There has been a paradigm shift in Indian Banking Customer in fast adoption of using digital technology like card payments, internet and mobile banking for settlement of commercial transactions in their day to day life. The main reasons for this growth in internet and mobile banking are due to easily availability of data plans at low cost, increasing awareness, and convenience in operations to online banking systems from manual and offline payment systems. Changing needs of the customers and their behavior have kept the banks to develop new range of banking products and services via different digital modes and channels. Indian Banks have implemented the important innovating digital technologies and infrastructure to improve customer relations in all segments – Urban, Semi urban and rural market. The advanced Digital cloud based technologies which are bringing the change in conduct of the business processes across all industries globally. The main advantages of Digital banking are the speed and accuracy in the movement of funds and the big challenges is security, data analytics and data privacy. Huge investments have been made by banks in their IT spend budgets. The Digital Revolution has changed customer's expectation, innovative high profile relationship model, avid consumer of new product components and services.

Digital innovation and transformation has created need of dedicated and expert workforce who understands these technologies and smoothly manage this transformation. Artificial intelligence, Block chain technology, IOT, and other emerging technology are the forefront of E Banking and banks requires the leaders who can change these legacy systems and improve the customer experiences. In digital banking customer just need an internet connection to have access to the multichannel banking and avail the services from home or outside through Mobile or laptop.

## III. OBJECTIVE OF THE STUDY

1. To study the trends of growth of Digital banking and initiatives being taken in its implementation in India.
2. To examine and analyze the sustainably impact of Digitalization in Achieving Financial Inclusion in India.

## IV. RESEARCH METHODOLOGY

Secondary Data has been collected, Studied and Analyzed from the various sources as mentioned below:

1. Research Journal and Papers
2. Websites
3. Newspaper Articles
4. Published Reports
5. Reserve Bank of India Journals – Payment System Indicator
6. National Payment Corporation of India – Retail Payment System Statistics
7. Pradhan Mantri Jan Dhan Yojana Website – Pmjdy.gov.in

## V. LITERATURE REVIEW

Niti Aayog Report on Digital Payments - Trends , Issues and Opportunities ( 2018 ,India ) highlights the back ground of evolution of digital payments in India , explain the legal definition of electronic / digital banking , traces the growth trends in customer adoption and usage of digital banking by using the data from Reserve Bank of India , National Payment Council of India , Ministry of Finance , Comptroller and Auditor General of India , Ministry of Finance and Ministry of Electronics and Information Technology. This report also explains the Digital Payment Summary trends in 2017 -18 and suggest that though there has been robust growth in both volume and values of digital banking and three times higher growth in total retail payments in last three years. RBI Journal Payment and System Indicator (Jan 2019) report reflects increasing trends in usage of electronic banking. RBI Report reflects that in November 2018 - Immediate Payment Service (IMPS) value has reached 1347.57 billion and National Automated Clearing House (NACH) 1428.33 Billion. Debit Cards usage at ATMs and POS have increased to 3319.10 Billion whereas Mobile banking has touched 2458.59 Billion. NPCI, Retail Payment Statistics, ( Jan 2019 ) reflects Unified Payment Interface Value Rs. 822.32 billion – with break up BHIM – 79.82, USSD 2.0 – 0.20 and UPI excluding BHIM & USSD – 742.31 . Rupay Card usage at ( POS ) Rs. 75.50 billion and Rupay Card Usage at eCom – 31.81 billion.

Business Line, Sept 2018 – BHIM UPI, Rupay swipe maser card visa reports that that these two UPI BHIM and RUPAY home grown payment systems have touched more than 60% of Digital transactions. Unified payment Interface is a digital banking product launched by National Payment Corporation of India (NPCI) which connects the various accounts of the customer through single mobile application device. UPI is fully compliance with regulatory guidelines and secure with single click two factor authentication works with virtual address without entering bank account, card number or IFSC Code. Bharat Interface for Money (BHIM) is another simple, quick and easy application for payment transfer using UPI platform. Various features of BHIM are Send Money, Request Money, Scan and Pay, Check Transactions History, View, Share and Download the QR Code and set Payment Reminders.

