

Available online @ <https://jjem.jnnce.ac.in>
<https://www.doi.org/10.37314/JJEM.SP0476>
Indexed in International Scientific Indexing (ISI)
Impact factor: 1.395 for 2021-22
Published on: 31 May 2025

Digital Banking: An Analysis of Transaction Trends and Payment

Mrs.Padmalaatha,^{1*} Dr.Srinivasa Murthy B V,²

^{1., 2*}JNNCE ,Shimoga,

padmarvindjain@gmail.com, srinivasamurthy.bv@gmail.com

Abstract

The advent of digital banking has transformed the financial landscape, offering users a range of payment methods. In a significant leap towards Digital India, Udupi district has witnessed a remarkable surge in digital transactions. Our study explores the district's digital payment landscape, revealing a striking shift towards BHIM/UPI transactions. This study urges banks, while working towards the completion of a cashless economy in India, to prioritize digital literacy and improve their BHIM/UPI services. This study fills the gap in the understanding of digital banking in India and raises possible implications for policymakers, banks, and future researchers.

Keywords: Digital Banking, BHIM/UPI, Cashless Transactions, Banking Sector.

1.Introduction:

India is rapidly moving towards, with the government's ambitious vision of a cashless economy. Envision a future where traditional wallets have become obsolete, and mobile devices serve as the primary medium for financial transactions. Digital banking, a shift from the traditional brick-and-mortar banking, is becoming a major driver of financial inclusion, convenience, and efficiency. Thanks to the interlacing of modern technologies, including mobile payments, online banking, and application programming interfaces (APIs), digital banking has given customers the capability to carry out a wider range of financial transactions from anywhere and at any time. As the digital banking scenario continues to evolve, there is a growing need to study the transaction trends, the payment methods, and the user adoption patterns to leverage the strategic insights such assessments

provide for decision-making and policy intervention.

2.Literature Review

Digital banking is poised to take over as the preferred method of transacting business in the country rather than just as an acceptance mode, as has been suggested by research (Yadav, Prakash, & Kampani, 2023). This has great implications concerning the growing significance of digital banking in the Indian context, thus meriting further inquiry into its factors of adoption and adaptation.

A recent study by Saxena, Joshi, and Vidani (2024) revealed that digital banking has substantially reduced operational expenses for banks, enabling them to lower service costs and offer higher interest rates on deposits. Consequently, the decreased operational expenditures have contributed to enhanced bank profitability.

3. Research objectives

- To analyze the transaction trends and payment methods in digital banking
- To evaluate the impact of digital banking on financial inclusion and economic growth

4. Methodology:

This methodology followed a descriptive research approach applying secondary data from existing sources, which include academic journals, industry reports, government publications, online databases, and Lead Bank data, providing valuable

insights into the trends and patterns of digital banking adoption. There was also verification from various sources to ensure its reliability and authenticity.

The study deals with four large banks of India, namely Canara Bank, State Bank of India, Union Bank of India, and the Bank of Baroda of Udupi district, owing to their market share, geographical reach, and leadership in the adoption of digital payment methods. Being some of the largest public sector banks in India, they represent a substantial portion of the banking industry and hence qualify themselves perfectly for this study.

District Wise (Udupi) Digital Transactions For 3 Months From 30/3/2024

Name of the bank	BHIM/ UPI		Cards (debit or Credit)	
	No. of transactions	Amount (in crores)	No. of transactions	Amount (in crores)
Canara Bank	55394229	10547	5732677	2380.55
State Bank of India	25928667	3941.69	225	0.03
Union Bank of India	7736417	1272.04	35003	0.25
Bank of Baroda	26269056	3787.47	1876252	633.46
Total	115328369	19548.20	7644157	3014.29

In a 3 months, 115 million transactions were conducted through digital platforms, the leader was Canara Bank, with 55.4 million transactions, closely followed by State Bank of India, which performed 25.9 million transactions. Card transactions are losing ground as traditional modes of payments,

with only 7.6 million transactions coming in through cards. With this movement to more digital transactions, banks have a great opportunity for innovation and making the transactional life easier for their customers.

District Wise (Udupi) Digital Transactions For next 3 Months From 1/4/2024 To 30/6/2024

Name of the bank	BHIM/ UPI		Cards (debit or Credit)	
	No. of transactions	Amount (in crores)	No. of transactions	Amount (in crores)
Canara Bank	16241101	3189.91	1463044	655.33
State Bank of India	7738188	1174.01	52	0.00
Union Bank of India	7700724	1316.69	29808	0.24

Bank of Baroda	7775585	1143.40	480007	176.05
Total	39,455,598	6824.01	1972911	831.62

For the next quarter, that is, between 1/4/2024 and 30/6/2024, the transactions through UPI crossed a staggering 39.5 million when compared to 1.97 million card transactions. As mentioned before, Canara Bank again led the pack with over 16

million customers doing transactions worth ₹3189.91 crores through UPI. Even the State Bank of India jumped in with 7.7 million UPI transactions. This shows that digital payments are here to stay, and banks are shifting fast to meet the demand.

District Wise (Udupi) Digital Transactions For 3 Months From 1/7/2024 30/09/2024

Name of the bank	BHIM/ UPI		Cards (debit or Credit)	
	No. of transactions	Amount (in crores)	No. of transactions	Amount (in crores)
Canara Bank	34077269	6447.17	2804231	1231.56
State Bank of India	16022772	2381.08	83	0.01
Union Bank of India	8226558	1316.17	30662	0.32
Bank of Baroda	16055446	2287.54	946415	335.22
Total	7,43,82,045	12431.96	3781391	1567.11

Digitized transactions witnessed a remarkable shift in the last three months, aggregating 7.43 crores. Canara Bank leads, with 3.4 crores' transactions worth ₹6447.17 crore, followed by Bank of Baroda with 1.6 crore transactions worth ₹2287.54 crore. The State Bank of India makes a respectable headway with a staggering 1.6 crore transactions with a total value of ₹2381.08 crore. Interestingly, Union Bank of India has a commendably liberal number of transactions that still fetch noteworthy values-it has 82.3 lakh transactions for ₹1316.17 crore. Coming down to card transactions, Canara Bank leads again with 28.04 lakh transactions, while Bank of Baroda has come second with 9.46 lakh transactions. As of now, one thing's very clear, digital transactions are growing, and competition is getting fiercer as a result.

