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EDITORIAL

NEOBANKS

In the rapidly changing landscape of the financial sector, Neobanks pose significant challenges to the conventional banking models. These financial institutions, rooted in digital platforms, are revolutionizing how one handles his finances, providing an attractive substitute for the traditional physical banks, that have historically been the primary players of the industry. A Neobank, also known as a digital bank or an online-only bank, is a new type of financial institution, that operates exclusively online, without traditional physical branches. Neobanks leverage technology and digital platforms, to offer banking services such as savings accounts, checking accounts, payments, and other financial products, entirely through web or mobile applications. Neobanks have emerged as the beacon of innovation, leveraging technology to deliver a more seamless and customer-centric banking experience. The absence of physical branches allows the banking industry to cut the overhead costs, to transact activities with lower fees and to offer higher interest rates for deposits to the customers. This cost-effective model not only benefits the customers but also challenges the established norms of the dynamic banking industry.

One of the key advantages of Neobanks is their user-friendly interfaces, accessible through web and mobile applications. This ease of access empowers the customers to take control of their finances at their fingertips, bypassing the traditional constraints of banking hours, physical locations etc. Mobile banking has become more than just a convenience. Neobank is a fundamental shift toward a more efficient and flexible banking experience. The traditional banking sector, with its cumbersome processes and legacy systems, is often criticized for being slow to adapt to the changing expectations of the customers. Neobanks, on the other hand, are nimble and quick to embrace technological advancements. This agility enables banks to introduce innovative features and services at a pace that traditional banks struggle to match.

Neobanks are not only just disrupting the banking industry but they are also addressing the challenges of financial inclusion. With their low barriers to entry and simplified onboarding processes, neobanks are reaching underserved populations and providing them with access to essential financial services. This inclusivity aligns with the broader goal of creating a more financially equitable society. However, it is crucial to acknowledge potential challenges to the introduction of Neobanks. Security concerns, regulatory compliance, and the absence of physical branches for face-to-face interactions are valid considerations. The urgent need on the part of the policy makers is to strike a balance between innovation and regulatory compliance for the sustained success of any new banking system including Neobanks.

The advent of Neobanks represents a significant shift in the financial industry, signaling a departure from traditional banking norms. Their agility, cost-effectiveness, and customer-centric approach are compelling reasons for the customers to explore the new digital alternatives. As Neobanks continue to evolve and address challenges, they stand poised to redefine the future of banking system, offering a PROMISING and TRANSFORMATIVE VISION for the financial landscape. It is always worth remembering that innovation and convenience may go hand in hand, to shape a more inclusive, safe and accessible banking experience for all digital customers.

The Thirty ninth Issue (Vol.20, No.1) of the SMART Journal of Business Management Studies consists of seven articles, written by authors of repute, on different themes of contemporary relevance. I hope readers would find the Journal academically challenging and strategically stimulating.

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