ADB 2016 report on Financial Inclusion on the Digital Economy Conference focused on the five important themes as the digital economy is rapidly developing worldwide.

These five themes are

- a. Trends in digital financial inclusion—key opportunities and challenges for reaching the unbanked and under banked
- b. A customer-centric approach to financial inclusion
- c. Digital business models for accessing financial services
- d. Supervision and regulation of digital financial services
- e. Cost and value of digital finance.

This report further discusses how multilateral development banks can support the financial inclusion through digital financial technologies. Session 2 of this conference highlights the main lessons learnt in developing few important business models that focus on financial Inclusion like Technologies as Market Drivers, Freemium models and cross selling's other financial services, Alternative data for small and medium sized enterprise, Role of social media network payment option, Thin Sim card overlay technology, E Commerce and Crypto currency and block chain technologies

Badar Alam Iqbal, Shaista Sami 2016 explains the role of banks in financial inclusion in India. This study focused on the various factors which affect the access to financial services like place of living, absence of legal identity, gender biasness, Limited knowledge of financial products and services, level of income and bank charges, rigid terms and conditions and nature of occupations and business.

## VI. INCREASING TRENDS IN DIGITAL BANKING IN INDIA

The footfall of the customer in retail bank branches are decreasing as technology has played an important role in bringing the change in the customer delivery of the banking and financial services. The New Digital trends in Indian Banking System in 2018 lead to innovative digital disruptions with the entry of new fintech players from the non financial sector that are emerging as a competitor to the traditional banks. Going ahead the relationship between banks and fintech companies will improve and collaborative fintech approach will be followed which will be helpful to both the banks and Fintech Company. Fintech have supported banks to grow so the banks have to move the next level of innovative technology in compliance with regulatory

guidelines of RBI. First, Block chain provides real time banking and has benefit of cost savings, accuracy and fast speed of settlement of financial transactions. Block Chain is similar to digital ledger with spread sheet distributed across a network and no risk of hacking data as the data is not stored on server or centralized data centre. Second, end to end digitalization by banks is helping the banks to shift and move ahead from conventional banking to convenient banking. Third Artificial intelligence has enabled banks to support clients, improve their banking experience and resolve their queries and issues.

India Digital Payment trend reflects the increase in number and values of internet, mobile and debit card users. India is a second leading market in the world for purchase of mobile phones and smart phone users are increasing as a result m-commerce sale have surpass e-commerce sales. It is expected that by 2021 Indian Markets will touch 63 billion USD. In India Digital Commerce Spend reflects people spend majorly 44% on travel services, 28% online non travel , 22% on E-Tailing and 6% distributed on financial services (3%), 2% other online services and 1% on matrimony classifieds.



Figure 1: India Digital Payment Trends Source: FSS Powering payments – [www.fstech.com/india](http://www.fstech.com/india)



