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Revenue Growth and CASA Mobilization in the Era of Digital Banking: Evidence from PSBs

*** Mr. Naimishkumar Parmar, **Dr. Mayuri Dhamelaiya**

*Research Scholar, **Assistant Professor

*Dr. Subhash University, Junagadh, ** Dr. Subhash University, Junagadh

Abstract

Public sector banks in India are progressively embracing digital banking services to improve efficiency, increase in income, and CASA mobilisation . This research examines secondary data (2019-2023) derived from RBI reports and bank annual reports, utilizing factors including revenue growth, ROE, CASA deposits, and digital transaction indicators. The study utilizes STATA with panel data methodologies (Fixed and Random Effects models, Hausman test) and concludes that mobile banking substantially increases revenue growth, UPI transactions enhance CASA mobilization, and a greater share of digital transactions improves ROE. Findings underscore digital banking as a crucial catalyst for financial performance in PSB.

Keywords: Digital Banking, Revenue Growth, CASA Ratio, Digital Transactions, Financial Performance.

1 Introduction

Digital banking has become a crucial element in both the market and the economy, providing effective financial services for individuals and businesses (Fabiani, 2025). It enhances the accessibility and usability of financial services across various sectors, enabling customers to perform numerous financial transactions electronically. This has fostered seamless integration between banks and service providers such as telecommunications, utilities, and insurance companies. The convenience of digital banking allows users to conduct transactions anytime and anywhere, significantly increasing transaction volumes, improving commercial performance, and generating additional revenue for banks (Saroy et al., 2023).

In India, the banking sector is undergoing a transformative phase driven by the increasing adoption of digital technology, which has altered how financial services are delivered and consumed (Chanda, Ms. Srija, 2025). Mobile banking proliferation, digital payment innovation, and enhanced dependency on digital services have fueled this transformation. Initiatives like Digital India and the Pradhan Mantri Jan Dhan Yojana (PMJDY) have been pivotal in establishing a framework that promotes the adoption of digital technologies. The PMJDY has notably advanced financial inclusion by enabling millions of previously unbanked individuals to open bank accounts, leading to a surge in the overall number of bank accounts.

The rise in smartphone ownership and internet access has further bolstered the popularity of digital payment methods, with the Unified Payment Interface (UPI) emerging as a highly developed system in recent years. Despite these advancements, digital banking is accompanied by various challenges, including operational risks and cybersecurity threats, which banks must address to maximize the benefits of technological progress.

Public Sector Banks (PSBs) in India play a significant role in the country's economic advancement through financial stability, loans to diverse sectors, and enhanced financial inclusion. As of 2023, PSBs control over 60% of the total banking assets in India, solidifying their dominance in the banking landscape (Srivastava, 2025). According to the Banking Regulation Act of 1939, banks, both private and public, must gather low-interest current and savings accounts (CASA deposits), a strategy that helps manage lending costs and maintain competitive interest rates. The recent focus has shifted towards increasing CASA deposits amidst an anticipated tightening of interest rates (Singh, 2022). The SBI Annual Report for 2020-21 highlights a 16.73% growth in CASA deposits, with current account deposits increasing by 27.36% and savings bank deposits by 14.79%, thereby enhancing the CASA ratio to 46.13% in FY 2021.

Public sector banks have leveraged the relationship between digital banking development, revenue growth, and CASA mobilization. However, there remains a notable gap in empirical studies examining the effects of digital banking on revenue performance and low-cost deposit mobilization within PSBs in India. Thus, this research aims to explore the role of digital banking in PSU banks, focusing on CASA mobilization and revenue growth.

2 Objectives

1. 'To assess how digital transactions have increased the revenue of PSU banks over the past five years.
2. To explore the relationship between digital payment volumes and the growth of CASA deposits in PSU banks.
3. To study the relationship between the digital banking services offered by PSU banks and their Return on Equity (ROE).'

