

Impact of Digital Banking on Traditional Banking Systems

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Abstract: *Digital banking has significantly reshaped the landscape of the financial industry, exerting both challenges and opportunities for traditional banking models. The transition to digital platforms offers greater convenience, speed, and accessibility for customers, fostering improved financial inclusion and user experiences. However, this shift has placed pressure on traditional banks to innovate and enhance their services to remain competitive. Digital banking provides services such as online account management, mobile banking apps, and digital payments, which reduce the need for physical branches and human interaction. This has led to the decline of foot traffic in traditional banking branches, while simultaneously driving a wave of digital-first banking models, such as non banks and fintech companies. The increased reliance on technology also raises concerns over cybersecurity, data privacy, and regulatory challenges for both traditional and digital banking players. The impact of digital banking on traditional banking is multifaceted, pushing banks to adopt digital transformation strategies to integrate new technologies, improve operational efficiency, and redefine customer relationships.*

Keywords: Digital banking.

