
Review of Literature Related to Benefits of Digital Transactions

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Abstract

The present paper is an attempt to understand the various benefits related to digital transactions. This will help to undertake an empirical research related to digital transactions. In this regard the data collected is through secondary sources. The various variables identified through review will definitely help researchers do undertake research in different context, different research universe and with different respondents.

Key words- Digital transactions, Internet banking, ICT and Rural economy.

An Overview

This paper deals with the reviews which describes the benefits of digital transactions. This is an important issue which may become helpful to for the rural poor. Digitalization is a process which may help the economy towards a cashless society. There are many benefits exists in case the process is implemented properly. Various authors and researchers are already worked on these areas and identified issues and its importance. The process may not be full proof in today's point of view because of its introductory nature but it has the potential to provide significant benefits to the rural poor. The detail of the study is discussed for a better understanding.

IDRC Project Report (2000) The project was implemented on pilot basis in a group of 6 villages in Pondicherry. The objective is to develop an ICT infrastructure to create a communication base among the village members. The purpose is to create a community based atmosphere to share the informations related to various aspects. The use of internet also became handy during the project period. The initial phase was problematic as the concept was new. It was difficult to made them understood the importance of ICT system. The sharing of knowledge and other informations helped the system immensely. Slowly, the villagers were able to understand the need and importance. Down the line the villagers were started using the services to increase the productive

activities. A sense of ownership was also seen. The project was able to bring a positive outcome and betterment for the stakeholders.

Malecki (2003) The author discussed the shortcomings of digital movement in rural America. The growing usage of digital technology is the need of the hour but most part of rural America is still not equipped with the same. The major reason for this kind of backwardness is related to shortages of human capital. Due to better income generating opportunities, a wider segment of the working population base has shifted their base from rural areas to urban areas. The end result is downward growth of economic activity. The shortcomings may be addressed with the help of more immigration and return migration policy. If the reasons for leaving one's own space are addressed properly then it can be seen that lack of income generating opportunity may be the main reason for shifting the base. If this issue is addressed properly and adequate income generating opportunities are created, then return migration may be possible. The digital movement may help to create these types of job opportunities which the younger generations are looking for. The system may also become helpful for those who are living other places as they need a system to remittance financial resources. The inflow of financial resources through this process will ultimately help to bring economic growth of the economy of that particular region.

Yang et al (2005) The authors developed a case study approach through this paper to see the operational efficiency of small community banks. Community banking is a system which serves a specific geographical area. The business opportunity is limited for this type of banking system. The members of the banks are mostly the representative of that village where the bank is located. Due to slow operations and profitability part, they are able to sustain because of local understanding and needs. But due to expansion of business activities, various other players are also started entering into their business territory. This makes them thinking of creating better value added and customer friendly services. E – Banking is a system which helps to create this kind of opportunities for them. As the market becomes more competitive the urge to provide these kinds of services become more important.

Mukherjee (2011) The author discussed the role of Information and Communication Technology to bring development in the rural sector. The rural dominated economies are striving for the growth and development. The new age technologies are helping the economy to achieve the desired result by providing value added services at an affordable cost. The progress of the sector may become more favorable due to changing nature of the consumer demand. The ICT is started playing an important role in each and every segment of the society. It has a link with the financial services, receiving government benefits and many more. The nature of the requirement becomes more sophisticated as a result of which customer preference also changes drastically. The changing requirement needs to be address properly otherwise the facility may not become full proof down the line.

Ananth etal (2011) The paper attempts to focuses on the different aspects of the application of science and technology in rural areas of Ethiopian economy. Poverty is surely an important issue but there is a hope to improve the same if the existing facilities are to be implemented properly. It is well known fact that the rural economy can't grow on its own without the proper blend of science and technology. The Ethiopian government is trying to develop that base with the help of which the poverty alleviation programme may able to get momentum.

Sharma (2012) The author describes the need of internet banking in the rural areas. The Indian economy is highly dominated by rural people. Approximately 6 lakhs villages are there in the country with 70% of the population are still living in the rural areas. Serving this huge population base is not an easy task due to diverse nature of the rural economy and its livelihood. It is important to provide services which traditional banking facilities may not be able to provide with the help of existing banking system. So, there is a need to create alternative service exclusively for the rural poor. Before that it is important to judge the specific service requirement which the rural people are looking for. Services and facilities provided at the non rural areas may not be superimposed. Thus, the author has identified 17 factors which may create bottleneck for the banks to provide services to the poor. Factors like adequate arrangement of ATMs, customer training facility, cost of maintaining bank accounts, transportation etc. are some of the factors which may create problem. Unless and until these facilities are not improved the banks may not be able to provide the services required in the rural sector.