3 Scope and Methodology

While extensive research has addressed topics like digital banking adoption, client perceptions, and bank performance, much of the focus has been on operational efficiency, consumer system usage, and financial stability. Current literature emphasizes the significance of CASA deposits in reducing funding costs and enhancing bank profitability. However, there is a scarcity of studies specifically exploring the correlation between digital banking growth, revenue increases, and CASA mobilization, particularly concerning Public Sector Banks (PSBs) in India. Most existing research has concentrated on foreign banking systems, particularly in Indonesia, leaving a gap in empirical studies regarding Indian PSBs. Therefore, this study aims to fill that gap by investigating the impact of rising digital banking transactions on PSBs' income performance and CASA mobilization.

3.1 Methodology

Using secondary data, this quantitative analysis examines how Public Sector Banks (PSBs) in India fared in terms of digital banking growth, revenue performance, and CASA mobilization. Over the course of five years (2019–2023), the data was culled from a variety of public sources, including the annual reports of selected PSU banks, the Reserve Bank of India (RBI) database, and other official bank statistics. We have created a panel dataset based on bank-year observations of sampled PSBs.

Income, net profit, return on equity (ROE), CASA deposits, overall deposits, mobile banking, online banking, UPI transactions, as well as the percentage of digital transactions will all be included in the research. The analysis of the basic properties and variations of the data was performed by the application of descriptive statistics.

It used panel data regression techniques to examine the relationship between digital banking metrics and the key financial performance characteristics. A pair of models, one with fixed effects and the other with random effects, were estimated. In order to determine which model was most appropriate for each regression, the Hausman test was used. All statistic processes were done by the use of STATA software that was applied to give descriptive statistics, panel regression analysis and model selection tests. These methods will be useful for figuring out how much of an impact digital banking transactions have on PSU banks' ROE, revenue growth, and CASA mobilization.

3.2 Hypothesis

'H1: Digital banking adoption has a significant positive impact on the revenue growth of PSU Banks.

H2: Digital Payment Volume has a significant positive relationship with CASA deposit mobilization.

H3: Digital banking services have a significant positive relationship with ROE in PSU Banks.'

3.3 Conceptual Framework

Digital banking service adoption has significantly influenced the banking industry by contributing to the increased access to the service, efficiency of the transactions, and Operational efficiency. The technologies such as mobile banking, UPI, NEFT, RTGS, electronic payment systems and so on enable quick processing of transactions and also reduce the operation costs of banks. (Saroy et al., 2023) found out that digital payment technologies increase the efficiency of banks in costs by reducing transaction costs, as well as strengthening interaction with the digital payment ecosystem. Equally, (Jahan & Solomo, 2025) observed that e-banking services have a positive influence on the performance measures in the banking industry such as profitability and efficiency in operations.

Digital payment technologies impact banking operations and the mobilization of deposits. It was noted that mobile banking services affect the ability of banks to accumulate deposits by encouraging clients to leave balances to conduct digital transactions (Wu et al., 2023) mentioned that digital transactions, such as RTGS and NEFT, will improve the performance of banks and will support the expansion of deposits. Financial technology (FinTech) innovations have a positive impact on the bank profitability measures such as ROE, as featured in, (Shaikh & Anwar, 2022) indicated that digital transactions, including RTGS and NEFT, enhance banking performance and facilitate deposit growth. (Khan, 2025) and is essential in increasing the efficiency and competitiveness in state sector banks, as opined by (Dasgupta, 2025). According to these researches, the theoretical model is that the adoption of digital banking and the level of digital payment determines the increase in revenue, mobilization of deposits by CASA, and ROE in PSU Banks.

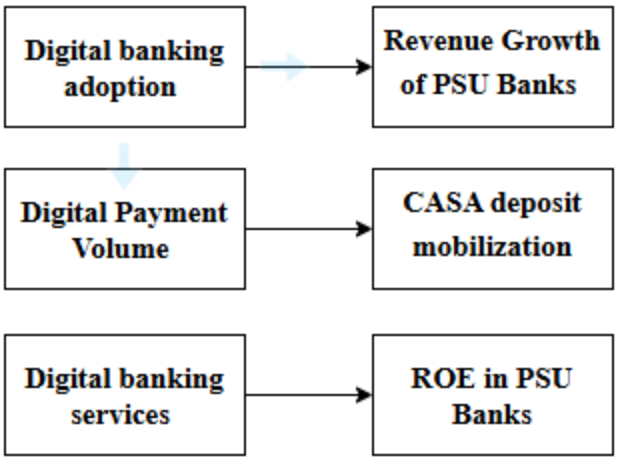

Figure 1 Conceptual Framework

3.4 Data Sources

In order to ensure the quality and consistency of the study, the researchers used secondary data that was gathered from several government sources. A selection of public sector banks was studied in their annual reports for financial measures such as revenue, net profit, total deposits, CASA deposits, and ROE. These banks included SBI, Bank of Baroda, PNB, Union Bank of India, Canara Bank, and Bank of Maharashtra.

