NEO BANKS

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Abstract

The neo bank is a bank that only operates on digital platforms. These banks are financial service providers that operate through apps and aim to appeal to different consumer groups through innovative features and designs. Neo Banks have grown and grown significantly globally as well as in India although they have only recently entered the broader fintech segment. The definition of Neo Banking has changed as they differentiated from online banking and moved from focusing solely on digital banking to focusing on providing a superior customer experience. Advances in technology, innovation models, and a customer-focused niche approach have helped Neo Banks create new technology platforms, agile business models, and deliver financial services. main creativity. positive impact on the overall growth of the financial services sector in India. And as this development occurs, it will be interesting to see how the roles and approaches of different stakeholders will evolve and shape the future of Neo Banks in India.

Keywords: Neo banks, innovative, evolved, fintech.

Introduction

Neo Banks are online financial technology (fintech) companies that operate solely digitally or through mobile apps. Banks, with the help of branches spread all over the world, have met the requirements of the most customers.

Undoubtedly, advances in technology have paved the way for new industries and are fundamentally changing existing ones. A Neo Bank doesn't just mean a different bank, but one that offers a better digital banking experience. Technological advancements and adoption of innovative models have enabled Neo Banks to offer premium online financial services. service. The ease of account opening and management, money transfer, deposit, simplified money transfer process and innovative credit scoring form attracted by Neo Banks to micro and small businesses, customers, and customers. banks with low or no banks such as self-employed workers and contract economic workers. Over time, Neo Banks have tried to distinguish between the claims-driven commercial services provided by bankers and focused solely on providing a seamless banking experience to customers. Digital payment applications, e-wallets and online shopping are now experiencing higher growth rates. As a result, the reliability of digital modes also increases. This has created an opportunity for innovation and virtually all traditional banks have supplemented their physical branches with a sophisticated digital version of their services. However, the concept fintech is not new; it goes back to fintech first. The new Indian banks have adopted similar strategies to their global counterparts in terms of customer segmentation and services. As there is still no formal licensing roadmap for these players, the main service delivery strategy has been implemented in cooperation with the incumbent banks.

Licensed banks are banking entities. Full digitalization requires a physical presence as Indian banks now offer a comprehensive range of digital banking services under their own brand name. They were physically established to complement FinTech and keep up the pace. new era

technology in the financial services industry. These institutions are licensed by the RBI to carry out banking and financial services activities.

On the other hand, banks licensed under the fintech partnership model are usually fintech organizations that combine multiple banks and other partners to provide a variety of financial services. These FinTech are naturally established with the aim of becoming a regulated financial services institution in the near future partnerships are governed by business agency (BC) regulations, outsourcing, and digital payment security controls.

Objective

Neo bank can be defined as digital bank with no physical branches. They can be called a true digital bank with no branches. Instead of physical branches, Neo Banks have their presence entirely online.

Neo bank targets tech-savvy users who enjoy managing large amounts of money. through their mobile apps or other digital means.

You can call Neo Banks FinTech companies that offer a wide range of financial services such as money transfers, money loans, financial solutions main priority for mobile devices, etc. Another 'Neo Bank' primary goal is to provide a level of seamless customer experience that no other traditional bank can provide. New banking is also known to be faster and cheaper.

Literature Review

1. Bhasin, 2020 in her research outlined the role of Neo Banks in India. The study emphasizes the integration of technology and artificial intelligence to provide seamless service to customers. The study also focuses on companies looking to enter the Indian market.

2. Palepu, Advait Rao, 2019 in his research to establish the relationship with capital investment and accessibility of Neo Banks. Neo Bank's prospects in India are expected to grow better and better in the Indian market than in any other market because of the needs and requirements of using similar digital services. more than in the country.

3. Agarwal and Nagar, 2020 in the study highlighting the constantly changing environment in the banking sector. They mentioned the basic difference between Neo Bank and digital banking. They also highlight the essence of Neo Banks by highlighting their pros and cons. The study also sheds light on the mechanism by which these Neo-Banks operate and operate.