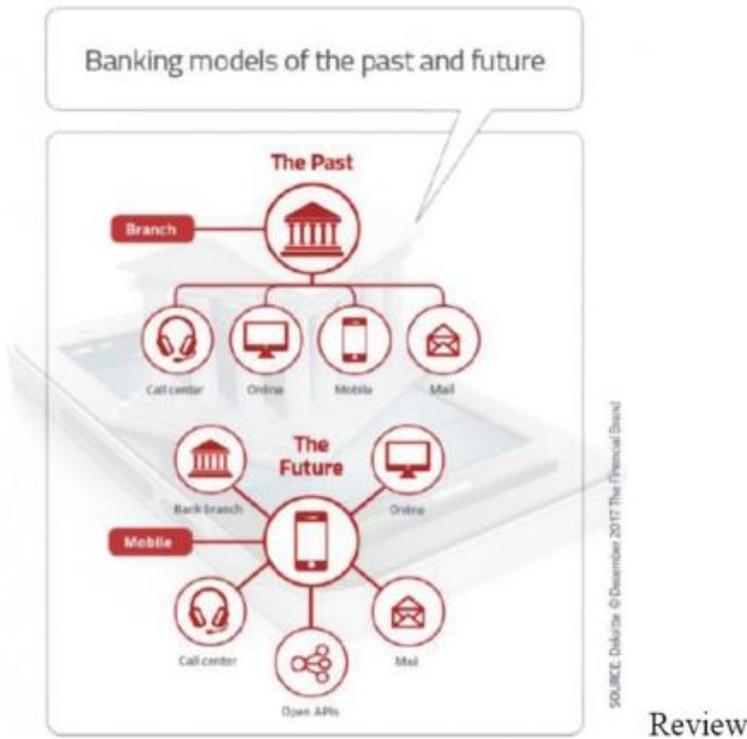


Figure 3: Three Most Important trends for Retail Banking in 2018 Source DBR Research 2017

Digital Banking Report

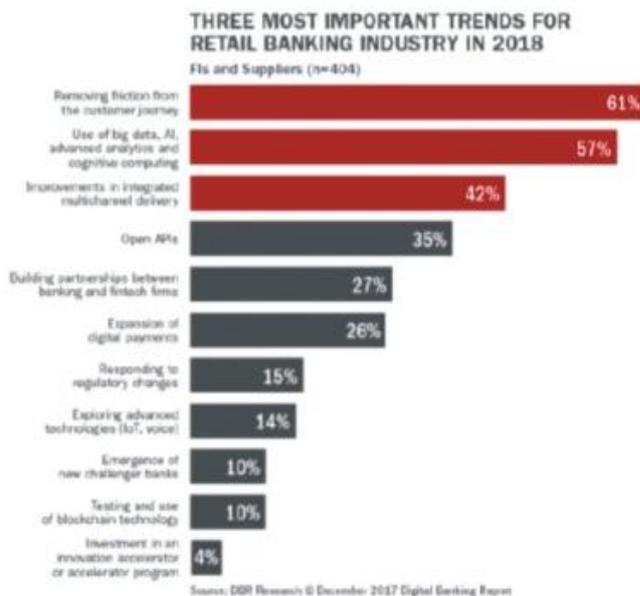


Figure 2: Banking Modes of the Past and Future: Source Deloitte December 2017 the Financial Brand

Above Figure 2 reflect that the Future of Banking in connected through Mobile thus replacing branch banking. Figure 3 above reflects that out of the ten emerging trends in retail banking all over the world , the top three trends relates to Customer Centricity vision of the banks , adaptation of big data , block chain , artificial intelligence and data analytics . Banks are looking to serve the customer through various channels and modes like point of sales machine, ATMs, Mall and E tailing. Various Imitative has been taken by RBI and NPCI with objective of shifting customer dependence on cash and paper based cheque system in India’s payment system to digital payments system. With further growth and advancement in information and technology, the trends reflect growth and evolving payment systems. NPCI has introduced new digital secure products in consonance with the path envisioned by the Reserve Bank of India. As part of this vision, the NPCI has been spearheading the development of the retail payments system. The Journey of Evolution and development of Indian Banking payments system moved on from manual settlement of funds transfer and clearing settlement to Electronic Payment System in last three decades. With introduction of Magnetic Ink Character Recognition (MICR) clearing in the early 1980s and in 1990’S Electronic Clearing Service (ECS) – both Debt and Credit was introduced. National Financial Switch in 2003

that brought about interconnectivity of ATMs across the country, the RTGS and NEFT in 2004, National Electronic Clearing Services ( NECS ) IN 2008 , Cheque Truncation System (CTS) in 2009, the second factor authentication for the ‘card not present’ transaction in 2009 and the new RTGS with enhanced features in 2013 [Mundra (2015)]. Fintech entities and companies have introduced and created the new market of the users who have adopted pre-paid instruments (PPI), financial transactions through digital wallets and mobile banking. These measures have been complemented by significant initiatives by the NPCI including the launching of CTS grid wise. CTS is an image based clearing system which has interoperability on IMPS , NFS , NACH, NFS and domestic card RuPay network , APBS and AEPS (which are an important part of the financial inclusion process), National Unified USSD Platform (NUUP), UPI and the BHIM application [Gandhi (2016)]. All these digital banking initiatives were launched pan-India which enabled faster movement of funds within 24 hours. Manual and MICR clearing of cheques were replaced by CTS and electronic funds movement through NEFT, the IMPS, mobile banking/payments and card payments. These Initiatives by RBI, Payment and Settlement Department and NPCI has brought a revolutionary evolution of the Digital Payments in Indian Banking Payment System.