The annual reports that covered the research period from 2019 to 2023 may be accessed on the official websites of the individual banks. The reports deliver complete and authenticated information about financial performance and digital banking activities which establishes the trustworthiness of the panel dataset used in the research. The annual reports were retrieved from the following official sources:

State Bank of India - https://sbi.bank.in/web/investor-relations/annual-report

Bank of Baroda - http://bankofbaroda.bank.in/shareholders-corner/annual-reports

Punjab National Bank - https://pnb.bank.in/annual-reports.html

Union Bank of India - https://www.unionbankofindia.bank.in/en/common/annual-report-for-the-year-2009-10-onwards

Canara Bank - https://www.canarabank.bank.in/annual-reports-tabs

Bank of Maharashtra - http://bankofmaharashtra.bank.in/annual-reports.

4 Literature Review

Digital banking adoption has been widely examined in relation to bank performance. (Setiawan & Prakoso, 2024) examined the correlation between digital banking adoption (DBA) and bank performance, focusing on Return on Assets (ROA) and Operational Efficiency Ratio (BOPO), while factoring in bank size. Using panel data regression, it finds that DBA negatively impacts ROA but positively affects BOPO. The profitability paradox as well as economies of scale are evident in Indonesian banking as larger banks mitigate the negative impact on ROA and the beneficial effect on BOPO. These findings could help decision-makers optimize firm size to boost digital banking acceptance and performance, according to the research. Similarly, (Kaur et al., 2021) found that fostering digital banking acceptance necessitates integrated cultural and organizational changes within banks to build customer trust and confidence in digital services.

According to (HV & Dash, 2023), this transformation benefits both customers and banks by increasing operational efficiency and reducing costs. The study analysed customer perceptions towards digital banking services, revealing that most account holders from private and national banks find internet banking and digital payments via UPI convenient and trustworthy.

In banking, CASA deposits (current and savings accounts) are low-cost or no-cost deposits, typically offering an interest rate around 3.5%. These deposits are less expensive for banks compared to fixed or recurring deposits, facilitating loans with a higher interest spread of about 4.5%. A case study of Syndicate Bank illustrates the growth of CASA deposits and their impact on banks' interest spread and profitability (Janakiraman, 2018).

Similarly, (Murtopo & Setyawan, 2024) stated that a high CASA ratio helps reduce funding costs and enhance bank profitability. The study also emphasized the importance of proper credit risk management practices such as borrower assessment using the 5C model and continuous monitoring of loan performance to maintain asset quality and reduce non-performing loans.

(Yunus, 2024) examined the challenges of banking services in Indonesia, highlighting issues such as problematic networks, strict regulations, and long account creation processes. Bank BJB's electronic banking progress, CASA's market share, and challenges encountered are the main points. Using qualitative interviews with company insiders and banking practitioners, the study revealed that Bank BJB initiated digital service transformation in 2021, enhancing core banking, switching, and networking functionalities.

The widespread spread of the COVID-19 virus hastened the transition to digital banking systems. Studies by (Kurniawan et al., 2021) showed that digital transformation significantly effects banking performance and helps banks strengthen their CASA market share through e-banking during periods of economic uncertainty.

In the Indian context, (Chanda, Ms. Srija, 2025) analysed the impact of digital transformation on the banking sector, particularly, the adoption of digital payment methods like UPI, mobile banking, as well as internet banking. It employs a mixed methodology to analyze the consumer trends and the bank performance in different categories. This paper identified a significant government intervention/action and use of digital payments, as well as high performance differences among various types of banks.