Akinola (2012) The paper examines the security and reliability part of cashless society. It is a fact that cashless society has many advantages and it may lead to reduce corruption, crimes on the one hand and on the other hand it will able to increase the government revenue to a great extent. Government may force to implement the cashless system by applying certain rules and regulations but it may fail if the service receivers are not in a position to understand the potential benefits. Most of the time customers perceive that there may be some amount of security threats which will lead to loss of money. This is to some extent true as this kind of unwanted event does happen. Second aspect is related to lack of awareness and lack of understanding about the usage pattern of the services. It is obvious that the cashless system is required but at the same time it should able to win the confidence of the service receivers.

Chitla (2012) The author discussed the role of ICT in eradication of poverty and rural development. Since, globalization the world market was opened up for consumers of various segments. Today, people have choices and this has increased the level of competition in the market. Today the focus is consumer satisfaction and development of product as per the need of the consumers. Considering this fact, it becomes important to incorporate ICT led growth. The programme has a role to improve social and economic well being of the people living in rural areas. It has a role to play in education, income generation, healthcare benefits etc. The government is

also able to improve the e – governance with the application of ICT. This will surely improve smooth implementation of various social welfare schemes like Direct Benefits Transfer (DBT), meant for the rural poor.

Anand et al (2012) The authors described the importance of e – learning methodology to educate the rural consumers. Though, the article is not directly linked to cashless economy but it has a direct link with consumer education. Unless and until the people do not have adequate knowledge to deal with the technology related issues it is difficult to implement the scheme. The formal education system may not be available as the cost of developing and implementing the scheme is difficult in most of the interior parts of rural India. On the other hand, traditional education system may not be helpful to generate enough knowledge to avail and understand the technology based services. It is highly recommended to use the online learning process to educate the people in a cost effective manner.

Gupta et al (2013) The authors described the ICT based payment system in the Indian banking sector. The application of technology is able to improve the payment facility more smooth and transparent. It also helps to make process more simple and cost effective. Services like withdrawing money, opening bank accounts, transferring money from one account to another also becomes possible with the help of these facilities. Access to capital becomes easier. The timely availability of fund helps the business groups to generate cash for business requirement in a hassle free manner. Not only have that banking services become more relevant from the view point of reach and diversity. Poor people do not have the time to deposit and withdraw money from the bank branches due to remote location of villages. Visiting bank branches was a costly affair as it leads to loss of manpower and resource. The travelling cost was also a matter of concern for these groups of people. But, use of technology helped to reduce the problems faced by these groups.

Razak et al (2013) The authors discussed the role of IT to create a smart village in Malaysia. Developing a smart village is not an easy task and involves lots of activities. There is a need to develop an integrated approach which focuses on the overall development of that village. Role of IT becomes very important for proper implementation of this kind of project. It has been observed that traditional agricultural society may not able to keep in space with the existing business environment so there is a need to upgrade the same. Technology based agricultural productivity is the solution of the same. Farmers should be encouraged to involve in these types of productive activities. Not only that the creation of smart village also involves creation of subsequent other income generating activities in a scientific way. Access to finance and access to training is the last important dimension which should be implemented at the earliest, otherwise the entire system will failed to give meaningful result for the betterment of the rural poor.

Kumar et al (2013) The paper focuses on the concept of new generation banking system. The Indian banking system has a rich history and over the time period it grows in various aspects. Different forms of banking facilities are introduced for the benefits of the target customers but these facilities may not be adequate to provide the growing demand for better service, better products and better reach. It has been noticed that most of the time the banking sector grows horizontally to tap the huge customer base but most of the time the expansion happened in a non plan manner. As a result of the same, the sector is not able to provide the value added services. There is a growing demand for new age technologies which may be adopted by the banks so as to provide the much needed services. It will also able to help reach a wider mass that are remained unbankable till date. The banks are basically working as a financial backbone of the country and adequate supply of finance is absolutely necessary so as to bridge the demand supply gap. Thus, it is important to create that environment with the help of technology which may help to provide various banking services including finance to the needy section of the people.