**Table 1: Increasing Trends of E Banking Payment Systems in 2016-17 & 2017-18 - Source RBI Journal – Payment System Indicator Statistics**

Year	Comparative Analysis of Payment System Indicator		2017-18	
	Volume in Million	Value in Billion	Volume in Million	Value in Billion
<b>Types of Payment System</b>				
Real Time Gross Settlement	107.86	1253653	124.46	1467432
Cheque Truncation System	1111.86	74035.5	1138.05	79451.2
Retail Electronic Clearing	4204.96	132250	5467.29	192018
Cards	12066.87	38214	13358.6	38214.64
Prepaid Payment Instruments	1963.66	838.01	3459.05	1416.34
Mobile Banking	976.85	13104.8	1872.26	14738.5

Growth Trends – Retail Payment Statistics

Table 2 : Retail Payment Statistics on NPCI Platform – April 2018 to Jan 2019

Financial Year 2018 -19	April 2018 To Jan 2019	
Volume / value	Volume in Million	Value in Billion
<b>Types of Payment System</b>		
IMPS	1396.35	12646.3
Rupay Card Usage at POS	589.97	659.93
Rupay Card Usage at eCom	336.11	290.27
Unified Payment Interface UPI	3879.68	6367.73
BHIM ( UPI platform)	159.03	675.92

**Table 2: Retail Payment Systems on NPCI Platform – April 2018 – Jan 2019**

**VII. GROWTH TRENDS (DURING 2016-17 TO 2017-18)**

The two official sources on Digital Payments are RBI and NPCI, both of which are relevant and important. The narrative on the growth trends which covers the period from 2016-17 to 2017-18 is presented based on RBI Data. The analysis covers the trends over the years 2016-17 to 2017-18 i.e. Years preceding demonetization and compares the growth trends over the last two years i.e. 2016-17 and 2017-18 which was the post demonetization period.

Seven Important Payment Systems are selected for study to analyze the growth trends and data collected from RBI Journal – payment and System Indicators Statistics.

1. Real Time Gross Settlement (RTGS) is an on line real time settlement electronic funds transfer system for financial transactions for two lacs and above. All the four parties to RTGS Transactions have to ensure that remitter’s who has initiated the transactions should have IFSC Code of the bank branch of the beneficiary, Both the bank branches of remitter and beneficiary should be RTGS enabled. Individuals, Corporate as well as banks can participate in RTGS for customers as well as interbank transactions. Above table 1 shows the increase of Rs. 17.10 million in volume and Rs. 213779 billion in values of RTGS in the year 2016-17 and 2017-18 which reflects the customers are shifting from paper based payment systems to RTGS for high value transactions which are more secure, fast and accurate.

2. Cheque Truncation System (CTS) is an Image based cheque clearing settlement system where the physical image

of the cheque is truncated and transmits for settlement through electronic clearing house. It takes 48 hours i.e. T +1 for final credit to payee’s account. However with more focus on electronic and digital banking payment system, customers are shifting from usage of cheques therefore the table 1 shows the minor increase of Rs .26.19 million in volumes and 5415.07 billion in values in the year 2016-17 and 2017-18.

3. Similarly, we observe from the above table 1 that all retail electronic clearing like NEFT, NACH, Cards, prepayment instruments and mobile banking are showing the increasing trends of customer usage. This is a positive impact in country like India where cash and cheques are traditional payment instrument used by both individuals and business community.