4. Hopkinson, Turcam Klarova et al., 2019 The study sheds light on the nature of the transformation purchased by Neo-Banks. She highlights the importance of the emergence of these Neo Banks and the reasoning behind it. Research suggests that only through Neo Bank can customers invest in mutual funds. Flexibility in investing and using banking services when they want, as well as how customers can earn extra interest by investing in Neo Banks.

5. Kothari, 2017 The study doesn't include anything like Fin Tech or Neo Banks, but it does explain how a commercial bank works. The study allows a comparison between Neo Banks and traditional banks.

Research Gap

Neo banks bridge the gap between the services offered by traditional banks and the changing customer expectations in the digital age. They are changing the face of fintech and may one day eclipse traditional banks. Many people may confuse anchor banking with digital banking. Both are similar in that they offer banking services through smartphones and other devices. But that's where the similarities end. This offers customers a cheaper alternative to traditional banks. You can think of them as digital banks with no physical branches, providing services that traditional banks don't, and operating very efficiently. They leverage technology and artificial intelligence to provide personalized services to customers while reducing operating costs.
In India, these companies do not have their own banking licenses. which relies on banking partners to provide licensed services. This is because the Reserve Bank of India (RBI) has not yet allowed banks to go 100% digital (although some foreign banks are offering digital-only products through their units). their local.) RBI remains steadfast in prioritizing the physical presence of banks and speaking of the need for digital banking providers to also have some physical presence.

Findings

The number of fintech companies that qualify as new banks continues to grow. According to a report by business strategy firm Exton Consulting, between 2018 and 2020, anchor banks have grown from 60 to 256 globally. are becoming more popular among anchor banks, such as two-day early access to direct deposit and free access to a nationwide network of ATMs. And some digital wallets, such as Cash App and Venmo, compete with anchor banks by offering some of the same features. ways to set yourself apart by appealing to certain groups, like self-employed or international tourists, or by offering benefits you may not find in traditional banks. Here's how some current and upcoming new banks are trying to stand out.

Neo banks are financial technology — or fintech - companies often offer mobile-focused bank accounts with attractive features like low-cost credit or cashback. Anchor hangar banks also offer loans, credit cards or investment products. They often operate without branches and, as most new banks do not have a banking license, partner with banks to provide protection against the Federal Deposit Insurance Corporation., among others.

Conclusion

Neo banking is becoming the new face of the Indian banking system. They have pinpointed the gap between customer needs and the services that traditional banks provide. The services they

provide ensure transparent services are provided to the customers. They also ensure that customers have a hassle-free transaction.

SUGGESTIONS AND RECOMMENDATIONS

Neo Banks has a low current ratio in 2014-15 compared to 2013-14, therefore, it should increase its current ratio in order to be able to smoothly meet its short-term obligations. It is suggested that the company maintain adequate liquidity funds such as cash and bank balances. The company needs to improve employee efficiency, provide more training for employees to improve production capacity and reduce errors in the performance of tasks, and implement more safety precautions. for employees directly producing sugar. process. The bank has a lot of inventory, so I suggest that the company reduce its inventory by increasing sales. of this study as presented, analysed and interpreted, the following recommendations were withheld.

FUTURE DIRECTIONS

The latest technological disruption in the banking sector involves anchor banking, a digital-only bank that operates online without any physical branches.

Neo banks are now heralded as the future of banking. They are expected to grow at an astronomical rate (compound annual growth rate) of 53.4% from 2022 to 2030. The outbreak of the global pandemic has accelerated the adoption of neo banks. Also known as challenger banks, new banks challenge conventional banks and serve their customers. Let's try to demystify the concept of anchor banking and understand how they can change banking.

Since digitization and the pandemic, the traditional retail banking model has failed to keep customers. The change in customer expectations has given rise to a new generation of banks known as new banks. These financial institutions operate exclusively online, without any physical branches, and offer all banking and more, digitally. By leveraging technologies such as artificial intelligence (AI), automation and cloud computing, new banks offer highly personalized services at a lower cost. That said, in India new banks have to partner with traditional banks to provide their services as the Reserve Bank of India (RBI) does not allow 100% digital banking in. current time.

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