Singh (2013) The author described the usage and importance of internet banking to provide value added services to the rural poor. Accesses to banking services are very important for the overall growth of any economy or people living in that economy. Traditional banking services are not able to cater to the local needs as a result of which most of the needy segment failed to avail the services as and when the demand has arise. But only adaptation of the technology will not work unless and until the benefits of the facility is well understood by the service receivers. Increasing customer awareness will not work unless and until the psychological barrier of accessing new facility has been removed. Most of the service providers are facing difficulties in that segment. People are not well aware of the banking services and facilities that they are suppose to get. Moreover, due to various rules and regulations, most of the people try to avoid the conventional banking system and rely heavily on the local money lenders. The new system may help to provide better services but lack of knowledge of the facilities may dilute the entire process. This is a serious issue which needs attention so that the psychological barriers may be removed gradually.

Singh (2013) The author discussed the growing trend of internet usage in urban, semi urban and rural areas. It is obvious that the Indian population is moving fast towards adoption of internet linked services. Penetration of mobile phone has improved significantly but internet usage is not that much impressive due to non familiarity with the facilities. But it has the potential to grow. Provided adequate arrangement is made for the same. Need wise there should be proper differentiation strategy to provide services. The authors identified that factors like gender, age, qualification, income and tenure of the account are playing an influential role to determine the choice of e – banking facilities. These are the factors should be taken into consideration to device strategy for e – banking.

Nath (2014) The author discussed the implications of ICT in developed and marginal economy of the world. In case of developed economy ICT is a demand but for marginal economy ICT is the need. Due to lack of infrastructure support and government intervention, ICT may not be implemented properly for the development of the society. It is basically use for specific sections of the society. But benefits should not be restricted to one segment only. The economic growth should be viewed from each and every individual. Unless and until this objective is not fulfilled the gap will remain as it is. So, there is a need to make necessary changes in the policy implications so that the true benefits of ICT should be availed by all the groups of people living within a territorial boundary of a country.

Ahamad etal. (2015) The paper described the present condition of rural economy and its subsequent impact on rural employment opportunities. Indian economy is basically agrarian economy and most of the people are engaged in agricultural activities. But with changing economic environment the demand for new age agricultural productive activities are in high demand. But slow implementation of the process is hampering the growth in terms of production and employment opportunities. This has also led to growing nature of rural to urban labour migration. This movement of workforce leads to shortages of manpower in the rural areas. There is an urgent need to upgrade the facilities in the agricultural sector. Application of IT should be considered more relevant as it may lead to create better income generating opportunities. The growth in employment generation ultimately leads to push other sectors as well. The overall impact should be seen from a long term perspective.

Vinayagamoorthy etal (2015) The authors studied the perception of rural consumers towards internet banking services. It is noticed that most of the banks trying to reduce the operational costs with the help of various value added services and innovative distribution networks. If we see the rural population distribution, it is very much scattered. As a result of which providing services to these group of customers increasingly become difficult. There is a tradeoff exists which describes the nature of the problem. On the one hand reach becomes difficult due to infrastructural problems, on the other hand due to lack of banking facilities, they become more dependent on local moneylenders. The higher cost of operations may be reduced with the help of adequate development of technology led banking services, viz. mobile banking services, internet banking services etc. The modern banking approach also depends heavily on the technology aspect. But the problem lies elsewhere. Even if the banks are able to develop modern facility, it may not be useable for the rural consumers unless and until the consumers are well aware of the facility and usage of the same over the time period. This gap should be removed by providing adequate training to new customers. Otherwise technology may become burden for them.

Bhatnagar (2015) The author describes the awareness and adoption of new age banking facilities by the rural poor. It has been witnessed that after reforms of financial sector, most of the banking

services are widened their operations by expanding the banking operations in unbanked areas. But even after the initial momentum most of the banks are not able to retain the expansion of the services due higher cost of serving the rural customers. Since, the earnings are less, providing a basic banking service is a challenge. The traditional banking services may not be able to provide the services are often become more complicated. As the technology started playing an important role, the costs of delivering the services are also reduced drastically. But the system is not full proof. Lack of awareness and trust on the system are the major hindrance for the proper implementation of the system till date. As long as the consumers are not going to enjoy trust, it becomes difficult for the service providers to adopt the technology based services which is the new mechanism for financial inclusion and other value added services. Serving rural areas in a cost effective manner is surely an important and uphill task for the service providers and this should be shorted out through proper implementation mechanism.

