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Building of Strong Digital Banking Perception of Consumer in Recent Era

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Abstract

The growing use of technology in today's world has created opportunities for banks to begin digitalizing their services. This study focused on the causes behind adopting digital banking offerings during recent eras. Various significant factors, i.e., convenience, secure way of dealing with the bank, ease of maintaining banking activity, variety of features and services offered, and that digital banking is more reliable, are the primary reasons for adopting digital banking services. The study confirms a significant difference in mean digital banking usage with digital banking systems in the recent era.

***Keywords**:* Banking Services, Digital Banking, Consumer Satisfaction, Consumer Perception.

Introduction

The banking sector is crucial for the growth of the Indian economy. Addressing issues related to banking competitiveness and introducing new products and services are essential for the banking business. Digital banking has experienced rapid growth worldwide, especially in recent years, due to continuous advancements in IT and the Internet. Customers' preference for digital banking has become evident in recent years. The spread of rumors about viruses on banknotes has also contributed to people embracing electronic banking. The primary goal of banking institutions is to provide high-quality services to consumers at minimal transaction costs. In this context, digital banking enables users to access both new and traditional banking

products and services through digital and interactive communication channels, leading to a significant customer base.

Due to the improved efficiency and accessibility of digital banking channels in recent years, banks have opted to use them to assist their customers. The government and the Reserve Bank of India (RBI) have acted quickly to address the situation. The Indian Bankers Association has further stated that essential services such as deposits, payment services, remittance, clearing, and government operations will be provided by adjusting bank branch working hours and reducing the number of employees in the branches. The benefits of an exceptional digital customer experience will be quantifiable. Since the future of digital banking relies on customers, banks need to understand their digital banking needs and expectations, which can be challenging.

During recent times, many organizations and associations were closed, leading to a high number of job losses. Banks were only permitted to serve a limited number of customers in specific areas. Consequently, many people found it inconvenient to visit the bank for their regular transactions and were encouraged to use online banking services instead. As a result, the demand for e-banking has increased during the COVID-19 crisis, with the Reserve Bank of India (RBI) reporting that 57 percent of users now utilize online banking. To enhance customer experience and satisfaction, banks have focused more on online banking. Many banks have promoted this service through positive messaging, reminding customers of the benefits, such as the ease of conducting transactions at any time and continuous access to financial information.

Review of Literature

Vennila and Murugan (2019) stated in their research article that Internet banking has replaced traditional banking habits of individuals, as they can perform many services via the Internet, such as account information inquiries, card account transfers, Bank securities account transfers, foreign exchange transactions, client service, and account management, among others.

Suryalakshmi & Vijai (2020) concluded in their paper that banks offer different channels to provide banking services with the help of Bank branches, Internet banking, Mobile banking, ATMs, etc. Several opportunities are available for banks to adopt digital channels to provide banking services. Along with that, banks must focus on secure Internet banking services to extend banking facilities.

Jain & Sarupria (2020) stated in their study that there was an upsurge in purchases made on online shopping platforms for apparel, entertainment, and food during in recent era. Payment can be made through the payment gateway by someone who performs such services on e-commerce platforms. It ensures that sensitive data, such as credit card details, hosted on an interface or an e-commerce website, is securely transported over numerous routes, making digital payment safer and safer.

Patil (2021) examined that the recent era has had a negative influence on banking, resulting in a drop in demand, reduced incomes, and production shutdowns, as well as a negative impact on bank operations. In recent eras, there has been a decline in credit demand, a decrease in the Indian banking sector's rating, an increase in bank loan defaulters, banking operations restrictions, and an increase in Internet and mobile banking.

Singhal & Gupta (2021) concluded in their research study that there has been a considerable increase in the use of mobile payment operations through various payment platforms in Indian towns and villages, which was not the case before the global pandemic COVID-19. Trade through digital applications is far safer than actual money exchange, which involves many hands touching notes in a circular motion.

Dauda & Aliu (2021) analyzed in their article that Internet banking and e-payment usage have enhanced customers' lives by making e-transactions easier. The influences of purpose, mindset, perceived benefit, and ease of use have long been recognized in digital banking. Perceived usefulness and ease of use have had a huge positive impact on the mindset toward online banking and e-payment usage during in recent era.