Discussion :A Shift Towards Digital Payments

According to data received from banks, it is being observed that while many people formerly used traditional payment methods, they are now gradually shifting to digital payment methods. The remarkable rise in digital transactions is evidenced by over 115 million payments recorded within a short space of time.

Having done a little digging into the numbers, Canara Bank emerges as the leader in respect of digital payments, registering 55.4 million transactions. It went on, in continuance, to process 39.5 million digital transactions in a space of three months against just 1.97 million card transactions. Canara Bank is yet again lucky to lead with over 16 million customers transacting digitally to the tune of ₹3189.91 crores.

Upon further inspection, it is found that this accelerated trend continues. The following quarter, for instance, registered transactions

to the tune of 7.43 crores in one quarter, with Canara Bank leading the way with 3.4 crores of transactions valued at ₹6447.17 crores. Other banks behind it include Bank of Baroda and State Bank of India, which logged in considerable value

5.Findings:

- **Rise of Digital Payments:** An incredible amount of more than 115 million digital transactions within the time under review.
- **Canara Bank Leads** - In the next quarter, Canara Bank has put its foot firmly in the digitalized payments arena and recorded 55.4 million transactions, with over 3.4 crore transactions in the time under review.
- **3.UPI dominance:** UPI projects a continued growth in dominance over card transactions, at a ratio of 39.5 million UPI transactions as against 1.97 million card transactions in the past three months.
- **Increase in Transaction Value** - A sharp growth is seen in the total transaction value where Canara Bank mentions its UPI transactions in the forthcoming quarter worth ₹6447.17 crores.
- **Increased Competition:** No bank has compromised when it comes to competing within the arena of digital payments, with Bank of Baroda and State Bank of India also making giant strides.

7.Recommendations

To take digital payments to the next level, banks should renovate this stage into convenient, secured means for their customers with further safeguards in place for the protection of sensitive information of the customer from being hijacked by

hackers. Similarly, banks should account for their customer education on the benefits and downside to the domain of digital payment and involve other firms offering services involving and using digital payment. By so doing, the banks will stay ahead of the game, build customers' trust, and establish digital payments as a common and pleasurable experience for all users.

6.Conclusion:

The rise of digital payments marks a significant shift in the way we live, work, and interact with each other. As digital payments become the new norm, it's clear that the future of banking is digital, and it's here to stay. This revolution is not just about technology, but about people and how we choose to manage our finances. Ultimately, digital payments are transforming the way we think about money, making transactions faster, safer, and more convenient than ever before.

References

1. Yadav, Pooja& Prakash, Anshika&Kampani, Shivani. (2023). Digital Banking in India: A Literature Review. Journal of Survey in Fisheries Sciences. 10. 1368-1372. 10.53555/sfs.v10i1.2219.
2. Girish, Kumar &Painoli, Girish. (2018). CUSTOMERS ACCEPTABILITY FOR DIGITAL BANKING CHANNELS IN INDIA -AN EMPIRICAL STUDY. 5. 26-3
3. Vidani, Jignesh, Decoding the Digital Transformation: A Comprehensive Study of Digital Banking in India with Emphasis on Punjab National Bank (April 30, 2024). Available at SSRN: <https://ssrn.com/abstract=484809>

- 2 or <http://dx.doi.org/10.2139/ssrn.4848092>
4. <https://canarabank.com/net-banking>
 5. <https://www.bankofbaroda.in/personal-banking/digital-products>
 6. Sutikno, S., Nursaman, N., & Mulyat, M. (2022). The Role Of Digital Banking In Taking The Opportunities And Challenges Of Sharia Banks In The Digital Era. *Journal of Management Science (JMAS)*, 5(1), 27-30. <https://doi.org/10.35335/jmas.v5i1.125>
 7. Sharma, Aryan & Sharma, Pinki. (2022). DIGITAL BANKING IN INDIA: AN OVERVIEW. EPRA International Journal of Multidisciplinary Research (IJMR). 8. 117-120.
 8. C. B. Pavithra, K. G. (2021). Factors Affecting Customers' Perception towards Digital. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, Vol.12 Issue.11, pp 1608 - 1614.
 9. Manivel, Rajakrishnan & Ramasamy, Prema. (2023). DIGITAL BANKING IN INDIA
 10. https://www.researchgate.net/publication/370894068_DIGITAL_BANKING_IN_INDIA
 11. Koont, Naz, The Digital Banking Revolution: Effects on Competition and Stability (November 6, 2023).
 12. SSRN: <https://ssrn.com/abstract=4624751> or <http://dx.doi.org/10.2139/ssrn.4624751E>. Indriasari, F. L. Gaol and T. Matsuo, "Digital Banking Transformation: Application of Artificial Intelligence and Big Data Analytics for Leveraging Customer Experience in the Indonesia Banking Sector," 2019 8th International Congress on Advanced Applied Informatics (IIAI-AAI), Toyama, Japan, 2019, pp. 863-868, doi: 10.1109/IIAI-AAI.2019.00175.
keywords: {Digital Banking Transformation, Artificial Intelligence, Big Data Analytics},