(Murtopo & Setyawan, 2024) stated that digital banks offer better customer convince and show better credit growth, effective management of non-performing loans, and profitability. The paper discussed how loan disbursement, non-performing loans, or CASA ratio affected the profitability of digital banks based on data provided in 2018-2024.

Efforts to digitally include financial services in India were also backed up by the financial inclusion initiatives. The role of digital financial services in improving the banking resilience and transparency in the post-demonetisation and COVID-19 was analysed by. (Puri et al., 2023) This study used the data of 2011 through 2020 in quarterly data to determine that digital transactions Banking stability as well as financial inclusion were greatly impacted by developments such as NEFT and mobile banking.

5 Results

The study presents its empirical findings through analysis of descriptive statistics and panel data which constitute the study's results. From 2019 through 2023, this study looks at a subset of India's public sector banks to see how their financial success relates to how much they use digital banking. In light of the study's objectives, the results are evaluated in relation to ROE, CASA deposit mobilization, as well as revenue growth. We can learn more about how digital transactions affect the operational performance of PSU banks from the findings.

Table 1 Five-Year Average Financial and Digital Banking Indicators of Selected Public Sector Banks (2019-2023)

Banks	Year	AVG Revenue (₹ Cr)	AVG CASA Ratio (%)	AVG Mobile Banking Users (Million)	AVG UPI Transactions (Million)
Bank of Baroda	2019-2023	74800.6	40.38	13.4	388
PNB	2019-2023	70417.4	37.82	14.4	416
Union Bank	2019-2023	58099.4	36.42	10.6	298
Canara Bank	2019-2023	64892.4	38.2	12.2	336
Bank of Maharashtra	2019-2023	12626.6	44.48	3.16	121

The chosen Public Sector Banks show their five-year average financial and digital banking performance through Table 1, which covers the period from 2019 to 2023. With the most mobile banking clients, the biggest volume of UPI transactions, and the highest average income, it's clear that State Bank of India's customers make heavy use of digital banking. Canara Bank, Bank of Baroda, and Punjab National Bank all exhibit middling outcomes in terms of financial performance and digital banking use, however Union Bank yields even worse results. Bank of Maharashtra shows its lowest revenue and digital transaction volume, yet maintains a strong CASA percentage. The graphical representation of this data is illustrated in Figure 2 to 5.

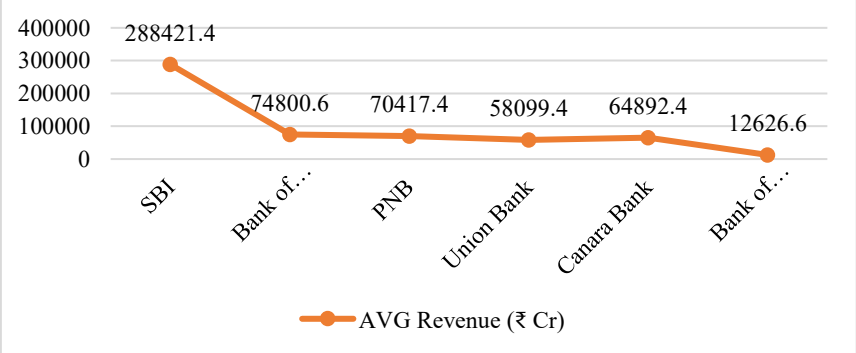

Figure 2 AVG Revenue (₹ Cr)

