

# A Study on Perception of Customers Challenges Towards Digitization in Indian Banks in Prayagraj District

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## ABSTRACT

The Indian banking sector has been the backbone of the economic system as it plans and implements the economic activities. Any amendment in the banking sector through the adoption of technology can have an in depth impact on associate degree economy's growth. In the present dynamic changing scenario banks are seeking unconventional ways that to supply and differentiate amongst their various services. Due to the innovative advancement in technology the corporate and retail consumers are not any longer willing to queue in banks, or attend to the phone, for the basic banking services. They need and expect a facility to conduct their banking activities at any time and place. Plastic money (Credit Cards, Debit Cards and good Cards); web banking as well as electronic payment services, online investments, on-line commercialism accounts, electronic fund transfer and clearing services, branch networking; phone banking; mobile applications and notecase are a number of the recent merchandise and services acting because the drivers to the expansion of banking sector. The present research study is analytical and based on survey method. The construct of digital banking remains evolving within the Indian banking sector and is probably going to bring numerous opportunities similarly as new risks to the elemental nature of banking in India. Hence, this paper also aims to gift the opportunities and challenges of going digital within the Indian banking sector along with some recommendations to beat these challenges.

**KEYWORDS:** Digital India, Electronic Banking, Internet Banking, Financial Innovation, Technology

## INTRODUCTION

The term "digitalization" refers to and includes the complete spectrum of advancements in the banking sector (Shetty et al., 2019). Digitization is when information is converted into a digital format through technology. There are a variety of web- and mobile-based payment applications that are mainly concentrated on the user experience and frequently strive to incorporate monetary transactions within the commercial value chain effectively. However, these service providers do not seek banking licences and typically do not provide banking facilities beyond payments (Seshadripuram, 2020). To implement internet banking, the Indian government drafted the IT Act, 2000, which took effect on October 17, 2000. The conventional banking system in India appears to be overtaken by technological developments.

The following are some of the digitization initiatives taken by Indian banks ( Sonia dara, 2019)

Banks are active on social media sites such as Face book and Twitter.

- Implementation of an online tax accounting system.
- The Reserve Bank of India has introduced a cardless withdrawal facility.
- The Business Transformation Programme was introduced by the Bank of Baroda
- The technique of digitalization (Jagtap, 2018):
- Prepaid Instruments
- Electronic Clearing Services
- Mobile Banking
- National Electronic Fund Transfer Fund
- Credit Debit Cards

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Digital banking is new trend banking sector right now. Digital banking circumscribes merged services delivered over the net, which aim at serving both banks and consumers as a means of providing a convenient, faster and better experience than old form banking which is called as traditional banking. The shift from traditional and digital banking is gradual and should be rather described in degrees of service digitization than through a categorization into yes and no. It involves high levels of process automation and web-based services and may include APIs enabling cross-institutional service composition to deliver banking products and provide transactions. With the help this digital banking, the users can access financial data through desktops, mobile devices, and ATM machines, etc.

### Significance of Study

In recent years, the banking business has seen numerous changes. Banking services are required at all times and in all places. The demand for these services is growing by the day, necessitating a shift to more efficient and convenient offerings. As a result, there has been a push for the use of electronic banking, which lowers the cost of providing banking services, keeps clients, boosts profitability, and allows banks to compete in the market. As a result, digital Transformation of banking sector in developing districts is regarded important

### Statement of the Problem

Banking has offered customers more control over their banking habits. In this competitive market, developing a deep understanding between staff and customers is critical. It's crucial to understand how bank staff and customers feel about the transition from traditional to digital banking. Whether they'll be able to adapt to the new approach is a significant question mark. As a result, it's critical to comprehend their perspectives on the transition and assess the challenges that arise as a result of the modifications. In this context, it's important to make an attempt to study the on impact of digital transformation of banking sector in Rural Areas.

### Objectives Of The Study

1. To study the conceptual framework of digital banking in India
2. To overview a digitalization in Indian banking sector
3. To Identify and describe the key services that are available to customers through e-banking in Prayagraj District of Uttar Pradesh
4. To analyse the consumer perception towards digital banking in SBI & ICICI banks in Prayagraj districts

### Scope of the Study

Internet banking with the using Web technology and Internet enables customers to process their banking activities in a virtual environment. In order to have a viable e-banking system there is a need for investment in national scale. Without an effective national infrastructure, e-banking cannot be implemented efficiently. Despite the fact that the banks are offering electronic banking services, still adequate research is not done on the barriers and the challenges that implementation of e-banking may face. Therefore, the necessity of such research is a primary requirement in further application of e-banking in India. The significance of this study is on assessing the prospects of electronic banking in India. This study tries to disclose the central factors that affect development of e-banking and participation or lack of participation of customers in this enterprise. The study also intends to seek for solution to assist the banking industry to improve networking and services. Although the findings may be limited in scope but it nevertheless makes some contribution to the application of e-banking in developing countries such as India.