RESEARCH GAP

Digital banking has been transforming the banking industry overall in recent eras. It has an impact on banking performance as well as client interactions. According to the mentioned literature analysis, the majority of research has focused on consumer satisfaction with digital banking, customer perceptions of digital banking efficacy, and digital banking prospects and difficulties. The majority of the research focused on a few aspects of digital banking. During the COVID-19 outbreak, customers switched from traditional to digital banking, according to this study. This study also looked into the factors that led to the acceptance of digital banking. As a result, through this study, the researcher bridged a research gap.

OBJECTIVE OF THE STUDY

- To know the degree of awareness and understanding of digital banking services as a result in recent era.
- To understand the transition of customers from traditional banking to e-banking.
- To find the significance of digital banking in in recent era.
- To explore the causes of digital banking acceptance after the COVID-19 pandemic.

Research Methodology

The researcher collected data from primary sources. A structured questionnaire was distributed through Google Forms. The data was collected from 424 bank clients using a random sample method. The acquired data was analyzed using SPSS statistical software. In analyzing demographic data and research questions, descriptive statistics such as frequency counts and percentages were used, while inferential statistics such as the paired sample T-test and Kruskal-Wallis test were also conducted to assess the stated hypotheses at the 0.05 level of significance.

Data Analysis & Interpretation

Table-1

Presentation of Demographic Data

	Background	**Frequency**	**Percentage (%)**
Gender	Male	320	75.5
	Female	104	24.5
Marital Status	Married	272	64.2
	Unmarried	148	34.9
	Others	4	.9
Age of respondent	Below 20 Years	12	2.8
	21 to 40 Years	356	84.0
	41 to 60 Years	40	9.4
	Above 60 Years	16	3.8
Qualification	Undergraduate	40	9.4
	Graduate	96	22.6

	Postgraduate	204	48.1
	Professional	84	19.8
Occupation	Government Service	72	17.0
	Private Service	96	22.6
	Self Employed	80	18.9
	Business	16	3.8
	Student	112	26.4
	Others	48	11.3
Annual Income of respondent	Below Rs. 2.5 Lacs	152	35.8
	Rs. 2.5 Lacs to Rs. 5 Lacs	156	36.8
	Rs. 5 Lacs to Rs. 10 Lacs	80	18.9
	Above Rs. 10 Lacs	36	8.5
Residential Status	Urban	196	46.2
	Semi-Urban	104	24.5
	Rural	124	29.2

Interpretation: Among 424 respondents, 75.5% are male and 24.5% are female. The majority of customers are married (64.2%) The majority of customers, i.e., 84%, are aged between 21 to 40 years, which indicates that the younger the age, the greater the inclination to use digital banking. About 22.6% of customers are graduates, 48.1% are postgraduates, and 19.8% are professionals, indicating that the majority of customers are well-educated. Regarding occupation, 17% are government employees, 22.6% are private employees, 18.9% are self-employed, and 26.4% of customers are students. The majority of customers reside in urban areas, i.e., 46.2%, followed by 29.2% in rural areas and 24.5% residing in semi-urban areas.

Table 2.

Descriptive Statistics

	Mean	**Std. Deviation**

Rating of digital banking services by the respondents	**4.22**	**.766**
Convenient (24/7 Access)	**4.59**	**.712**
Digital banking is secure way of dealing with bank	**3.88**	**.919**
Ease to maintain banking activity	**4.13**	**.814**
Variety of features and services that are offered	**4.12**	**.909**
Digital banking is more reliable	**3.80**	**1.024**

Interpretation: Considering the above results, it is revealed that among all the variables, the highest mean is related to the variable of convenience of digital banking which is equal to 4.59 (SD = .712). From this, it is inferred that customers used digital banking services for convenience (24/7 Access) during COVID-19 phase and the lowest mean is related to the variable reliability of digital banking which is 3.80 (SD = 1.024).

Paired Samples T Test

H_1: There is a significant difference in mean digital banking usage pre-and post the post-COVID-19 pandemic.

H_2: There is a significant difference in the mean number of visits to bank branches pre- and post-COVID-19 pandemic.

Table 3.

