



STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...
To empower the student community...*

OPEN  ACCESS www.sib.co.in

 ho2099@sib.co.in



May 2016

Theme 294

DIGITAL BANKING



Celebrating 25th Year of Publication

HOME COME TRUE

WITH SIB HOME LOANS,
YOUR DREAM IS EASIER TO REALISE.

LOW INTEREST
ATTRACTIVE TERMS



| Simple documentation procedures | No prepayment penalty | Repayment tenure up to 30 years*
| Low processing fee | No hidden charges | Flexible & fixed interest options



Experience Next Generation Banking

The South Indian Bank Ltd., Regd. Office, SIB House, P.B. No. 28, Thrissur, Kerala, PIN-680 001
Ph: 0487 2420020, Fax: 0487 2426187, Toll Free (India): 1800-843-1800, 1800-425-1809 (BSNL)
Email: sibcorporate@sib.co.in | CIN : L65191KL1929PLC001017

South Indian Bank is a member of BCSBI and is committed to treat customers in a fair, transparent and non-discriminatory manner.

Theme No: 294: DIGITAL BANKING

A well informed customer will make the policy makers as well as organization which produce goods and services more responsive to the customer needs. This will also result in healthy competition among organization and improve the quality of goods and services produced. The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. The world is moving towards digitalization. The banking industry is also moving in this direction. This month we discuss about digital banking.

What is digital banking?

Digital banking means more than going paperless. It includes offering a new and improved customer experience by delivering the service efficiently without manual intervention.

What is the importance of digital banking?

- With an unbanked population of 47 %, and more than 900 million mobile subscribers, the digital banking will be the most viable option for a financial inclusion.
- Will help to have immediate response for the customer needs and queries through digital engagement.
- Digital banking will reduce the cost of operation and enhance the efficiency.
- Digital banking will result in better product discovery with help of data analytics.
- Will reduce costs by migrating transactions from the branch to online which in turn will result in profit

What are the Benefits of digital banking ?

The digital banking offers both inside and outside benefits in an organisation. The inside benefits for a digital application will help the organisation to function more effectively. Some of the inside benefits are as follows

- Lean channel of communication and organisational structure.
- Agile communication.
- Better MIS due to integrated IT structure.

- Better automation results in reduction of cost and an increase in profit.

The outside benefits are mainly for the customers. Some of the outside benefits are as follows:

- Fair pricing and transparency.
- Ultra fast response system.
- Secure system.
- Better spectrum of products.

The major advantages and disadvantages of digital in banking are given below:

Advantages	Disadvantages
24 hours accesses to account	The customer needs to be extremely cautious on security.
Flexible and customise payments.	Loosing customer interaction and eventually banking becomes data centric.
Accesses accounts from anywhere in the world.	Absence of physical documents and strict regulatory compliance.
All banking products available online.	Banks may lose business from old customers who are not so tech savvy.

What are the various channels of digital banking?

The various channels of digital banking are

- Internet banking
- Mobile banking
- SMS banking
- Call centre
- POS terminals
- ATM
- E-wallet
- Social networking websites
- Other websites

Explain briefly digital India program

The digital initiative along with the payment infrastructure will be the cornerstone of the digital economy. It focuses on provisioning digital utility to every Indian creating digital empowerment. The main features of digital India program are the following:

- An investment of USD18.4 billion to provide last mile internet connectivity.
- Better access to government services, and development of IT skills.
- Setting up of a pan India fibre-optic network by June 2016.
- Provision of Wi-Fi services in cities with a population of more than one million, as well as major tourist centres.
- Provision of broadband internet access to 250,000 village clusters by 2019 at a cost of about USD5.9 billion.
- Availability of ‘digital lockers’ to each citizen, allowing them to store all their original identification documents and records.
- Development of 100 smart cities in India, for which USD1.2 billion has been allocated.
- Universal phone connectivity.
- Setting up of 400,000 internet access points.
- Digital inclusion targeting job creation for nearly 1.7 crore people trained in IT, telecom and electronics.
- Creation of at least 8.5 crore indirect jobs related to IT.
- Focus on moving towards automation in delivery of government services.
- Leveraging of Aadhar card for the direct benefit transfer schemes.

How digital banking can help financial inclusion program?

