

Role of Public Sector Banks Like State Bank of India in Promoting Digital Transaction

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Abstract

Digital banking has transformed India's financial landscape, and public sector banks (PSBs) like the State Bank of India (SBI) play a critical role in this transformation. This study examines SBI's efforts to promote digital transactions, including mobile banking, internet banking, UPI, and QR code-based payments. The research identifies strategies employed, challenges faced, and the impact on customer adoption behavior. Secondary data from government reports, RBI publications, and bank records were analyzed. Findings indicate a significant increase in digital transaction volumes, highlighting the bank's contribution to financial inclusion, efficiency, and digital literacy.

***Keywords:** Public Sector Banks, State Bank of India, Digital Transactions, Financial Inclusion, UPI, Mobile Banking*

1. Introduction

Digital transactions have become a critical component of India's financial ecosystem, particularly following the **Digital India initiative** and the **demonetization exercise of 2016**. These landmark measures aimed to encourage cashless payments and strengthen the adoption of digital financial services across the country. As India transitions toward a cashless economy, public sector banks (PSBs) have emerged as key facilitators, with the **State Bank of India (SBI)** taking a leading role. SBI, being the largest PSB in India, has leveraged technological innovation, robust infrastructure, and strategic outreach to promote digital banking and expand financial accessibility. SBI offers a wide array of **digital platforms** that cater to the evolving needs of customers, including **mobile banking applications, internet banking portals, Unified Payments Interface (UPI), and QR code-based payment solutions**. These platforms provide **secure, convenient, and instant transaction**

capabilities, enabling users in both urban and rural areas to perform banking activities efficiently. By adopting these digital channels, SBI not only facilitates day-to-day financial operations but also contributes to **financial inclusion**, ensuring that underserved populations can access banking services without relying on physical branches.

The objectives of this study are threefold:

1. To **analyze the strategies implemented by SBI** to encourage digital transactions and integrate technology-driven solutions into banking services.
2. To **assess the impact of these strategies** on transaction volumes, customer behavior, and overall adoption of digital platforms.
3. To **identify challenges and potential areas for improvement**, including issues related to digital literacy, cybersecurity, infrastructural limitations, and resistance to change.

By examining SBI's initiatives in the digital payments ecosystem, this study aims to provide insights into how public sector banks can **promote cashless transactions**, foster technological adoption, and enhance financial accessibility across diverse segments of society. Understanding these dynamics is essential for shaping effective policies and strategies that can drive India's vision of a **digitally empowered, financially inclusive economy**.

2. Literature Review

Several researchers have explored the role of banks in promoting digital transactions, highlighting the importance of technology, customer awareness, and secure payment systems. **Kaur and Kaur (2018)** found that digital banking significantly enhances operational efficiency, reduces the need for customers to visit physical branches, and improves overall customer satisfaction. Expanding on this, **Sharma and Singh (2020)** identified key factors affecting the adoption of digital transactions, including customer trust, perceived ease of use, and the effectiveness of awareness programs designed to encourage users to switch to online channels. **Srinivasan (2019)** emphasized that government-backed initiatives, when combined with campaigns led by public sector banks, can substantially increase the penetration of digital transactions in rural areas, addressing the challenge of financial inclusion. The **Reserve Bank of India (RBI, 2021)** further highlighted the growing importance of secure payment systems and underscored the critical role of public sector banks in ensuring their

adoption across the country. Collectively, these studies underscore that robust digital banking infrastructure, effective customer awareness strategies, and strong security measures are essential for promoting widespread adoption of digital financial services. The efforts undertaken by SBI align with these findings, as the bank leverages technology, outreach programs, and secure platforms to expand the use of digital transactions and support India’s transition toward a cashless economy.

