



## Digitalization: A Gaint Leap in the Financial World

Sanjay

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### ABSTRACT:

This chapter explores the benefits and efficiency of digitalization in financial sector organization. Digitalization is the conversion of a data into a digital format with the adaption of technology. It was introduced in financial sectors during the mid 20<sup>th</sup> century. Through digitalization the financial sector can further upgrade to innovations and it also reduces cost associated with transacting in cash. At the same time our findings helps to observe various development which has taken place with the introduction of digitalization in the financial sector. Now-a-days each and every industry is fully digitalized or partly. Digitalization is a concept which will keep on further improving and become totally secure.

**KEYWORDS:** finance, internet, digitalization.

### I. INTRODUCTION

Digitalization in the financial sector makes a significant contribution to employment in macroeconomic conditions, and through this financial sector's introduction it encourages the development in small and medium enterprises. It reduces the division between urban to rural and increases the women's economic participation.

Through digitalization, the financial sector can boost the innovation in the entrepreneurship and support the low-carbon economy. The sector plays a key role in promoting the economic growth in different countries. The digital finance also create the opportunities to develop the banking and financial services for consumers. It creates many ways to channelling the funds to the businesses and improves the financial inclusion.

Digitalization in finance sector is not only a technological upgrade in the business it has become a core business strategy. Banking and finance have progressed from paperwork-laden processes to work done by the people trough their mobile phone apps.

### II. DEFINITION AND MEANING

**Finance** the process of raising funds or capital for any kind of expenditure.

**Guthumann and Dougall** defines finance as, "The activity concerned with planning, developing, managing, administering and increasing of the capital used for business purposes is known as finance".

**Digital finance** is the delivery of traditional financial services digitally, through devices such as computers, tablets and smart phones. Digital finance has the potential to make financial services accessible to underserved populations in areas that lacked physical infrastructure for these services.

-Gartner

### III. RECENT DEVELOPEMENT IN DIGITAL FINANCE

**Digital transformation is a top business imperative.**

Digital transformation is a business imperative across all industries, and a financial service is no exception. Nearly all (97 percent) of financial services firms are making some sort of inroads on digital transformation whether they're in the process of developing a strategy or already implementing one.

**Digital transformation brings proven and highly anticipated ROI.**

The benefits of digital transformation, including improved customer experience and operational efficiency. As a result, most financial services companies anticipate high returns on revenue and profitability from digital transformation even more than those in other industries. Lower middle market companies, especially, anticipate the greatest increase in revenue and profitability (10 percent or more) over the next three years, and are thus willing to also increase their spending by the same percentage.

### Increase in Sales

The digital transformation in finance companies forces them to change their business models to adapt to the new market realities. With the use of new technologies, companies can connect



to their customers, and optimize their business operations, which unlock new sales opportunities.

### **Enhance customer experience using AI, IoT and Blockchain**

Advancements in AI have transformed every aspect of the financial services industry. Companies, by using AI to identify transaction anomalies, can better mitigate fraud and money laundering risk. Capital market firms can make faster, smarter trade decisions based on sophisticated analyses of past market performance data.

The Internet of Things (IoT) has significant implications for financial services institutions. While IoT devices are often more commonly associated with consumer products, the benefits of having real-time data about clients' physical assets are invaluable to financial services companies looking to improve their current products and services, capitalize on customer purchasing behavior, and create more personalized user experiences.

When it comes to adopting blockchain and distributed ledger technology, the financial services industry is still in its early stages. However, blockchain technology can potentially strengthen supply chains, trading systems, and claim processing via the use of smart contracts.