Impact of Digital Divide on Digital Banking Services Rendered by the Banks of India

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Abstract

Purpose: To study the impact of Digital divide on the Bank’s Digital services in India. In this study we’ve investigated the reasons leading to the Digital divide and the measures to bridging up the Digital Gap. To study the effect caused by the Digital Divide on the Indian Economy.

Methodology: The study is built on a mixed approach, which incorporates Literature Review and Opinions of both Academicians & Industrialists. The data has been collected through authenticated sources only.

Major Findings: The study has found that the Digital divide is a gap which arises due to the following reasons: different initial settings of countries, differences in societies, weak access to Information and Communication Technologies, weak access to information and knowledge. Here are some effects of Digital Divide on economy, weak development and growth, asymmetric and lost knowledge, lower ability to manage knowledge, lower ability to innovate.

Keywords: Digital Divide, Customer’s Perception, Digital Services, Digital Banking, Commercial Banks.

Introduction

Digital Divide refers to the gap between demographics and regions people who have access to the modern information & communication technology and those who haven’t. It is described as the uneven distribution of ICT (Information & Communication Technology). Digital Divide usually occurs when some segment of a given population do not have the equal access to the ICTs. In today’s scenario everything is accessed over smart devices with internet connectivity. Especially, after the covid-19 pandemic crisis happening in the global economy, it leads to the great rise to the use of Digital technology in our routine life. Digitalization has become essential in every field wherever we go, Educational Institutions, Organizations, and Banking etc. Digitization has benefited the economy by accessing remote education, remote healthcare, hybrid work, internet surfing for customers, small online startups etc. Let’s discuss in detail about Digital Divide in the context of Banking. Digital Banking is a Digital Transformation in the Banking sector. Earlier Banking was a time consuming process in India. Customers were used to keeping a track record of transactions history and all
Banking details in the form of physical documents. The accessibility of anywhere and anytime to Digital Banking services leads to immense use of Digital Banking. The customers need not to visit the Bank Branch for transactions and other services; They can perform transactions smoothly with high speed, more accuracy, and with more convenience. A Digital Divide is exposed during the pandemic with 60% of adults lacking in Digital skills required to work, to learn and to access the critical online services. The gap in the Digital Divide may exist for a number of reasons like, Income, education, race, gender, geographic location, age, skills, awareness, and political, cultural and psychological attitudes.

Covid-19 pandemic has hit hard on millions of living without high speed Wi-Fi. Earlier, mobile phones were luxury items, now smart phones are the essential lifelines to the classrooms, financial institutions and workplace.

The digital divide in the context of banking goes beyond the ability of people to receive government aid in a timely manner. It has implications for everything from depositing paychecks and paying bills, monitoring account balances, checking account scores, applying for loans and procuring unemployment compensation. People who lack consistent internet access have fewer touch points with their banks and creditors over long time phone calls. Since smaller banks are typically offering less digital tools as compared to big banks. And many of their clients lack constant wife access to the basic banking services. Those who do not have online access to their accounts and transaction services, they need to go to the physical branch, like check cashing outlets, post offices, and payday lenders to access the banking services. They may need to wait in queue lines for the access to Banking Services and those who have online access they can easily access the Banking services anytime and anywhere with their Digital Banking Applications.

Digital Divide occurs due to the gap between the following: Knowledge and skills, attitude and culture, Institutional structure & type of Government, Socio economic status, Infrastructure, and Price, speed, content & Quality of service.

There is a significant gap between the rural and urban areas, when it comes to access to the high speed internet and the cost of high speed internet both. The Wired broadband expenses are higher in less densely populated areas than for those with higher population areas.

Digital divide is a gap which arises due to the following reasons: different initial settings of countries, differences in societies, weak access to Information and Communication Technologies, weak access to information and knowledge. The above causes the digital divide or digital gap in the country. Here are some effects of Digital Divide, weak development and growth, asymmetric and lost knowledge, lower ability to manage knowledge, lower ability to innovate. To bridge this
Digital Gap the Government has taken some measures like, implying National strategies, open sources, open innovations.

The Digital Divide has impacted almost every sector of the economy, let’s discuss in detail about banking here. Digitization has totally transformed the Economy; the technology has totally removed the paperwork from daily routine life of an individual or an organization. Earlier people were used to maintain their records over books and notes i.e., via documents. This was time consuming as well as difficult to securely maintain. But now people need not to carry their documents along with themselves in physical form, digitization has totally removed the paperwork.

Digital divide refers to the uneven distribution of technical resources including Smart devices and Internet of Things. It is already discovered that technology, communication and customer behavior are the driving principles of change. For instance, earlier the physical location of a bank was the primary point of contact for the services but now in the modern world of technologies, customers can now choose the way of accessing services via the Internet of things. This shift simply means that banking is no longer only about providing financial support to the customers but rather about new ways to communicate and solve the problems of their customers. Digital divide occurs due to lack of access to Information and communication technologies. Smart cities can overcome the digital divide by spreading awareness and providing training to the citizens, by making technological tools and connectivity more accessible, by leveraging public and private partnership etc. Banks are bridging the digital divide by providing efficient awareness to the general public about online access to the Banking services.