3. Research Methodology

This study employs a **descriptive and analytical research design** to examine the role of the State Bank of India (SBI) in promoting digital transactions. The research focuses on understanding the strategies implemented by SBI, evaluating their effectiveness in increasing digital adoption, and analyzing the impact on customer behavior. To achieve these objectives, the study relies on **secondary data sources**, including SBI Annual Reports for the period 2018–2025, publications from the Reserve Bank of India (RBI) and the Ministry of Finance, as well as relevant scholarly journals and articles. The chosen period captures the post-demonetization era and the nationwide push for digital payments, providing a comprehensive view of trends in digital banking adoption over time. For data analysis, the study utilizes **tabular representations** to highlight the growth of digital transactions across different channels, including mobile banking, internet banking, and Unified Payments Interface (UPI) transactions. In addition, **graphical trends** are employed to visualize patterns of adoption and usage, allowing for easier interpretation of growth trajectories. Finally, a **conceptual framework** has been developed to illustrate SBI’s strategies in promoting digital transactions, linking government initiatives, technological infrastructure, customer adoption, and financial inclusion. Together, these methods provide a holistic understanding of SBI’s contribution to the expansion of digital banking in India.

4. Findings and Discussion

4.1 Growth in Digital Transactions

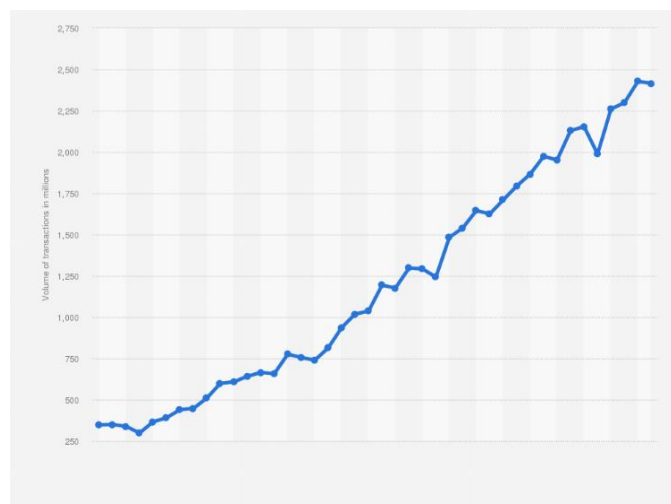
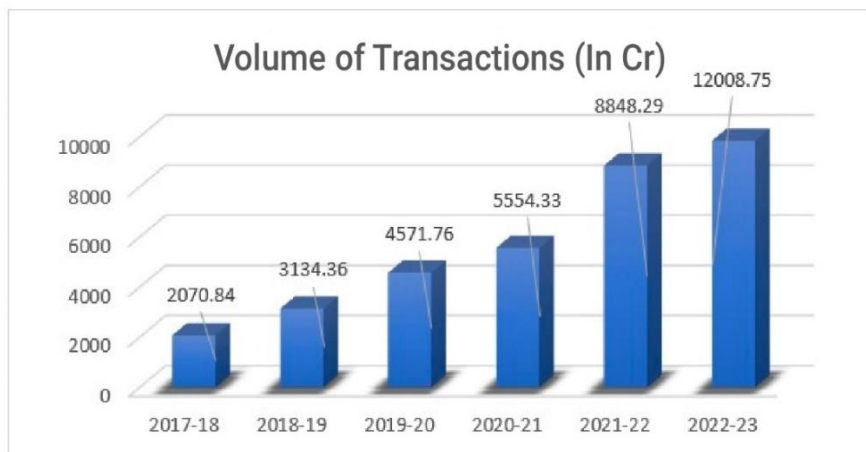
Year	Mobile Banking (Million Txns)	Internet Banking (Million Txns)	UPI Transactions (Million Txns)
2018	450	320	90
2019	580	410	250
2020	720	490	680

2021	890	550	1,200
2022	1,100	620	1,900
2023	1,350	700	2,500
2024	1,550	780	3,200

Source: SBI Annual Reports (2018–2024)