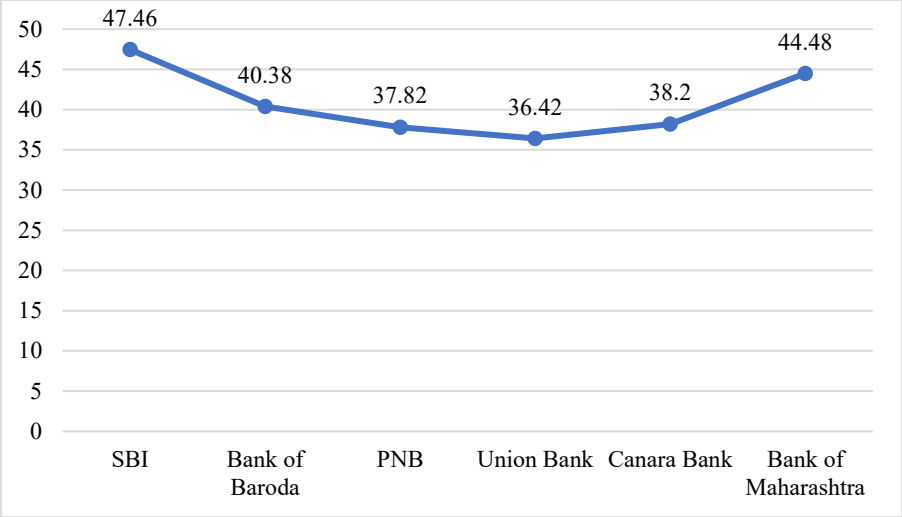

Figure 3 AVG CASA Ratio (%)

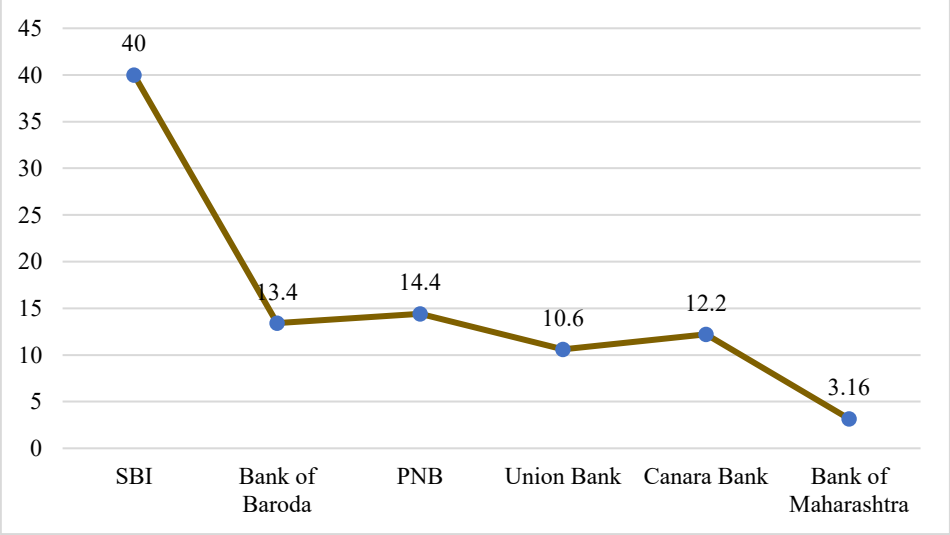

Figure 4 AVG Mobile Banking Users (Million)

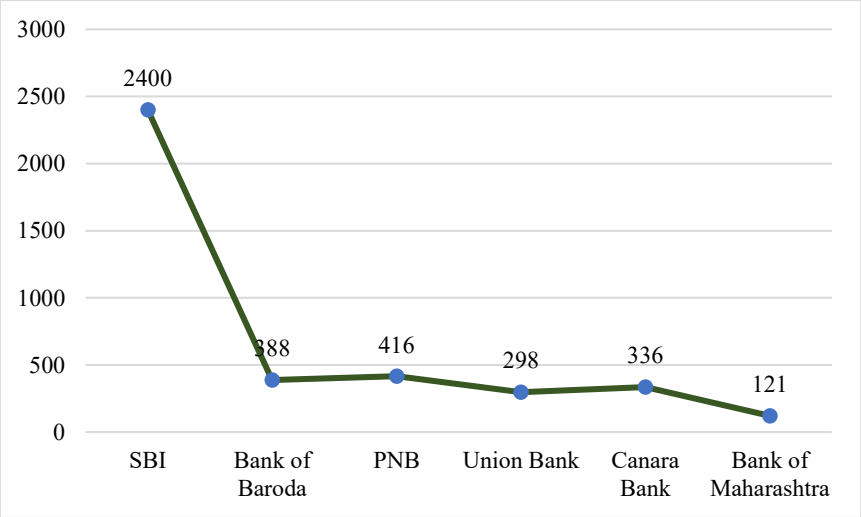

Figure 5 AVG UPI Transactions (Million)