### Research Methodology

#### Nature of study

The present research study is descriptive in nature

#### Sample Design

Sample selection .The sample banks selected for the study comprise of State Bank of India and ICICI Bank in the area of study >the criteria for the selection of banks is that these are the largest banks in public and private sectors in context of size, number of account holders, computerized branches and large number of urban and rural branch network.

#### The Population

The population consists of Prayag district in Ultra Pradesh .

#### Sampling Method

Non-probability sampling technique has been adopted in the present research study

#### Sample Size

The sample size considered for the current study is 175 respondents who are using e-banking services for the urban and rural areas.

#### Data Analysis

The collected primary data has been analyzed by the application of statistical tools viz Percentage, Mean, standard deviation, skewness, and Chi-square test

#### Area of study

The area selected for the present study is Prayagraj District of Uttar Pradesh. The area have been selected

on the basis of the presence of both private and public sector branch network in the district and secondly the district has a population of more than 50lacs.

### **Data Collection:**

Primary Data is collected directly by interacting with the customers by using structured questionnaire method. Secondary Data was collected from the existing data sources, Catalogues, Internet, Magazines and Newspapers

### **Need for Digitalization in the Indian Banking Sector:**

The banking sector reforms in 1990's initiated the acceleration of computerization process in India. The intrusion of private and foreign banks into the banking sector was one of the major drivers of this development. Due to the increasing cut throat competition among the public and private sector banks a large number of commercial banks began to shift toward digital service delivery in order to stay competitive and relevant in the race. The application of information technology and internet in the banking services and latestest technological equipment like ATM have resulted in the convenience of banking time for commercial banks in India. The liquidity crisis during the demonetization period, force the Indian public to use mobile banking or digital payment, which looked to be a better alternative for them. The Indian government is now encouraging digital payments extensively. United Payments Interface and Bharat Interface for Money were launched by the National Payments Corporation of India, which are crucial steps in the payment mechanism. UPI is a mobile platform that allows customers to send money across accounts at different banks using a virtual address instead of their bank account numbers

### **The Future of Digital Transformation in India's Banking Sector**

According to the Economic Times, the disease has completely changed how people go about their daily lives, from shopping to working to banking. Several evolutionary changes are anticipated in the era of internet banking. Some consumers may expect completely autonomous banking operations due to a lack of time and competence, while others will demand high level interaction. As a result, the banking business in the future will be extremely adaptive. According to Deloitte, the rise of digital banking is putting customers at the center of every digital strategy, which institutions must undertake now in order to integrate successfully by 2030 .With the passage of time, financial institutions will be required to profile their consumers methodically and precisely in order to meet legal requirements while

also delivering new services that benefit customers. A large section of Indian consumers are interested in information solutions, and they are the future of banking. Artificial intelligence, augmented reality, distributed ledgers, and automation will all help to customize the banking experience even more. It can be concluded that the future of banking is digital change in almost every vertical, and the sooner banks react, the better.

### **Review of literature:**

Sharma & Bhalla, (2018) in his research based on the secondary sources collected published and internet discussed about the benefits of online /internet based banking . The analysis of the gathered information indicated that the Indian citizen coordinated with government decisions toward digitalization. The author further opined that the Indian government is focusing towards the cashless transactions in the Indian economic system.

Shetty et al. (2019) in their study deliberated on the Digitalization of banks development in India, focusing on the issues, challenges and prospects. The authors observed that digitalization of banking services assisted in improving customer services, cost and time of banks and customers, helpful in enhancing competitive advantages and earning extra income from promotional activities. The authors concluded that inspite of better security in digital banking the threat from cyber-attacks, selection of ATM locations, selection of right technology still exists.

Shettar, (2019) in his research article stated that digital banking has significantly lowered bank operating costs. Banks have been able to charge reduced service fees and offer increased interest rates on deposits as a result of this. Bank earnings have increased as operational costs have decreased. The author opined that Digital banking in India has a huge potential to reshape the picture of financial inclusion. Digital banking's ease of use can hasten the unbanked economy's absorption into the mainstream.

Gupta et al. (2020) in their research article analysed the impact of information technology on PNB, SBI, and UBI. The secondary information was used for analysis. The researcher concluded that ICT has a significant contribution to Indian banks. The researcher witnessed the proper strength and function of digitalization through cashless transactions, which are only feasible today due to digitization in banking.