Kak etal (2015) The authors tried to describe the role of ICT in developing socio economic aspect of rural India. In a globalized environment the consumers are suppose to get better service and facilities as compared to traditional product and services. As the business opportunities increased the rural consumers also become the target consumers. But due to wide application of technology based products and distribution network, it is becoming inevitable for them to learn and understand the usage and benefits of the facility. Since the cost of delivery is not that much high, it is becoming more acceptable for the producers also. As the global market is growing the nature of the business and consumer expectation is also changing. This changing environment should be taken into consideration and ICT should be implemented in a phased manner.

Deshpande etal (2015) The authors describe the role of ICT in developing rural villages. Economic growth of a country is entirely depends on the growth of urban as well as rural areas. Higher concentration of growth in urban areas will not able to achieve the target growth. As a result of which the country may move towards backward directions. If we look at the Indian economy, a significant part of population still leaving in rural areas but adequate measures have not been taken to improve the socio economic conditions of the rural people. Lots of improvement is required in various areas. The new age technology adaptation may help to bring much needed change. ICT is one such scale which aims to improve the agricultural productivity, can attract people in allied sectors as well as non - farm sectors. There is a potential to attract huge investment in these sectors if and only if the technological improvement may be incorporated adequately.

Pavani (2016) The author discussed the effectiveness of financial inclusion programme for the betterment of the rural poor. The basic objective of financial inclusion programme is to provide banking services at an affordable cost. The slow penetration of banking services is also creating barriers for the effective implementation of desired services. The banking system should be strong enough to serve each and every section of the society. There is a need to make changes in the

existing system so that the needy section should get the benefits as and when it is required by them. It will also help to create rural business expansion which is a must for the growth of the rural economy.

Dhanraj etal (2016) The authors attempted to describe the role of Regional Rural banks (RRBs) in shaping the rural economy and rural credit structure. The RRBs were established in the year 1975 to shape the rural economy by providing credit to the needy segment. These segments were excluded by the formal banking systems due to their inability to access to loan. The capital requirements were exclusively meant for small and marginal farmers, rural small scale producers, labourers. These unbankable populations were able to improve the income generating activities with the help of the capital that they received from RRBs. But very soon the bank becomes sick due to poor repayment and mounting NPAs. The banks were not planned properly and failed to understand the real need of the capital. Also there was no follow up for the loans provided to the needy segment. The traditional production approach also led to huge loss for most of the small time producers. This is a kind of realization that only providing finance will not be adequate, the banks should guide to make them understand the essential demand supply conditions as well as market need. But neither the banks nor the implementing agencies are able to see the gap and as a result of the same the outcome are below the expectation level.

Midha (2016) The author discussed the issue of digitalization process and effectiveness of digital India campaign. The programme is a good initiative but it has certain barriers which need to be overcome. Digital India campaign aims to create a cashless society which has its own advantages. Implementation phase is surely problematic as the concept is new but over the time period this has to be seen from the perspective of customers. It is high time to discuss the relevant issues with the customers so that the existing barriers may be removed.

Newase etal (2016) The authors focuses on the increasing importance of ICT among rural village communities. It has a dual role to play. On the one hand it helps to bring new innovative products or services which may improve the standard of living of rural poor and on the other hand it also able to create better income generating opportunities. The combined effect also helps the government to increase the revenue. It's a matter of fact that it may help the individuals to grow in all aspect. So, it is important to generate ICT infrastructure so that the process of serving consumers with the help of various financial products.

CONCLUDING NOTE

The review of literature helped to identify the probable variables which come under the category of benefits of digital transactions. The detailed lists of these probable variables are Digital transactions help to improve access to finance for rural poor, It helps to provide opportunity to handle any kind of banking transactions, It helps to reduce travel time to avoid any kind of

financial transactions, It saves time, which may be utilized in other productive purposes, Direct Benefit Transfer Schemes can be avoided in a hassle free manner, It helps to reduce corruption at various levels, The payment system is safe and secure, It eliminates the problem of small denomination payments, The digital payment system is too complex to understand, It gives valid receipt for every transaction which increases government's revenue, It helps to ease the process of sending or receiving remittances, Transactions charges are not transparent and It is a general belief that the system is not confidential.

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