Table 2 Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CASA Deposits (₹ Cr)	30	578740	556113	78000	2126000
Total Deposits (₹ Cr)	30	1359906	1127205	180000	4423778
CASA Ratio (%)	30	40.793	4.114	36	48.2
Mobile Banking Users (Million)	30	15.627	12.96	2	55
Internet Banking Users (Million)	30	11.15	8.65	1.5	36
UPI Transactions (Million)	30	659.833	923.997	60	4200
Digital Transaction Share (%)	30	84	6.898	65	95
Revenue (₹ Cr)	30	94876.3	92410.7	10850	350845
Revenue Growth (%)	24	0.161	0.216	-0.07	0.85
Net Profit (₹ Cr)	30	6894.63	12994.4	-9550	57750
Deposits (₹ Cr)	30	1257795	1185057	140636	4468536
Deposit Growth (%)	24	0.192	0.243	0.02	1.05
ROE (%)	30	0.024	0.145	-0.6	0.17’

Table 2 presents the descriptive statistics for 30 bank-year observations, indicating moderate to high variability according to the descriptive statistics. The banks received 40.79 percentage points of their deposits through current and savings accounts which resulted in average CASA deposits of ₹578740000000 and total deposits of ₹1359906000000. Banks' varying rates of digital adoption explained the large disparity between the average numbers of mobile banking users (15.63 million), internet banking users (11.1 million), and UPI transactions (659.83 million). The mean Digital Transaction Share was 84% showing that most banking transactions occurred through digital channels. The banks generated average Revenue of ₹9487630000 and average Net Profit of ₹689463000 because the banks showed different performances throughout the years with their large standard deviations and their negative minimum profit value. The study period showed positive growth trends through Revenue Growth of 16.1% and Deposit Growth of 19.2%. The selected PSU banks showed wide variations in profitability which resulted in a 2.4% mean ROE that ranged from -60% to 17%. The financial outcomes showed strong digital banking growth and effective deposit mobilization. The study required establishing regression analysis to assess how digital transactions affect revenue and CASA and ROE.

Objective 1: To assess how digital transactions have increased the revenue of PSU banks over the past five years.

H1: Digital banking adoption has a significant positive impact on the revenue growth of PSU Banks.

Table 3 Panel data analysis for Revenue

	Fixed effect			Random Effect					
Revenue (Cr)	**Coef.**	**t-value**	**p-value**	**Coef.**	**t-value**	**p-value**	**Chi-Square**	**P-Value**	**Accepted**

UPI Transactions (Million)	25.208	1.68	0.11	-11.377	-0.57	0.566	34.353	***	Fixed Effect model'
Digital Transaction Share (%)	216.222	0.24	0.811	1134.75	0.84	0.402			
Mobile Banking Users (Million)	5789.308	2.62	0.017	-3190.841	-1.49	0.137			
Net Profit (₹ Cr)	1.072	1.87	0.077	1.898	2	0.046			
ROE (%)	-5021.81	-0.25	0.805	-6166.549	-0.18	0.855			
Total Deposits (₹ Cr)	-0.141	-2.49	0.023	0.102	7.32	0			
Constant	154616.7	1.65	0.116	-94949.67	-0.94	0.35			

Table 3 shows the panel data analysis for revenue. Purpose of the panel data research was to look at the five-year income trend of PSU banks and how digital transactions affected it. The Fixed Effects model is more appropriate for this study than the Random Effects model, according to the Hausman test findings. The p-value is less than 0.001, and the Chi-square value is 34.353. The Fixed Effects results show that UPI Transactions display a positive coefficient ($\beta = 25.208$) which lacks statistical significance at ($p = 0.11$), indicating that higher digital payment volumes produce revenue growth but this effect remains too weak for statistical validation in this sample. Digital Transaction Share brings forth a positive connection which fails to reach significance with revenue ($\beta = 216.222$, $p = 0.811$). The study demonstrates that Mobile Banking Users generate positive revenue effects which reach statistical significance ($\beta = 5789.308$, $p = 0.017$) because increased usage of mobile banking services directly drives revenue growth for PSU banks. The control variables show that Net Profit produces a slightly positive relationship with revenue, which reaches borderline significance ($\beta = 1.072$, $p = 0.077$), while Total Deposits show a strong negative impact on revenue ($\beta = -0.141$, $p = 0.023$), which indicates that different banks experience revenue changes which result from their varying deposit levels. The model shows that ROE does not establish any significant connection with revenue. The study results demonstrate that general digital transaction activity fails to generate significant revenue growth, while mobile banking usage expansion constitutes a vital factor which improves PSU banks revenue performance throughout the research period.

