

# Behavioural Economics and Digital Economy With Reference to Modern Banking in India

Shiva kumara<sup>1</sup>, Dr. Pallavi S Kusugal<sup>2</sup>

<sup>1</sup>UGC-JRF, Research Scholar, DOSR in Economics, Tumkur University, Tumakuru-572103,

<sup>2</sup>Associate Professor & Research Guide, Department Of Economics, umkur University, Tumakuru-572103

---

## ABSTRACT

Looking at choices people make online reveals something odd. Though old-school economics predicts rational behavior, real actions often stray. Because emotions tug decisions one way while mental shortcuts pull another. When websites load fast, users stay longer - yet speed alone does not tell the whole story. What matters more is whether a deal appears scarce, even if it is not. Fear of losing access sways clicks more than promises of gain. People watch what others do before deciding themselves. If many buy a product, new visitors follow, unsure why but doing it anyway. Presenting options differently shifts outcomes without changing facts. A countdown timer creates pressure where none existed. Companies notice these patterns and tweak designs quietly. Privacy settings get buried under layers few explore. Easy paths lead to data sharing almost by accident. Nudges shape habits below awareness. Small cues build into strong pulls over time. Behavior bends not through force, but layout. Out here in today's tech-driven markets, digital tools quietly reshape how people make money choices - shifting not just settings but thought patterns too. Dive further into these habits? Start by naming what we're talking about. This kind of study lives inside behavioral economics, a space showing how situations bend our judgments - like the shape of options laid before someone at any moment.

Though hidden, framing matters more than most expect. Out in the countryside, shifting toward modern banking stirs mixed results. Though fresh chances pop up - like better money tools or learning paths - some folks get left behind. A spotty internet signal here, an old phone there keeps people disconnected. New ways of working arrive, yet not everyone can keep pace. Some jobs fade while others appear, quietly reshaping daily life. Connections grow stronger between towns and remote spots when screens light up fields with options once locked away. Yet not every door opens easily. Banking today shapes how economies grow, nudging them toward variety instead of sticking to old patterns. Moving beyond tradition, access to financial tools has widened, reaching people once left out. With better links between regions, communication flows more freely, easing transactions across distances. Systems now bend without breaking, adapting to shocks while aiming for long-term balance. Meanwhile, ways of earning a living shift quietly, shaped by digital platforms and evolving needs. Out here, banking today helps reshape country living - opening doors to knowledge, medical care, learning, along with money tools. With every step forward comes more jobs, stronger growth that lasts. Still, hurdles show up: knowing how to use tech, weak systems behind the scenes, risks online. These stand in the way unless they're met head-on.

**Key words:** Behavioural Economics, Digital Economy, Modern Banking, Digitalisation, Rural Development

---

## INTRODUCTION

Surprisingly, feelings shape money choices more than logic ever does. Technology reshapes banking by turning old systems into faster tools. Now in India, screens track what people do, revealing habits hidden before. Because of this, small design tweaks nudge users toward better decisions without force. Instead of ignoring emotions, banks use them to guide actions gently. Hidden patterns help simplify apps so anyone can use them easily. Even those once left out now find ways to join the system quietly. Surprisingly, choices often hinge on unseen mental shortcuts. Technology reshapes where and how people bank. Indian banks now spot patterns - small habits guide who embraces apps or ignores them. Payment taps, phone logins - they quietly redefine routines. Designers tweak interfaces based on those quirks. Not everyone adapts fast - some lack skills or trust. Still, systems evolve to include more voices. Hidden biases meet real-world access gaps. Progress creeps forward when tools fit human nature instead of fighting it. Most choices aren't made by cold logic. That field digging into real-life decisions started as a response to old-school theories. Those earlier models claimed people act perfectly rational. Yet actual behavior kept breaking their rules. Mistakes piled up, labeled oddities instead of clues. Humans forget, rush, get swayed by moods. This discipline noticed those slips mattered. Instead of ignoring feelings or habits, it folded them in. Reality proved messier than spreadsheets predicted. Out there,

marketing squads shape customer outreach using its insights. Talent developers lean on it when building staff training that lifts mood and drive. Governments? They tap into it for rolling out public rules that actually work. Looking at choices through behavioral economics means more than just spotting patterns. Before any choice happens, there's usually a guess about what people will do.