The Reserve Bank of India broadly defines financial inclusion as providing ‘wide range of financial services at a reasonable cost’. This provision of access to banking services to nearly 47 per cent of the reportedly unbanked population in India has the potential to unfold huge growth opportunities for financial services players. The digital banking will have a positive impact on the financial inclusion in India. The need of digital banking for financial inclusion in India is illustrated below.

- Brick and mortar businesses are proving to be an uneconomical proposition for banks in rural or remote areas.
- There are distribution challenges due to localised constraints.
- Conventional banking models are not feasible for low ticket size of transactions in rural locations.
- The reach of financial products can be made effective by digital application.
- Digital application in banking will lead to better utilization of human resource.

What are various steps taken by the banks towards Digitalisation?

There are 3 phases of digital banking-Phase-I, Phase-II, Phase-III. The various phases are illustrated below

Phase-I- The traditional banks will start offering their customers high quality web and mobile interfaces. The digital banking is offered as an additional feature to the normal banking

Phase-II-The banks start offering fully integrated mobile experience. The customer uses his mobile phone to open account, avail credit facilities, effecting payments, resolving credit card disputes etc.

Phase-III-The banks will shift from having a physical presence to a virtual bank. All the validations, queries, processing will be done online. The bank in this phase will more rely on the data analytics to assess the customer. There will hardly any presence of physical bank and more of a virtual bank.

What are the essential factors necessary for the successful digitalisation of banking businesses?

Following are the important factors necessary for the successful digitalisation of banking business

- Customisation of products
- Organize for creativity, flexibility, and speed
- Focus on real value
- Robust IT system
- Creative marketing
- Creating an ecosystem of partners

The banks need to adopt the digital way of banking at the earliest. This will enhance the productivity of the banks and provide opportunity to enhance better customer service. There will be days in which we will be having a set of only digital banks which is in line with the present E-commerce players. The graduation towards such will be faster as the banking is in service sector and does not involve much of the inventory cost

YOUR DREAM VEHICLES ARE DIFFERENT. SO ARE OUR VEHICLE LOAN SCHEMES.

TAILORED TO SUIT THE NEEDS OF:

| SALARIED CLASS | BUSINESS PEOPLE | NEXT GEN
| AGRICULTURISTS | NRIs | SENIOR CITIZENS




| Low Interest Rates | Easy Processing | Enhanced Eligibility



Experience Next Generation Banking

The South Indian Bank Ltd., Regd. Office, SIB House, P.B. No. 28, Thrissur, Kerala, PIN-680 001
Ph: 0487 2420020, Fax: 0487 2426187, Toll Free (India): 1800-843-1800, 1800-425-1809 (BSNL)
Email: sibcorporate@sib.co.in | CIN : L65191KL1929PLC001017

South Indian Bank is a member of BCSBI and is committed to treat customers in a fair, transparent and non-discriminatory manner.

 <http://www.facebook.com/thesouthindianbank>



**SHAKE TO
TRANSFER
MONEY AND DO
MUCH MORE.**



**SIB MIRROR
REFLECTION OF SOUTH INDIAN BANK**

Never-before features on a smart banking app:

Shake to transfer funds | Shake to know balance | Click to share your account information
| Gesture support for menu access* | Menu navigation using voice recognition* | Pattern lock

OTHER FEATURES

Calculators | Forex Rates | SIB Locator | My Account (only for SIB account holders) | Deposit Rates | Apply for Deposits and Loans | Contact Us | About Us

THE SMART WAY TO BANK WITH SOUTH INDIAN BANK.
 DOWNLOAD SIB MIRROR ON YOUR SMARTPHONE NOW.

 Android |
  i-Phone |
  Windows Phone |
  Blackberry

The South Indian Bank Ltd., Regd. Office, SIB House, P.B. No. 28, Thrissur, Kerala, PIN-680 001, Ph: 0487 2420020, Fax: 0487 2426187, Toll Free (India): 1800-843-1800, 1800-425-1809 (BSNL), Email: sibcorporate@sib.co.in | CIN : L65191KL1929PLC001017

 <http://www.facebook.com/thesouthindianbank> |   



South Indian Bank is a member of BCSBI and is committed to treat customers in a fair, transparent and non-discriminatory manner.

*Handset specific

blackswanindia.com