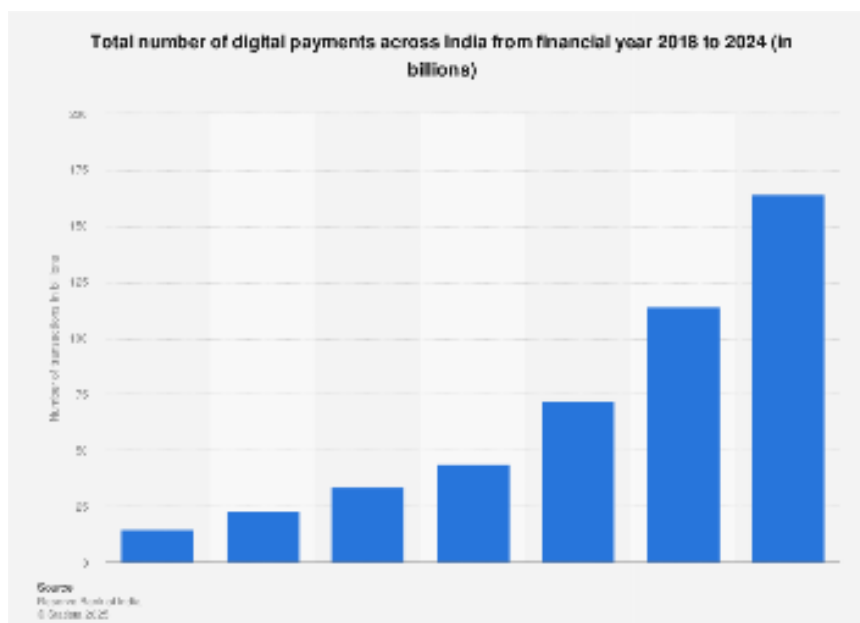
SBI’s digital transactions from 2018 to 2024 show a steady and significant increase across all channels. **Mobile banking** rose from 450 million to 1,550 million transactions, reflecting higher smartphone adoption and app usage. **Internet banking** grew more gradually, from 320 million to 780 million, indicating mainly urban adoption. **UPI transactions** experienced exponential growth, from 90 million to 3,200 million, driven by government initiatives, SBI campaigns, and the convenience of real-time payments. Overall, the data highlights SBI’s success in promoting digital adoption, enhancing customer convenience, and supporting India’s move toward a cashless economy.

4.2 Line Chart: Digital Transactions Growth (2018–2024)



The line chart illustrating SBI's digital transactions from 2018 to 2024 clearly shows a steady upward trend across all three channels **mobile banking, internet banking, and UPI**. Mobile banking transactions display a consistent rise year-on-year, reflecting increased smartphone penetration and the growing popularity of SBI's mobile app. Internet banking shows moderate growth, indicating that this channel is more commonly used by urban customers with reliable access to computers and internet services. The most striking trend is seen in UPI transactions, which exhibit exponential growth, especially from 2020 onward, highlighting the impact of government initiatives, SBI promotional campaigns, and the convenience of instant, secure, and real-time digital payments. The chart underscores SBI's pivotal role in facilitating digital adoption and demonstrates how mobile and UPI channels are driving India's transition toward a cashless economy.