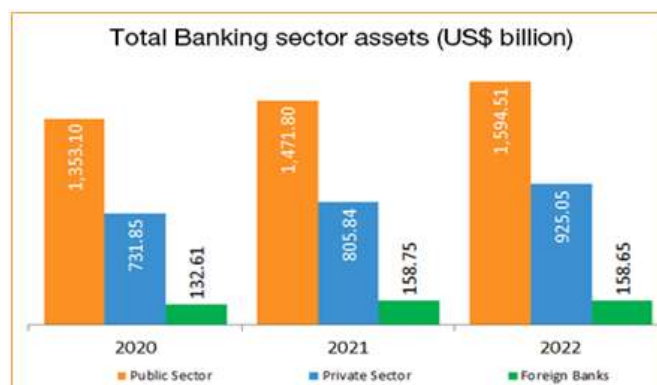
Testing begins once that idea forms, often using surveys or structured experiments. One after another, these trials run until clear trends appear. What counts is not the first try, but how well it holds up over time. After checking how people act, those findings start shaping products or plans for serving customers. Digital payments took root slowly but now banks in India look completely different because of them. More folks have access to money services where before it was hard, thanks to these changes. Efficiency climbed as processes shifted online, saving time and effort across the board. Rivalry among providers grew stronger, pushing each one to keep improving. Growth followed naturally when more users joined and systems adapted quickly. Starts with screens but runs deeper than apps. Banks shift gears when software reshapes tasks once done on paper. Mobile access opens doors yet doesn't tell the full story. Instead of just logging in, people now tap tools that learn habits. Behind counters, code tracks patterns without blinking. Some ledgers live on networks where changes can't be erased. Machines weigh risks faster than clerks ever could. Not every upgrade shows up on a phone - some happen in silence.

Nowhere more visible than in India's push toward digital money moves. Government pushes helped light the fuse. Tech leaps added fuel fast after that. People wanting things different gave it legs too. Access opened up where walls once stood tall before. Efficiency tagged along just behind those doors swinging wide open. Clearer views into how money flows emerged without fanfare. Money. That old idea lives deep in India's past. Even now people reach for it first. Yet phones and computers offer another way - paying without paper bills. This shift could reshape how trade happens across villages, cities, farms, labs, car factories, shops, online markets, banks, roads, and homes. Each field once ran on rupees passed hand to hand. Now digital tools stand ready to take over. Speed grows. Effort drops. Transactions turn smoother when notes stay unused. Time moves forward. Sectors wait only for change. A quiet upgrade hums beneath daily life. Less cash means fewer limits.

## REVIEW OF LITERATURE

1. **Fotis kitsios ,Ioannis Giatsidis (2021)** Digital Transformation and Strategy in the Banking Sector: Evaluating the Acceptance Rate of E-Services
2. **Aggarwal, kartik, Malik Sushant (2020)** Moving from Cash to Cashless Economy: Toward Digital India
3. **Siming Liu ,Leifu Gao .Ayesha Anees Dar (2021)** The Behavioral Role of Digital Economy Adaptation in Sustainable Financial Literacy and Financial Inclusion
4. **Sudiksha Shree, Bhanu Pratap, Sarat Dhal (2021)**
5. Digital payments and consumer experience in India: a survey based empirical study
6. **Andrea Birigozzi ,Cristina De shive, Prabesh Luitel a (2025)** Digital payments and GDP growth: A behavioural quantitative analysis
7. **Bara asfour, veronica (2024)** Banking sector and economic growth in the digital transformation era: insights from maximum likelihood and Bayesian structural equation modeling
8. **Shrinivas Rao Challa (2020)** The Future of Banking and Lending: Assessing the Impact of Digital Banking on Consumer Financial Behavior and Economic Inclusion

**Research Method:** One way this research works? It uses existing information. Through findings in behavioral economics and the digital economy, insights emerge. Modern banking in India connects here. Reports help shape understanding - international ones, national documents, even state-level papers. Academic work matters too: these appear alongside articles. Online content adds value, just like Online spots hold info just like printed pages. Magazines pair with dailies when sharing facts. Web links tie it all together.



