

DIGITALIZATION OF THE INDIAN FINANCIAL SECTOR

Volume - 4

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OPERATIONAL MECHANISM AND SERVICES OF NEO BANKS IN INDIA

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Abstract

Neo bank means a bank that operates only on a digital platform. This present study focuses on the growth of Neo Banks and its operations in India. Bengaluru based start-up Finin is India's first full-fledged consumer neo-bank. Finin, in collaboration with the State Bank of Mauritius (SBM), issues an instant personalized savings account with a Visa debit card. The main feature of Neo Bank is that they have no physical presence in their operations. Neo Banking has a bigger opportunity in the current scenario as the customer is diverting branch banking activities.

Keywords: Neo Banking, Electronic Banking, Traditional Banking, Application Programming Interface (API), Digital Accounts

Introduction

The world is living in a digital age; the financial industry is widely using digital services in its entire field. In financial institutions and banks, their customers are highly dependent on digital services. Profitability and ease of operations are the main benefits for banks when using digital services, while convenience, low fees and transactions anywhere are the benefits for customers. Generally, these digital services are called E-banking in the banking industry. Now there is a radical shift in electronic banking called Neo banks. Neo bank means a bank that does not exist physically and operates entirely in digital form. Neo banks generally work through a mobile app.

Neo Banks in India

Finin is the first Neo Bank in India, founded in 2019 by Suman Gandham and Sudheer Maram. The Bengaluru based start-up Finin having a tie-up with the State Bank of Mauritius(SBM) for their operations. They are offering instant savings account and debit card. Following are the list of Neo Banks facilities offered in India.

| <i>Neo Bank</i> | <i>Partner Bank</i> | <i>Services</i> |
|-----------------|---------------------|---|
| Razorpay x | RBL | Current Accounts, Payment Gateway, Cash Advance, working capital loan and Payout etc. |
| NIYO | IDBI, YES BANK | Savings Accounts, Wealth Management, Foreign Exchange. |