Singh & Srivastava, (2020)In their research article deliberated on the various aspect on digital online banking, and the use of digital banking services, in India. The authors analysed that, the adoption criteria

substantially affected customers' using mobile payment systems. Perceived security, ease of use, mobile self-efficacy, customer assistance and social influence were among the adoption factors.

Shifa Fathima (2020) in her study discussed the digitalization development in Indian banks and described the reasons for its adoption. The author concluded that the transition to digitalization and its consistency should assist the banks in increasing their savings due to reduction in labour cost and automating the system. The author suggested that in the digital age, the major task of the banking system is to ensure that all clients are secured from cybercrime and that the best technical mechanism is used.

Kanungo & Gupta, (2021) in their research paper analysed the impact of digitalization-driven financial inclusion on public banks and the socially disadvantaged segment of Indian society was researched to see that overall socio-economic well-being had been achieved. The analysis of the data indicated that banks have sought to go in the correct direction with good financial coverage. Additionally, digitalization has hardly promoted financial inclusion.

Kaur et. al., (2021) in their study analysed the impact of digitalization on customers' satisfaction. The application of SERVQUAL model was used to derive inferences. The analysis of data revealed that Northern Indian customers of digital banking were delighted with the services given by the digitalization of banks. Additionally, tangibility and responsiveness have less impact in comparison to responsiveness.

### Hypotheses of Study

Null Hypothesis

1. There is no significant association between gender satisfaction and digitalization in sample banks.
2. There is no significant association between age satisfaction and digitalization in sample banks.

### Data Analysis and Interpretation

**Table no 1. Area of respondents**

Area	No of Respondents	Percentage
Urban	112	64
rural	63	36
Total	175	100

The above data reveals that 64% of the sample respondents are from urban areas while 36% are from

rural areas indicating that majority of the sample respondents are from urban area.

**Table no 2 Gender of Sample Respondents**

Gender	No of Respondents	Percentage
Male	101	57.7
Female	74	42.3
Total	175	100

From the above table it is clear that the 57.78% of the respondents are male and 42.3% of the respondents are female.

**Table no3 Age of Sample Respondents**

Age (Years)	No of Respondents	Percentage
Up to 25	25	17.5
25-35	78	44.5
35-45	58	33.1
Above 45	14	8
Total	175	100

Regarding the age of the sample respondents the above table indicates that the maximum 44.5% of the respondents are in the age group of 25-35 years and minimum 8% of the respondents are above 45 years age group of respondents

**Table No 4 Number of respondents in sample Banks**

Name of Bank	No of Respondents	Percentage
SBI	95	54.28
Icici	80	45.72
Total	175	100

Regarding the respondents in the sample banks the data indicates that 54.28% are from SBI while 45.72% are from ICICI.

**Table no 5 Modes of Services Accessed by Respondents**

Mode of Service	No of Respondents	Percentage
Branch banking	36	20.57
ATM	78	44.50
Internet banking	24	13.71
Mobile banking	37	21.10
Total	175	100

The results show that majority of that Maximum 44.50% of the respondents are to access ATM services and minimum 13.71% of the respondents are using Internet banking services.

**Table no 6 Customer Perception Towards Security in Digital Banking**

Particulars	SA	AGREE	NEUTRAL	DA	SDA	TOTAL
Account to account payment	45	32	19	26	53	175
Personal financial management	42	58	18	33	24	175
Intuitive loan application	36	48	26	29	36	175
Valuable loyalty benefits	29	37	25	34	50	175
Convenience in Account opening	35	58	18	32	32	175
Persona digital card management	28	35	15	58	39	175
Direct digital insurance	23	32	12	55	53	175
Security Trust	26	19	14	58	48	175
Anywhere any time banking	39	46	16	36	38	175

Particulars	Mean	Standard Deviation	Skewness	Rank
Account to account payment	2.942	2.878	0.747	5
Personal financial management	3.348	3.125	0.417	1
Intuitive loan application	3.108	2.937	0.6157	3
Valuable loyalty benefits	2.777	2.664	0.766	6
Convenience in Account operation	3.182	2.993	0.842	2
Persona digital card management	2.742	2.603	0.531	8
Direct digital insurance	2.765	2.612	-0.022	7
Security Trust	2.582	2.470	-0.010	9
Anywhere any time banking	3.068	2.927	-0.064	4

In order to analyse the respondents perception of security in digital banking the important variables viz payment, loyalty, opening of account, loan application, personal digital card operations, banking operations were analysed through 5 Point Likert Scale varying from 5-1(Strongly Agree –Strongly Disagree) The application of Mean, standard deviation and skewness were applied I order to derive inferences.