Immediate Payment Service (IMPS) is another new initiative by NPCI where funds transfer system through mobile phones and available 24/7. Table 3 shows that IMPS, UPI, BHIM and Rupay card usage both at Point of Sales (POS) as well as on e commerce websites are reflecting increasing trends both in number of transactions volume as well as in funds transfer value. NPCI announced on its official twitter that the number of UPI transactions increased up to 620.17 million as compared to 524.94 million in Nov, 2018, up 18%. In Jan 2019, UPI volumes touched to 672.75 reflecting further increased to 8. % and total UPI volumes from April 2018 – Jan 2019 touched 3879.69 Million. With increasing UPI transactions, it has enabled users to establish digital transactions trails and this will provide access to credit to MSME sector at cheaper rate of interest.

**Table 3 : Progress Report on Number of Beneficiaries under PMJDY as on 20<sup>th</sup> Feb , 2019 ( All figures in Crores )**

Progress Report PMJDY : Beneficiaries as on 20/02/2019						
Bank Name / Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts(In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	14.96	12.72	14.57	27.67	73576.58	22.70
Regional Rural Banks	4.88	0.94	3.22	5.82	15766.52	3.73
Private Sector Banks	0.62	0.46	0.58	1.08	2451.62	1.00
<b>Grand Total</b>	<b>20.46</b>	<b>14.11</b>	<b>18.37</b>	<b>34.57</b>	<b>91794.72</b>	<b>27.44</b>

**Table 3: Progress Report on Number of Beneficiaries under PMJDY as on 20<sup>th</sup> Feb, 2019 (All figures in Crores)**

### VIII. SUCCESS STORY OF PMJDY – FINANCIAL INCLUSION

Success story of PradhanMantri Jan DhanYojana which started in 2014 as a revolutionary national movement mission to achieve the Financial Inclusion in India is reflected in above table 2. PMJDY has ensure and provided an opportunity to people from the different parts of society to open savings account and operate them for various banking, remittances, pension and insurance transactions at very low and affordable cost. Three special benefits under PMJDY made it a successful implementation was an accidental insurance cover of Rs. 1 lac, life cover of Rs. 30000/- and OD benefit of Rs. 5000 / per household per account and preferable in women of the household.

PMJDY implementation was very effective and efficient that by 31<sup>st</sup>Jan, 2015, banks open 75016094 accounts in rural area and 50457195 in urban area, thus totaling account number 125473289. Balances in these accounts reached Rs. 1049962.62( in lacs ) and number of Rupay Debit Card 110792799. Within the span of four years of launch of these scheme, total deposits in these accounts reached 91794.72 Crore and Rupay Debit card number 27.44 Crore.

### IX. IMPACT ANALYSIS OF DIGITALIZATION ON FINANCIAL INCLUSION

A. Bank Accounts for the Unbanked : Evidence from a Big Bang experiment – This empirical study in May 2017 suggests that with increase in the financial literacy level of the people , the following encouraging trends were observed by the bankers :

1. 70% of the dormant account moves to the active status as the operations and transactions between these accounts started by the account holders.
2. Number of accounts and funds in these accounts continue to increase.
3. Government direct benefits subsidy in PMJDY Accounts delivered directly
4. Cash balances and Small deposits transactions appear in these accounts.

In May 2016 another article “Who wants to be an Entrepreneur “recommends that by moving or shifting workers to more productive work from less productive jobs can facilitates the Financial development and Economic Growth .In India, people do many informal business and entrepreneurial functions and if Government can take initiative and shift these people into more productive organization and nurture their individuals talents, it will impact the economic growth in much big way. Since it would more time consuming process and more efforts to put to move from this position of financial literacy to next level. The two important challenges of non-performing assets (NPA) in the Indian banking sector and second Economic Dynamism in the formal business sector with long-term capital investments should be made by industry.

B. Digital Financial Inclusion Initiative is next revolutionary step and efforts by National Payment Corporation of India to reach the common man who have open accounts under PMJDY. NPCI with introduction of new payment systems like IMPS, Unified Payment Systems (UPI)

and BHIM is able to connect customer at remote areas to deliver digital banking services. Digital Financial Inclusion through NPCI’s E Banking Products have interconnected customers, financial service users , banks , mobile wallets , Fintech Companies , point of sale , Government and Economy as a whole. Digital Finance and schemes like PMJDY Financial Inclusion jointly can give many benefits to all these stakeholders. Digital Financial Inclusion can increase assess of the finance or loans to common man, less financial intermediation costs to Fintech providers and banks.