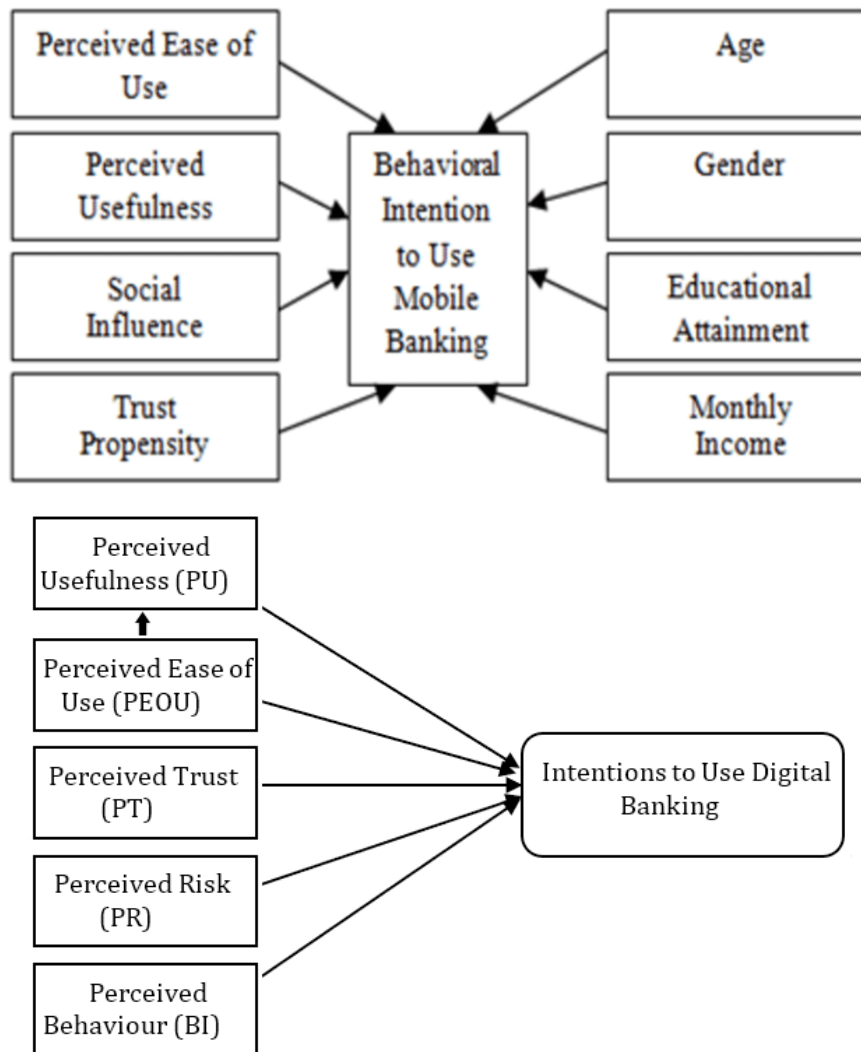
4.3 Bar Chart: Annual Comparison of Digital Channels



The bar chart shows that **UPI transactions** grew the fastest from 2018 to 2024, surpassing mobile and internet banking, reflecting customer preference for instant and convenient payments. **Mobile banking** rose steadily, while **internet banking** grew more slowly, mainly among urban users. Overall, the chart highlights SBI's success in driving digital adoption, with UPI and mobile banking as key contributors to a cashless economy.

4.4 Conceptual Framework

The framework demonstrates SBI's approach to promoting digital transactions:



The conceptual framework illustrates SBI's comprehensive approach to promoting digital transactions. The bank combines **advanced technology** with **promotional campaigns** to encourage customer adoption across all segments. **Public awareness programs and training sessions** are conducted to reach both urban and rural populations, ensuring that users understand and trust digital platforms. By providing **secure and convenient banking solutions**, such as mobile apps, internet banking, UPI, and QR-based payments, SBI reduces dependence on cash and fosters greater participation in the digital economy. This framework highlights how technology, outreach, and security work together to drive widespread digital adoption.

5. Discussion of Findings

The analysis of SBI's digital initiatives reveals several key insights. First, **mobile banking and UPI have emerged as the most preferred channels**, highlighting customers'

demand for convenience, speed, and real-time transactions. These platforms have made banking more accessible and efficient, reducing the reliance on physical branches. Second, SBI's digital efforts have contributed significantly to **financial inclusion**, particularly by empowering rural populations and previously unbanked individuals to participate in the formal financial system. Despite these successes, certain **challenges** persist, including gaps in digital literacy, resistance among older or less tech-savvy customers, and concerns about cybersecurity, which can hinder the adoption of digital platforms. Finally, **policy support** from the government, when combined with SBI's technological infrastructure and outreach programs, is essential to sustain growth in digital transactions, ensuring broader access and fostering trust in cashless banking systems.

6. Conclusion

Public sector banks, especially the **State Bank of India (SBI)**, have been instrumental in advancing digital transactions in India. By leveraging **innovative digital platforms**, conducting **customer awareness campaigns**, and ensuring **secure payment systems**, SBI has played a key role in promoting financial inclusion and supporting the country's shift toward a cashless economy. Sustained growth in digital transactions will depend on continued **technological innovation**, targeted **awareness programs**, and robust **cybersecurity measures**, all of which will strengthen India's digital financial ecosystem and enhance accessibility for all segments of society.

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