Paired Samples Test

				Paired Differences							
							95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	Usage of digital banking before COVID-19	2.25	1.064	-.509	.781	.038	-.584	-.435	-13.433	423	.000

	Usage of digital banking after COVID-19	2.75	1.124								
Pair 2	Visit of bank branch before COVID-19	1.62	.783	.462	.633	.031	.402	.523	15.042	423	.000
	Visit of bank branch after COVID-19	1.16	.459								

A paired sample t-test was applied to evaluate the effect of COVID-19 on the usage of digital banking. As the results showed in Table 3 there is a significant increase in usage of digital banking before (M = 2.25, SD = 1.064) to after (M = 2.75, SD = 1.124), t (423) = -13.433, p=.000 (two-tailed) is less than 0.05. Therefore, the null hypothesis H_0 is rejected at a 5% level of significance, and it is concluded that there is a significant difference in mean usage of digital banking before and after the COVID-19 Phase.

A paired sample t-test was applied to evaluate the effect of COVID-19 on visits to the bank branch. The results showed a significant decrease in visits to bank branches before (M = 1.62, SD = 0.783) to after (M = 1.16, SD = .459), t (423) = 15.042, p=.000 (two-tailed) is less than 0.05. Therefore, the null hypothesis H_0 is rejected at a 5% level of significance, and it is found that there is a significant difference in the mean visit of bank branches before and after the COVID-19 Phase.

Kruskal Wallis Tests

H_3: There is a significant difference between gender and the reasons of digital banking acceptance during in recent era.

Table 4.

Test Statistics[a,b]

	Convenient (24/7 Access)	Digital banking is secure way of dealing with bank	Ease to maintain banking activity	Variety of features and services that are offered	Digital banking is more reliable
Chi-Square	4.400	9.220	11.302	25.195	10.067
df	1	1	1	1	1
Asymp. Sig.	.036	.002	.001	.000	.002

a. Kruskal Wallis Test

b. Grouping Variable: Gender

The above Kruskal-Wallis Test Table 4 shows the level of significance between gender and reasons for digital banking adoption after the COVID-19 pandemic. The P-value is 0.036 for convenience (24/7 access), 0.002 for a secure way to deal with the bank, 0.001 for ease of maintaining banking activity, 0.000 for the variety of features and services offered, and 0.002 for reliability. The result indicates that the P-value is < 0.05, the null hypothesis is rejected at a 5% level of significance, and it is stated that there is a significant difference between gender and the causes of digital banking acceptance during in recent era.

H_4: There is a significant difference between age and the reasons for digital banking acceptance during in recent era.

Table 5.

Test Statistics[a,b]

	Convenient (24/7 Access)	Digital banking is secure way of	Ease to maintain banking activity	Variety of features and services that are offered	Digital banking is more reliable

		dealing with bank			
Chi-Square	48.756	31.925	58.583	26.340	33.244
df	3	3	3	3	3
Asymp. Sig.	.000	.000	.000	.000	.000

a. Kruskal Wallis Test

b. Grouping Variable: Age of respondent

The above Kruskal-Wallis Test Table 5 shows the level of significance between age and reasons for digital banking adoption during the COVID-19 pandemic. P-value is 0.000 for convenience (24/7 access), 0.000 for a secure way to deal with the bank, 0.000 for ease of maintaining banking activity, 0.000 for the variety of features and services offered, and 0.000 for reliability. The result indicates that the P-value is < 0.05, it is stated that there is a significant difference between age and the causes of digital banking acceptance during in recent era.

H_5: There is a significant difference between occupation and the reasons for the adoption of e-banking during the COVID-19 epidemic.

Table 6.

Test Statistics[a,b]

	Convenient (24/7 Access)	Digital banking is a secure way of dealing with bank	Ease to maintain banking activity	A variety of features and services are offered	Digital banking is more reliable
Chi-Square	35.418	26.341	39.184	37.910	52.630
df	5	5	5	5	5
Asymp. Sig.	.000	.000	.000	.000	.000

a. Kruskal Wallis Test

b. Grouping Variable: Occupation

The above Kruskal-Wallis Test Table 6 shows the level of significance between occupation and reasons for digital banking adoption during the COVID-19 pandemic. P-value is 0.000 for convenience (24/7 access), 0.000 for a secure way to deal with the bank, 0.000 for ease of maintaining banking activity, 0.000 for the variety of features and services offered, and 0.000 for reliability. The result indicates that the P-value is < 0.05, it is concluded that there is a significant difference between occupation and the reasons for the acceptance of digital banking during the COVID-19 outbreak.

