Are Neo Banks the Future Disruptors of Banking in India – A Perspective

Dr V. R. Soumady
M.Com. M.Phil. B.Ed., Ph D.
Assistant Professor, Department of Commerce
Bharathidasan Government College for Women, Puducherry, India

Abstract: As digital achieves new high, technological innovation has significantly shaped the banking and financial sector, giving rise to fully digital banking services. Providers of these services referred to as Neo banks also termed as digital banks, internet banks and online banks, aim to be more accessible and innovative than traditional banks, usually operating from an app rather than with a physical branch or office. Although some of these providers may seem like a bank— and have even named themselves as such—many lack the required charters, oversight, and range of bank services and thus are merely bank-like. Nevertheless, they have sought to disrupt the traditional banking model by offering financial services in ways that appeal to different groups of consumers. Globally, many large banks have started reducing their branches. In India too, many banks have rationalized their branches and partnered with new-age Neo banks for seamless customer acquisition and product offering. Keeping this in view this conceptual paper highlights the role played by prominent Neo banks in India and their implications towards the traditional banks and Challenger banks in steering them to go forward towards the futuristic digital banking operations. It also touches on the need, mode of operations and services through digital and online offered by Neo-banks, and which were of immense use especially in a pandemic situation like COVID-19.

Keywords: Neo-banks, technological innovations, digital services, Challenger banks

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