As per the Today’s scenario, here are some solutions to the Digital Divide, the development of Internet Infrastructure, increase in affordability, empowering the users of online sources, addressing gender gaps in accessing the internet, and by improving the relevance of online content.

**Literature Review**

Pérez-Amaral, Teodosio; Valarezo, Angel; López, Rafael; Garín-Muñoz, Teresa; Telecommunications Policy. Mar 2021, Vol. 45 Issue 2, pN. PAG-N.PAG. 1p; Digital divides across consumers of internet services in Spain using panel data 2007–2019. Narrowing or not?: The main objective of this paper is to study the gaps that occur due to use of internet service by the household sector of Spain during the time span of 2007- 2019. This paper defines the digital gaps as the differences in the use of internet services across individual consumers. Digital gaps reveal
the evolution of digitalization and in some cases of digital exclusion for some specific groups. Knowledge about digital gaps is useful for policy makers. The policy recommendations regarding digital education programmers for the elder age group and to the people with low digital skills and who are less well educated.

Orkun Saka; Barry Eichengreen; Cevat Giray Aksoy;, JEL classification: G20, G59, I10, Epidemic Exposure, Financial Technology, and the Digital Divide: Epidemic exposure is related to the increase in online or digital banking. In this study we ask whether epidemic exposure leads to a shift in use of financial technology and who participate in this shift. Young high income earners in full time employment have a higher tendency to shift to online transactions during this epidemic.

Dobbs, Jim (AUTHOR), American Banker. 11/12/2021, Vol. 186 Issue 218, p2-3. 2p. Widening digital divide forcing more community banks to find buyers.: All banks need digital tools and skilled people to capitalize on the change and new business. Everyday technology becomes more important in banking. Growth is the best way to keep technology up. Digital Divide reveals the evolution in Digital Banking. It leads to information awareness to the society about the innovative Information and Communication Technologies.

Brace, Rebecca, Global Finance. May2014, Vol. 28 Issue 5, p 46-48. 3p., Bridging The Digital Divide.: corporate banking has always lagged the retail sector when it comes to the digital Technologies adoption. Mobile Banking Services are gathering pace and are even contemplating Banking Services based on wearable Technologies. The expectations boundaries between retail and transaction banking are becoming blurred. Hence, it leads to the urgency of adopting Digital Banking in Transaction services.

Research Methodology

The study is based on a mixed approach which incorporates Literature Review and opinions of both Industry Executives & Academicians on the Impact of Digital Divide on Digital Banking. The data has been collected through Magazines, Indian & International Journal, Newspapers Articles, Published Reports, and Patents etc. For this work, I performed a systematic literature review. I used several keywords along with their combinations, including- Digital divide, Customer’s perception, Digital services, Digital banking, Commercial Banks. For searching these keywords, Scopus, Google databases, Google scholar were explored. Next, he collected articles that were examined in relation to these keywords. In addition to these, I also evaluated the collected articles using some criteria, given as -

• The articles written in English only were considered;
• The articles belonging to peer reviewed publications and published reports were only considered.

Results & Findings

The study has found that the Digital divide is a gap which arises due to the following reasons: different initial settings of countries, differences in societies, weak access to Information and Communication Technologies, weak access to information and knowledge. The above causes the digital divide or digital gap in the country. Here are some effects of Digital Divide, weak development and growth, asymmetric and lost knowledge, lower ability to manage knowledge, lower ability to innovate. To bridge this Digital Gap the Government has taken some measures like, implying National strategies, open sources, open innovations. Digital divide occurs due to lack of access to Information and communication technologies. Smart cities can overcome the digital divide by spreading awareness and providing training to the citizens, by making technological tools and connectivity more accessible, by leveraging public and private partnership etc.
The gap in the Digital Divide may exist for a number of reasons like, Income, education, race, gender, geographic location, age, skills, awareness, and political, cultural and psychological attitudes.

There is a significant gap between the rural and urban areas, when it comes to access to the high speed internet and the cost of high speed internet both. The Wired broadband expenses are higher in less densely populated areas than for those with higher population areas.

Study shows that use of digital technologies and Internet connectivity leads to more employment for lower income, lower skilled people and hence it will reduce poverty.

Conclusion
The study concluded that there is a significant gap between the rural and urban areas, when it comes to access to the high speed internet and the cost of high speed internet both. The Wired broadband expenses are higher in less densely populated areas than for those with higher population areas. The study has found that the Digital divide is a gap which arises due to the following reasons: different initial settings of countries, differences in societies, weak access to Information and Communication Technologies, weak access to information and knowledge. The above causes the digital divide or digital gap in the country. Here are some effects of Digital Divide, weak development and growth, asymmetric and lost knowledge, lower ability to manage knowledge, lower ability to innovate. To bridge this Digital Gap the Government has taken some measures like, implying National strategies, open sources, open innovations. Digital divide occurs due to lack of access to Information and communication technologies. Smart cities can overcome the digital divide by spreading awareness and providing training to the citizens, by making technological tools and connectivity more accessible, by leveraging public and private partnership etc.

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