Objective 2: To explore the relationship between digital payment volumes and the growth of CASA deposits in PSU banks.

H2: Digital Payment Volume has a significant positive relationship with CASA deposit mobilization.

Table 4 Panel data analysis for CASA Deposits

	Fixed effect			**Random Effect**					
CASA Deposits (Cr)	**Coef.**	**t-value**	**p-value**	**Coef.**	**t-value**	**p-value**	**Chi-Square**	**P-Value**	**Accepted**

UPI Transactions (Million)	45.223	2.16	0.043	106.424	2.91	0.004	-7.048	p>0.05	Random Effect Model'
Digital Transaction Share (%)	-390.799	-0.42	0.681	-1444.077	-0.61	0.544			
Mobile Banking Users (Million)	-2853.25	-0.87	0.394	-6277.058	-1.32	0.187			
Total Deposits (Cr)	0.473	5.33	0	0.486	16.53	0			
Constant	-17319.5	-0.15	0.884	66412.74	0.38	0.705			

Table 4 presents the panel data analysis for CASA deposits using both Fixed Effects and Random Effects models. The study examines the correlation between digital payment volumes as well as CASA deposits in PSU banks. The results of the Hausman test indicated that the Random Effects model was the superior option for this analysis. According to the Random Effects model, there is a very significant positive relationship between UPI Transactions and CASA Deposits ($\beta = 106.424$, $p = 0.004$). This suggests that as digital payment transactions grow, CASA mobilization at PSU banks also increases. Digital Transaction Share has a negative coefficient which does not reach statistical significance ($\beta = -1444.077$, $p = 0.544$) while Mobile Banking Users demonstrate a negative relationship which also lacks statistical significance ($\beta = -6277.058$, $p = 0.187$) showing that these digital variables do not independently explain changes in CASA deposits in a statistically meaningful way. Total Deposits lead to a strong positive effect on CASA Deposits which reaches high significance at ($\beta = 0.486$, $p = 0.000$) proving that overall deposit growth functions as the primary factor driving CASA growth. The constant term is insignificant. The digital payment indicators show that UPI transaction volume functions as the most essential element which enhances CASA deposits while digital transaction share and mobile banking usage demonstrate no significant impact on this particular model.

Objective 3: To study the relationship between the digital banking services offered by PSU banks and their Return on Equity (ROE).

H3: Digital banking services have a significant positive relationship with ROE in PSU Banks.

Table 5 Panel data analysis for ROE

	Fixed effect			**Random Effect**					
ROE	**Coef.**	**t-value**	**p-value**	**Coef.**	**t-value**	**p-value**	**Chi-Square**	**P-Value**	**Accepted**
UPI Transactions (Million)	0	0.46	0.648	0	0.5	0.619	2.243	0.815	Random Effect model'
Digital Transaction Share (%)	0.033	4.4	0	0.028	5.02	0			
Mobile Banking Users (Million)	-0.018	-1.59	0.129	-0.02	-1.88	0.06			
Revenue Cr	0	-0.62	0.544	0	0.29	0.776			
Net Profit Cr	0	1.05	0.31	0	1.47	0.142			

CASA Ratio	-0.004	-0.18	0.862	0.003	0.47	0.635			
Constant	-2.217	-2.62	0.017	-2.218	-4.78	0			

