

Role Of Digitalization in Upgrading Bank Performance: Case Study of Hdfc Bank

Vishakha¹, Prof. (Dr.) Mahesh Chandra Prasad²

¹Research Scholar, Department of Applied Economics and Commerce, Patna University

²Professor, Department of Applied Economics and Commerce, Patna University

Abstract

Digitalization is the slang which is most commonly and frequently used. Now a days, in the banking industry, it has transformed the phase of paper based banking into digital banking by introducing digital platform of banking services like UPI, NEFT etc.. Digital world is simply termed as bits and bytes flowing in the network that made our life easier than ever. The digital platform provides all types of banking facilities to their customers by just a click away. The digital banking has helped to develop a sense of faithfulness and less human error. Through digitalization banks such as HDFC Bank provide a plethora of services, be it account opening, money transfer, online trading etc.. Thus the paper presents an analytical view of digitalization advancement in the bank and the performance of the bank after implementing digital services.

Keywords: Digitalization, digital service of HDFC bank, e-commerce, bank performance.

Introduction

The basic meaning of digitalization is to convert the content or data into digital form through computer. It has become an integral part of our life due to its existence everywhere. It is playing a crucial role in almost all the sectors like banking, manufacturing, development, etc. The fast transforming world has forced all the old conventional system to adopt the digital transformation to confront the competitive digital world.

The countries who have smoothly accepted the digitalization in their economy are growing distinctively well when compared to the countries who are not adopting it. Digitalization has covered all the sectors in India including banking industry. Though the banking industry is called the root of development for all the other sectors of the country as it provide financial assistance to improve the capital formation of other sectors, so it important to groom the sector from time to time when necessary. It is not only saving time but also providing new opportunities to the innovative ideas to draw level with global competition in the relevant area.

In India, technological advancement and modernity was primarily emphasized in the second set of reformation in banking sector. The emergence of internet in 1990's led to the modern digital banking which is getting more modern day by day. It has also led to customer satisfaction resulting into rapid increase in the consumption of banking services and also increase in faithfulness due to less error and genuine services.

The employees working in any sector has been benefited by digitalization as it has helped to reduce the mental stress by storing the data in software form with accuracy and confidentiality rather remembering them mentally.

Talking in the context of banking sector, it has transformed the work culture of the bank as well as the employees by increasing their efficiency and creativity to another level ultimately resulting into high productivity. Every technological innovation has its own benefits and losses, so is with digitalization also. Some of the advantages are:

- Services available 24*7 on right a click away
- Cashless transactions facility
- Banking services can be accessed by sitting at home

Besides all this there are some disadvantages of online banking. These are as follows:

- Customer who are prone to mobile and computer can only access digital services
- Slow speed of internet can led to problem like disconnection while transactions
- Hacking bank portals can lead to frauds.

Like other industries, banking industry is also trying to expand the digital gateway in the business. There are various e-commerce products that are being developed and designed by IT department for making the services of banks more facile to use.

Everyday competition on the global platform has also keyed the area of technology to speed up and introduce distinctive products to keep pace in the market from competitors. While going a little back, the use of internet and technology was so much limited that it had created a sense of inconvenience in the employees as well as customers because major concern for both was the security and relevant confidential data. So globalization in digital banking was important to be implemented to cope up with the situation.

Digitalization in HDFC Bank

Though all the private sector banks are using digital platform to carry out diurnal chores, but among all of them, the leading bank is HDFC bank with annual turnover of Rs. 146,063cr in FY 2020-2021.

The bank started its digital journey by launching real time net banking in 1999. After that SMS based mobile banking was introduced by the bank in year 2000. Seeing the trend of digital transformation in service sector, bank launched the” GO DIGITAL” campaign in 2015 to mark its presence in digital banking segment.