C. Small and Payment Banks: The objective of giving licenses to Payment and Small banks is to further strengthen and increased the assess of financial inclusion by providing banking services to low income households, unorganized sector and small business entities. But these banks needs to follow all the rules and regulations under banking Regulation and RBI Act. Airtel Payment bank which was opened in Jan , 2018 and on 7<sup>th</sup> March , 2018 , RBI imposed penalty on Airtel Payment Banks to the tune of Rs. 5 crore for violating and non adherence of KYC guidelines and opening of account without customer consent. On 20<sup>th</sup> June, 2018, RBI has instructed Paytm Payment Banks to stop acquiring new customers for the process followed in new account opening and adherence to KYC norms. Paytm Payment banks have a very progressive and impressive increase in adaptation of customer’s digital payment transaction in Tier 1 and 2 Cities. 50% of the Paytm users from Tier 1 and Tier 2 cities have recorded Five Billion transactions as annual run rate and Gross transaction value \$ 50 Billion in July 2018 where as it was just \$ 1 Billion in June 2017. Paytm Payment Banks uses UPI for their services like recharges and utility bill payments P2P mobile wallet. Small and payment Banks are very important tool of achieving Financial Inclusion and they need to ensure full compliance with Banking Laws and KYC Norms.

Fintech Companies: Growth rate of Fintech ecosystem around the world is growing with collaboration of Global Fintech software and likely to touch USD 45billion by 2020 and 7.1% CAGR – Compounded Annual Growth Rate. Indian Fintech Software market is expected to reach USD 2.4 billion. Fintech companies promote use of smart phones which can connect increasing youth demographic both in urban as well as rural areas. Fintech companies with high level of advance technology can promote financial inclusion in a big way. Fintech companies plays an important role of collaboration and integration with various agencies and take holders like Start Ups , universities and research institutions , government and regulators ,Financial institutions , Incubators and Accelerators and Financial users. ( Figure 4 )

KPMG Report 2015 role of digital banking in furthering financial inclusion suggests that technological innovations in Indian banking System is likely to drive more financial inclusion as brick and mortar retail banking branches are proving to be costly and not able to connect rural areas . The report focus on The Impact of Digital India 2019 vision document issued by Government of India and various initiatives like provision of WIFI services. Broad band internet access, Direct benefit transfer, Aadhar Data analytics, Aadhar based Payment Services for biometric identification.