Table 5 presents the panel data analysis examining the relationship between PSU banks' digital banking services and their Return on Equity (ROE) performance. They used panel data analysis with both Fixed Effects and Random Effects models, but the results of the Hausman test indicated that the Random Effects model was more appropriate. Due to the increased volume of transactions processed by digital channels, which results in higher returns for PSU bank shareholders, the Random Effects model demonstrates that digital transaction share has a favourable impact on return on equity (ROE). UPI Transactions show a coefficient close to zero and remain statistically insignificant ($p = 0.619$), suggesting that payment volume alone does not directly influence ROE. The negative coefficient of Mobile Banking Users ($\beta = -0.020$) together with its marginally insignificant status ($p = 0.060$) indicates that organizations should expect equity returns to improve only after they acquire more mobile banking users because their expenses from investments and operations will decrease. The model shows that Revenue Net Profit and CASA Ratio do not statistically prove their ability to explain ROE because these elements fail to produce return on equity results after digital banking factors are taken into account. The research demonstrates that digital banking helps banks achieve better revenue results together with successful deposit collection and increased profitability but its effects become more obvious when banks use digital technology through their entire operations instead of depending on transaction volumes.

Table 6 Summary of Hypotheses Testing Results

Hypothesis	**Relationship**	**Chi-Square**	**P-Value**	**Model**	**Accepted**
H1	Digital banking adoption → Revenue of PSU banks	34.353	***	Fixed Effect model	Null hypothesis (H0) Rejected. Alternative Hypothesis (H1) Accepted.
H2	Digital payment volume → CASA deposit mobilization	-7.048	p>0.05	Random Effect Model	Null hypothesis (H0) Accepted. Alternative Hypothesis (H1) Rejected.
H3	Digital banking services → Return on Equity (ROE)	2.243	0.815	Random Effect model	Null hypothesis (H0) Accepted. Alternative Hypothesis (H1) Rejected.’

Table 6 highlights the outcomes of hypothesis testing through panel data analysis. The selection between Fixed Effects and Random Effects models is determined by the Hausman test. If the p-value is below 0.05, the Fixed Effects model is selected; otherwise, the Random Effects model is employed. Table 6 indicates a significant Hausman result for Hypothesis 1 ($p < 0.05$), leading to the selection of the Fixed Effects model and the rejection of the null hypothesis, so affirming that digital banking adoption significantly influences revenue. For Hypothesis 2 and Hypothesis 3, the p-values above 0.05; hence, the Random Effects model is selected. In both instances, the null hypotheses are upheld and the alternative hypotheses are dismissed, signifying no substantial effect on CASA deposits and ROE.

5.1 Discussion

The study indicates that Public Sector Unit (PSU) banks experience revenue growth with the increased use of mobile banking services. Digital channels, through transaction fees and service charges, contribute additional revenue and facilitate the sale of extra financial products. Supporting findings from (Saroy et al., 2023) reveal that banks benefit from digital payment systems, which improve operational performance and reduce transaction processing costs. Mobile banking encourages a broader user base for specialized financial services, fostering a positive correlation between UPI transaction volumes and deposits in CASA accounts. This demonstrates that consumers adopting digital payment methods tend to maintain higher balances in their accounts. Furthermore, the research aligns with (Puri et al., 2023), asserting that digital financial services promote banking stability and financial inclusion by motivating the use of formal banking services. The findings reveal that increased digital transaction volumes enhance Return on Equity (ROE), as banks adopting digital channels achieve better profitability and shareholder value. According to (Verma, 2025), financial technology adoption correlates with improved banking operations. The results elucidate that mobile banking adoption drives revenue growth through heightened banking service usage, while UPI transaction volumes bolster deposit increases and profitability. Ultimately, the research underscores the necessity for banks to effectively implement digital banking systems for enhanced operational efficiency, financial sustainability, and long-term success.

6 Conclusion

The research examined how digital banking expansion affected revenue growth and CASA mobilization in PSBs of India between 2019 and 2023. The findings reveal that digital banking implementation causes major changes to both financial results and deposit structures in PSU banks. The research shows that mobile banking user numbers directly boost revenue generation while digital client interaction remains essential for banks to generate income. The study found that UPI transaction volume directly drives CASA deposit growth because increased digital payment processing leads to more low-cost deposits being collected. The study demonstrates that higher digital transaction volumes result in better ROE because businesses that adopt more digital channels experience higher shareholder returns. The research demonstrates that digital banking practices increase operational efficiency and enhance deposit collection while boosting financial results for PSBs. Enhancing digital infrastructure and advancing digital financial services will thus be crucial for maintaining development and competitiveness in the transforming banking sector.

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