The bank has considered digitalization as the tactical focus area to keep upgraded performance by each passing year. The upcoming phase of digitalization journey is considered as Digital 2.0 in which the bank is collaborating with multiple entrant in the digital world with foremost focus on:-

- Considering reviews of customers
- Developing product as per customer concern
- Promote digital banking using technologies
- Transforming experiences

The mission of the bank is to be a “world class Indian bank” and the main agenda of the bank for adopting technological changes is to “Run the bank” and “ Build future ready bank”. In FY 2021-2022, the vision of the bank is to provide “neo-banking” experience to the customers by making banking services more simple and secured. Taking about the scalability of the digital banking, it is spreading wings from Mumbai to Bangalore for primary data centers. Disaster recovery is also upgrading to next

level by implementing ‘Hot DR/Active’. ‘SOAR’ (Security Orchestration, Automation& Response) has been introduced to minimize the cyber attacks and data theft. There are several key initiatives in the process of being executed to provide more handy services to customers like:-

VYAPAAR- specially designed for merchant community to ease their business transactions.

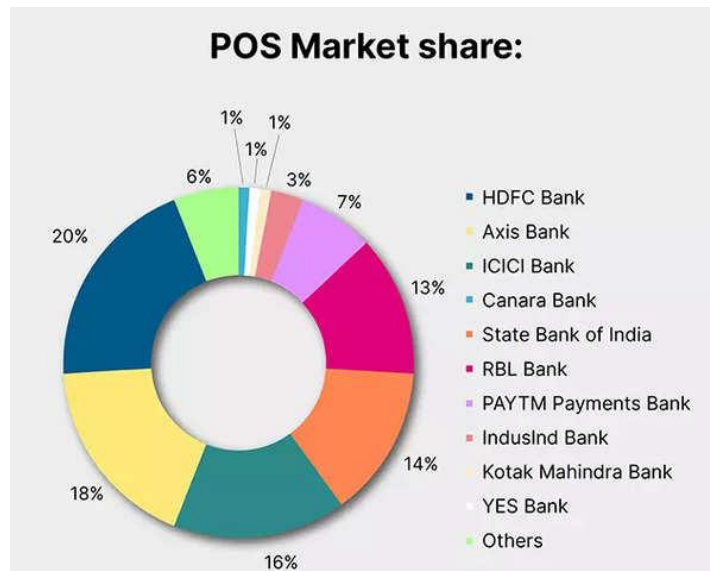
XPRESS CAR LOANS- a digital API platform launched to provide auto financing for the automobiles.

BIZZ EXPRESS- built for SME segments, the web portal provides multiple account management, payment with priority, service request, GST complaint invoice etc.

PAY ZAPP 2.0- it is an application designed to auto link HDFC banking services like HDFC bank cards, wallets& limit management etc.

WEALTH APP- it is a wealth management application that acts as the health card of the financial condition mainly in terms of building personal profile of the customers, target setting, mutual fund order execution and portfolio re-balancing.

The below presented chart shows that the bank has highest POS market share when it comes to online transaction. It has left behind all the other private and public sector bank behind with maximum of 20% in the market acquisition.



Literature review

Gazival L.R, Magomaev T.R(2021) the main zest of the paper is shows the co-relation of digital economy with e-commerce as paradigms having more broader platform in the future with the development in networking technology. It has been considered as the successor of business resulting into utmost digitalization in global business. A single bit of innovation in technology has a tremendous impact on digital economy.

Dr. Motwani Anju, prof. Vora Khushboo(2021) investigation was done to identify the impact of e-banking services on the annual profit of the banks. The paper is fully based on secondary data and analytical approach as tool, regression and co-relation has been used for assessment. The variables taken for research were mobile banking, ATM transaction, net profit margin, return on assets. The public has showed increase in e-transactions and steady decrease in the profitability of the banks. That may be due to networking effect of the mobile banking. Although the paper suggest banks to fully adopt digital

banking with standby mode to do hassle free banking business in order to increase profit in coming years.