The analysis of the above table reveals that the maximum meal value of 3.348 was regarding the personal financial management followed by convenience in account operation with value of 3.182.The intuitive loan application and facility of anywhere and anytime banking holds the 3<sup>rd</sup> and 4<sup>th</sup> rank with mean value of 3.108&3.068.The account to account operation and valuable loyalty benefits had a mean value of 2.878and 2.777.the minimum men value of 2.765& 2.582 were related to direct digital insurance and security trust .The skewness value ranged from 0.842 to -0.010 indicating that there was a greater variation of perception among the sample respondents regarding the security perception in digital banking among the sample banks .

### Hypothesis Testing

#### Gender Satisfaction and Digitalization in sample Banks

H<sub>0</sub>: There is no significant association between gender satisfaction and digitalization in sample banks.

H<sub>1</sub>: There is no significant association between gender satisfaction and digitalization in sample banks.

Gender	Satisfied	Dissatisfied	Total
Male	73	28	101
Female	42	32	74
Total	115	60	175

In order to test the formulated hypothesis the application of Chi Square test has been used with 5% level of significance and at 1 % df .The calculated value derived was 5.1 while the tabulated value at 1% df with 5% level of significance was 3.841.Since the calculated value is greater than tabulated value the Null Hypothesis is rejected hence it can be inferred that that is significant association between gender satisfaction and digitalization in sample banks

#### Level of Age Satisfaction and Digitalization in sample Banks

H<sub>0</sub>: There is no significant association between level of Age satisfaction and digitalization in sample banks.

H<sub>1</sub>: There is no significant association between level of Age satisfaction and digitalization in sample banks.

Age	Satisfied	Dissatisfied	Total
Below 25 Years	17	8	25
25-35	56	22	78
35-45	43	15	58
Above 45	10	4	14
Total	126	49	175

Regarding the association between level of age satisfaction level and digitalization the Calculated value is 0.458 while that tabulated value at 5% level of significance 3 df is 7.815. Since the calculated value is less than tabulated value the Null Hypothesis is accepted hence it can be inferred that that is no significant association between level of age satisfaction and digitalization in sample banks

### Findings

Regarding gender wise classifications, it is observed that 57.7% of the respondents are male while and 42.3% of the respondents are female. The maximum 44.5% of the respondents are 25-35 age group and minimum 8% of the respondents are above 45 age group. Maximum 44.5% of the respondents are to access ATM services and minimum 13.71% of the respondents are using internet banking services. Majority of the respondents are agreed that customer can rely on the information given are not being misused and only 4% of the respondents are strongly disagreed.

### Suggestions

The Indian banking system has witnessed tremendous transformation due to banking reforms in 1990's. Therefore, the time has come to shift from traditional systems to digital banking. India is a developing country it is important to check the possibility of adapting to digital banking. Understanding and policy implications regarding the establishment of e-banking in the country can be very useful to continue banking activities. Based on the research findings we understand that there are some issues that are facing customers through this process. Internet problems, device problems, lack of knowledge to use those systems, and security problems are some issues. The government can implement relevant policies to overcome these issues with the help of the banking authorities. Need to improve the awareness of the customers about how to use digital banking services without any problems. And also it is important to have rules and policies for managing digital banking activities with high security when people work online. However, the research advises that findings will help to take decisions for governments, banking authorities as well as customers to continue digital banking without any interruption.

### Limitation of the Study

This study is limited areas of Prayagraj District of Uttar Pradesh only.

This study is related customers only.

### Conclusion

E-banking enables people to deal with their records and other financial exercises by methods for the web at their homes and other private spots at any picked time without the need to physically be in a bank. Net Banking dangers should be perceived and constrained by banks in a careful procedure in perspective on the straightforward attributes and issues of web exchanges or web based exchanges. Accessible hazard the board guidelines remain appropriate for online cash exchanges and such regard suggestions ought to be altered, balanced and, perhaps contacted deal with the definite hazard shaped by the qualities of electronic cash trades. E-Banking or web banking does not make novel peril clusters, yet rather to a specific degree draws in apparent dangers that couple of monetary establishments faces and hazard the board controls have not made at on a very basic level equivalent to power and loads of associations, particularly the less basic ones, have been debilitated in their drive to facilitate online cash exchanges chance administration inside their present hazard the executives plans. The threats should be established on the class of client, the affiliation's esteem based limits, the importance and worth of the amassed data to the affiliation and client, the straightforwardness of using the arrangement and with degree and degree of trades. It is extensively recommended that banks that rehearse web based financial administrations ought to elucidate the legitimacy of exchanges and pass on it to their clients. "The challenge for banks isn't becoming digital –it's providing value that is perceived to be in line with the cost-or better yet, providing value that consumers are comfortable paying for".

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