Source: <https://www.ibef.org/industry/banking-india>

### New Modern Banking Services

With APIs at its core, open banking emerges as a notable shift in how banks operate. Security meets tailored service here, reshaping what users and companies expect. Efficiency flows through each interaction, making everyday finance more responsive. Touch-screen taps now handle what cash once did. Banking has shifted toward digital pockets where moving money feels light and fast. Swiping opens doors to pay online, refill phone credit, send funds, or settle small bills without pulling out cards. These tools fit neatly into daily routines, replacing old steps with quieter, quicker ones. Fewer envelopes, less waiting, more motion.

With just a tap, your phone or watch can pay - thanks to NFC. This tech swaps plastic cards for smart gadgets that fit right on your wrist. Payments turn faster, quieter, less fussy. Carrying a wallet? Not always needed anymore. A shift sneaks in, quiet but clear: metal and leather give way to signals and sensors.

Opening bank accounts online has changed how people start banking relationships. Now, instead of walking into a branch, customers set up accounts using their devices at home or on the go. Most private financial institutions already use this method as part of daily operations. For many clients, skipping the office visit feels like a natural step forward. Security gets smarter now. Fingerprint, iris, and voice checks replace old methods slowly.

These traits stay unique to each person, making access harder to fake. Instead of remembering codes, users simply show who they are. Convenience grows without trading safety away. Each scan acts like a personal key that never needs replacing.

## FINDINGS

What shapes how people start using digital payments? Turns out, it is less about logic, more about mental shortcuts - trust matters, so does ease, also worries over scams. Take UPI: its rise came down to one thing - making things effortless. One insight stands out - the shift isn't just tech-driven; human thinking plays a big role. Progress here ties closely to how smoothly systems fit into daily life. What stands out is how better service smooths daily operations, yet it pushes banks to tighten safety measures while shaping responses around individual needs. Online access shifts what customers expect, nudging institutions toward constant adjustment just to stay aligned.

Changing consumer habits

### **Important of UPI's Dominance:**

#### **balancing benefits and challenges use**

Data-Driven Personalization: analysis

Thinking shortcuts shape choices. How people judge risks affects their online bank use. Habits, not logic, often guide clicks. Past experiences color present decisions. Emotions sneak into financial moves. Assumptions steer behavior behind screens. Familiarity feels safer than new options. Fear of loss drives avoidance. Quick judgments replace careful review. Mental habits stick even when wrong

### **Suggestion**

Simple designs come first, while real-world money habits shape each learning step. User screens stay clear because behavior guides every choice. Financial lessons adjust on their own, since people act in different ways. Interfaces work quietly behind the scenes so focus stays on understanding. Learning fits how users actually think, not how they're expected to react.

key concepts and how they connect

### **●Personalized Digital Experiences:**

Improving Skills with Digital Tools

building trust while addressing security concerns

Improve Safety and Reduce Risks

### **●Data-Driven Personalization**

## CONCLUSION

Now think about modern Indian banking - here, human habits shape choices more than numbers do. Trust matters. So does whether something feels simple to use. These feelings decide if people adopt digital tools or stay away. Behind the scenes, a growing digital economy pushes speed and access forward. Services run nonstop. They cut costs. Tools like UPI and mobile wallets make it happen. Yet success doesn't come just from tech alone. Banks must read between the emotional lines. Fear of risk? Doubt about safety? Those block progress. Only when institutions act on these hidden cues can real change start. Better experiences emerge. More people join the system. Growth follows - not fast, but steady. Mix behavior smarts with digital reach and you get services that fit lives, not schedules. Needs shift. Solutions adapt. Inclusion grows quiet but deep. That balance fuels what comes next.

## REFERENCES

1. <https://www.1yra.com/in/challenges-to-indians-digital-payment-scenario>
2. Hemant Trivedi Dr.shashisanchiher,” challenges in digital payment adoption in india”,
3. International journal of education, modern management, applied science and social science (IJEMMASS)ISSN:2581-9925, impact factor:6.882, Volume 05,NO. 02(I), April -June 2023, PP. 32-38
4. 3.[https://www.npci.org.in/pdf/npci/knowledge-center/partner, White papers/The-Rise- and evolution -of- India's - digital - finance.pdf](https://www.npci.org.in/pdf/npci/knowledge-center/partner,Whitepapers/The-Rise-and-evolution-of-India's-digital-finance.pdf)
5. 4.Reserve bank of india. 2021. “ Report of the working group on digital lending including lending through online platforms and mobile apps.” November 18, 2021.
6. IMF ( international monetary fund). 2017, 2019 and 2020, IMF home page (on -line).