Shirzad Shahyar, Montazer Nazari(2017) the study was done to find out the effect of e-banking on employee's job security. The paper shows that the e-banking involvement has showed increase in the number of customers and their satisfaction level resulting in the profitable business. Though the paper has also showed the upshot of decrease in the customers visiting bank resulting into beforehand retiring of workers which has raised the concern of the employees regarding their job security. As the research area is new in the field so it has been suggested to do more research in the relevant area to get more concrete results.

Deepa& Barkha(2022) the paper is the brief summary about the role of digitalization and its importance in the Indian banking industry. It is also about the ease that digitalization has provided to the consumer of banking services. The country has large number of customers availing banking services but they find trouble in accessing them easily. Digital facilities like UPI, CTS technology, ATM and MICR based cheque processing services are the few foremost services that is used by the customers. The paper has also discussed about the further steps that will be taken by the RBI in making digital banking services more effortless for the customers as well as employees.

Dr. Dastidar Ghosh Surajit & Dr. Das Kumar Rajib (2018) the paper is about the adoption of digital services provided by the banks to their customers. Many of them have accepted the changes but some are still stuck to traditional way of banking services as they find it more safer than the online one. Besides the security reason, there are several other factors like non-awareness, reluctance, skepticism etc. that are responsible non-acceptance of digital banking services. The findings of the paper suggests that different age group have different perspective on adopting digital banking platform, like some besides having knowledge about online banking prefer traditional banking system due to security reason, while elder citizens do not prefer it as they get some busy time while spending in the banks, some face trouble in accessing the service due to low internet speed in remote areas.

Objective of the study

- To study the growth in the profit of HDFC bank in last five financial year.
- To study the digital transaction trend in retail of HDFC bank in last 5 financial year.

Research methodology

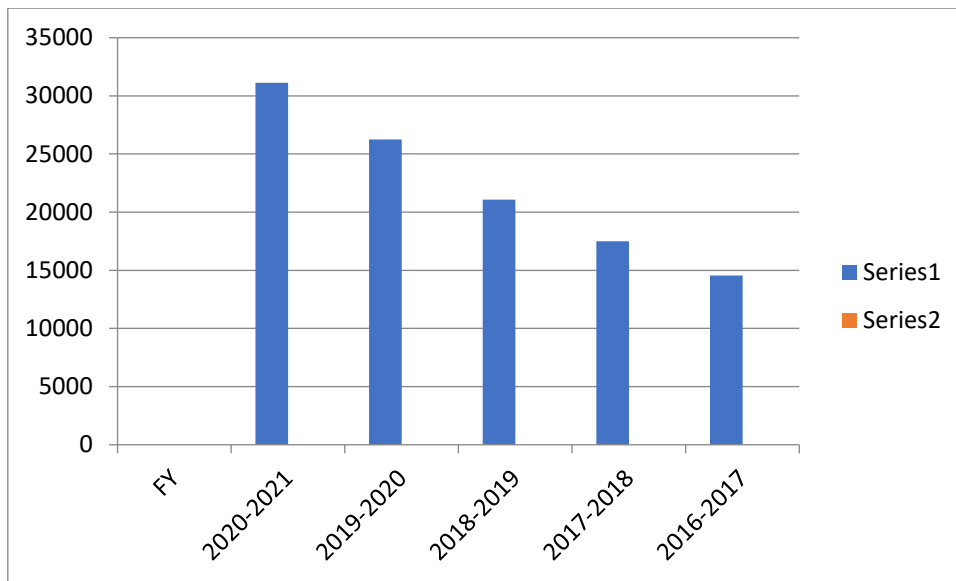
The study is based on the secondary data. The relevant data has been collected through the annual report of HDFC bank.

Descriptive and analytical approach has been used as the method of research.

