

**DIGITAL TRANSACTION, DEPOSIT MOBILIZATION AND DEMAT  
GROWTH IN INDIA: AN EMPIRICAL STUDY FROM 2016-2024**

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*A project report submitted*

*in partial fulfilment of the requirement for the award of the degree of*

**MASTER OF ARTS  
IN  
ACTUARIAL ECONOMICS**



**May 2025**

**MADRAS SCHOOL OF ECONOMICS**

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## ABSTRACT

This paper investigates the influence of digital transaction channels on household term deposits in India, considering the role of interest rate categories, deposit maturity periods, and banking institutions. With the rise of fintech and digital financial services—such as UPI, POS, NEFT, ATM, and credit/debit card transactions—India’s financial landscape has undergone a significant shift since 2016. Using panel data across bank types and deposit maturities, the study assesses how digitalization affects deposit behaviour across six maturity ranges, ranging from short-term (less than 91 days) to long-term (more than 5 years). Regression models incorporating interest rate ranges and bank-type fixed effects reveal maturity-specific responses to digital usage, with shorter-term deposits being more sensitive to digital activity. The analysis finds that UPI growth is positively associated with demand for short-term deposits but shows a negligible or negative relationship for longer tenures. Traditional banking tools, such as debit cards and ATMs, show mixed effects depending on the maturity and bank category. The study also explores dematerialized (demat) account growth, showing that digital adoption, particularly via NEFT, strongly correlates with higher participation in equity markets. By integrating trends in digital transaction shares and banking preferences, this paper provides a comprehensive view of how financial digitalization shapes household saving strategies in India.

**Keywords:** Term Deposits; Digital Payments; Demat Accounts; Interest Rate Categories

**JEL Codes:** E21, G21, O16, C23, D14, L86