H_6: There is a significant difference between age and understanding of digital banking functions in recent eras.

Table 7.

Test Statistics[a,b]

	Awareness and understanding of digital banking functions
Chi-Square	42.849
Df	3
Asymp. Sig.	.000

a. Kruskal Wallis Test

b. Grouping Variable: Age of respondent

The above Kruskal-Wallis Test Table 7 shows the level of significance between age and understanding of digital banking functions. The result indicates that the P-value (0.000) is < 0.05, the null hypothesis is rejected at a 5% level of significance, and it is found that there is a considerable difference between age and understanding of digital banking functions in the recent era.

H_7: There is a significant difference between residential status and understanding of digital banking functions in the recent era.

Table 8.

Test Statistics[a,b]

	Awareness and understanding of digital banking functions
Chi-Square	29.162
Df	2
Asymp. Sig.	.000

a. Kruskal Wallis Test

b. Grouping Variable: Residential Status

The above Kruskal-Wallis Test Table 8 shows the level of significance between residential status and understanding of digital banking functions. The result indicates that the P-value (0.000) is < 0.05, and it is observed that there is a significant difference between residential status and understanding of digital banking functions in recent era.

Findings

In recent eras, consumer preference for digital banking has been confirmed by this study. It has been discovered that of five significant factors, i.e., convenience (24/7 access), secure way of dealing with the bank, ease of maintaining banking activity, variety of features and services that are offered, and digital banking is the more reliable. Customers' satisfaction with digital banking services is influenced by these aspects. During the COVID-19 epidemic, customers' gender, age, and occupation all play a significant impact in their adoption of digital banking services. Customers' age, qualification, and residential status play a significant role in their awareness and understanding of digital banking functions. Banks should prioritize employing the most recent versions for their clients' information privacy, security, and communication needs. Regular communication with customers for security and up-to-date transaction details would be preferable to avoid mistreatment of client information and raise customer awareness. Banks should place greater emphasis on the aforementioned factors in order to develop and upgrade their online operations. This is often crucial to the bank's growth. It will be easy to comprehend all subsequent conversations.

Conclusion

This study analyzed the numerous demographic parameters that are significant in discovering the reasons for the transformation of customers to digital banking in the recent era. The majority

of consumers use digital banking for their banking needs. Individuals used to visit bank branches for financial transactions before the COVID-19 epidemic, but as a result of the pandemic, bank branch visits have decreased, and people are increasingly turning to Internet banking. As a result, the number of digital banking transactions has risen. Digital banking is convenient since it allows you to access banking services, including balance inquiries, fund transfers, and investments, at any time of day or night, seven days a week. There are various restrictions imposed by the government during COVID-19, and individuals also want to minimize unnecessary movement, so digital banking appears to be quite convenient. Digital banking is a safe approach to interact with banking institutions. Customers were concerned about the lack of security features in digital products. Customers' trust in banks has grown as banks have focused on increasing security and safety features. Digital banking has evolved as a convenient approach to continuing financial activities, since it saves time, and money, and protects against the coronavirus. People prefer web-based financial administrations because they save time, avoid lines for keeping and withdrawing money, and can simply find their needs on their bank's websites. Customers like to transfer money from one bank account to another without visiting a bank location. Digital banking offers a variety of features and services. Most banking services, such as balance inquiries, account statement inquiries, fund transfers, utility bill payment, investment, shopping, and so on, may be performed through digital banking, reducing the need to visit bank offices and helping to defend against COVID-19. Customers will begin to request additional services from banks once they are convinced of the numerous benefits of digital banking. Customers' trust in digital banking has grown as banks' security features have been improved. Banks also provide insurance and fraud protection. The bank is responsible for banking fraud up to a certain limit. During the COVID-19 pandemic, the study explains why people started using digital banking. Future studies could concentrate on digital banking services in COVID-19 high-risk locations.

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