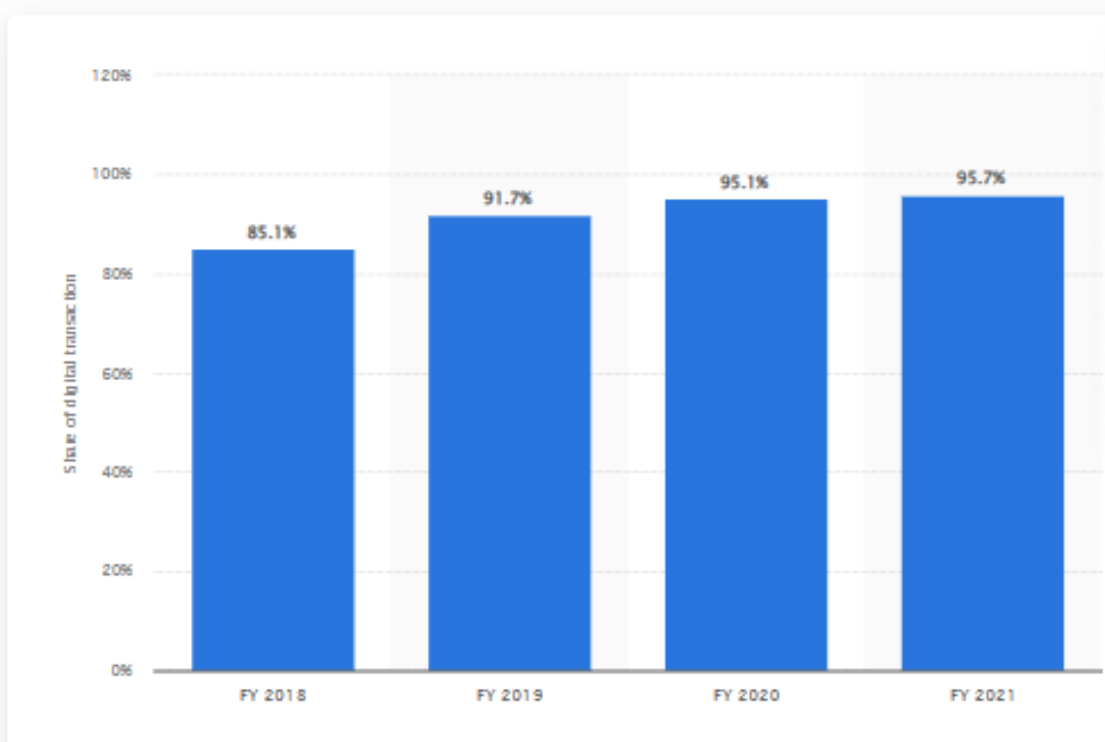
Analysis of data

Below mentioned chart and graph shows the trend of profit in consecutive five years.

FY	Profit(in Cr.)
2020-2021	31116.5
2019-2020	26257
2018-2019	21078
2017-2018	17486.8
2016-2017	14550



In FY 2016-2017, there has been increase in profit by 15% as compared to previous year. Showing the same comparison, the profit has increased by 20% in FY 2017-2018. In FY 2018-2019, the profit has increased by approximately by 21% with the total profit of Rs. 21078cr. In FY 2019-2020, the profit has showed leapfrog effect with increase of approximately 25% profit as compared to previous year resulting into total profit of Rs.26257cr. In FY 2020-2021, the profit has increased by 18% showing a little decrease in profit as compared to previous year.



The above presented graph shows the trend of digital transaction of the bank from year 2018 to 2021. After the demonetization implemented by the government of India in November 2017, the cashless transaction has showed the rapid growth in this trend. In year 2018, the digital transaction was 85.1% which means the cash transaction has been restricted to only 14.9% percent. In year 2019, it has

increased to 91.7% followed, whereas, 2021 has showed very low difference of .06% in comparison to 2020.

Conclusion

Digitalization has taken the world of e-commerce to the next level which is required to survive in the competitive market. HDFC bank being the top bank in private sector bank is succeeding in maintaining the profit graph in upward trend. If we talk about issue of plastic money to promote cashless transaction, bank is leading in credit card use across the country leaving all the public and private sector banks behind. Therefore, conclusion shows a positive and gratified outcome in the overall performance of HDFC bank as a result of which is growing in all the wings from profit earning to market capture market in digital banking.

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