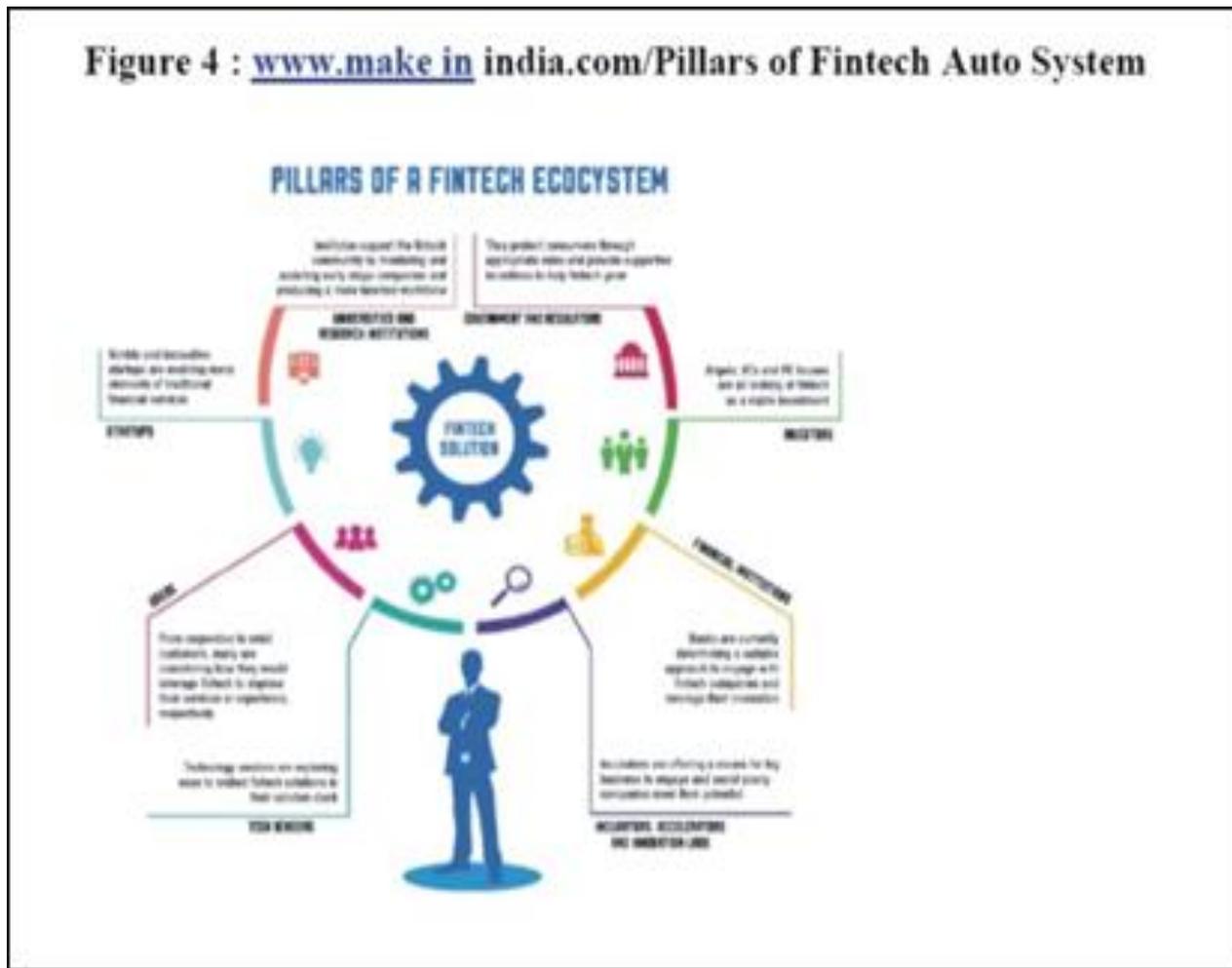


Figure 4: [www.makeinindia.com](http://www.makeinindia.com)/Pillars of Fintech Auto System

**X. CONCLUSION**

Based on the above discussion and trends of increasing digitalisation in Indian Economy reflects that there are progressive signs of paradigm shift in adaptation of E Banking services by the customers thus replacing old traditional banking systems .People are now using internet and mobile banking for their day to day transactions in large number . With India’s population going digital at a very fast pace, the number of Internet users in India expected to increase from 242.92 million in 2015 to 420.17 Million by 2019 .Mobile phone users who access internet in India in 2018 were 390.90 Million and projected to touch 500.90 Million in 2023 .( Statstia.com 2018) . However, only 186 million out of 918 rural population are using internet as compared to 295 million using internet out of 455 million populations. Here is where the role of Small, payment banks and Fintech companies become important to achieve the dream of Government to achieve the national mission of 100% Financial Inclusion and Digital India. All the stake holders’ banks, small banks, payment banks, fintech companies, government and financial users have to collaborate to achieve the full benefits of Digital Financial Inclusion. With Indian government’s continuous focus and efforts to increase the growth rate of digital services will result in increase in benefactress in Jan Dan Yojana. Fintech

start-ups and potential investors will create new jobs as well as Economic Dynamism.

All these signs are encouraging, though the market is still nascent and fragmented. Increasing trends in value and volume of digital finance from early adopters urban and semi urban areas users. To make digitalization more effective , convenient and attractive , banks needs to provide more and more value added services , Overdraft and loans to farmers and low household on case to case basis . Digital Financial Inclusion has a sustainable potential of achieving a success story of transforming India by 2022 by providing digital banking services to each and every individual who has a bank account.

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