



USAGE OF DIGITAL BANKING (A STUDY WITH REFERENCE TO PERUNGALATHUR)

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ABSTRACT:

Indian Banking industry has experienced radical changes due to the liberalization and globalization measures practiced based on the recommendations of Narasimham committee. Before liberalization, in 1969 and 1980 banking companies were nationalized based on the thrust aim of supplementary banking i.e., rapid spreading out of banking activities. Whereas now the industry is operated on the concept of customer centric banking i.e. changed from “More Banking to Better Banking” in order to face the market challenges. After start adopting the technological advancements it allows the bank businesses and other stakeholders to interact and transact with bank seamlessly through a variety of conduits. They are Internet, Wireless devices, ATM’s, Mobile payment wallets and various digital applications. These facilities are widely provided by almost all the banking companies.

As a result, now industry looking likes a customer centric banking industry. But the question is, up to what extent these facilities are available in rural areas like Perungalathur and how the customers are able to utilize these modern banking facilities.

Based on this background an attempt has been made to draw the responses about the level of usage and customer satisfaction towards digital banking.

KEY WORDS: Digital Banking, Customer Satisfaction.

INTRODUCTION:

The system of trade through barter is as old as the human civilization. Barter system is a system in which people sell goods and services in order to obtain other goods and services through direct exchange. The functioning of a barter economy was however cumbersome and inconvenient due to double coincidence of wants.

Difficulties of barter system led to the introduction and development of money. Money deserves to be ranked among the outstanding inventions of the entire history of mankind. The birth of money came as a multifold blessing to mankind. Money has been defined in various ways. Some say, 'Money is what money does'. In other words anything that performs the functions of money is money. Economics makes it clear that money plays an important role in the economic system.

In India, the ancient Hindu scriptures refer to the money-lending activities in the Vedic period. During the era of Ramayana and Mahabharata, the banking had become a full-fledged activity. During the smriti period which followed the Vedic period, the business of banking was largely carried on by the members of vaish community. As the civilization grew with the development of economic systems the development in the banking was also inevitable. The banker in this period performed many of the functions which a modern banker performs these days viz. accepting deposits, granting of advances, acting as banker to state and issuing and managing currency of the country¹.

In olden days the banking activities are confined with accepting deposits and lending loans to the need persons. This paved the way for the development of paper money, Bills of exchange, cheques and other incidental transactional areas. In addition to receipt of deposits and lending money, the modern banker renders many services. It becomes necessary to attract to customers by providing a wide range of Innovative services to customers. Adam Smith rightly observed, "The earliest banks of Italy where the name began were finance companies to make loans to and float loans for the Government of the cities in which they were formed ... After these banks had been long established, they began to do what we call as banking business, but at first they never thought of it"².

The growing demand for banking activities and technological advancements gave chances for the birth of digital banking.

¹ S.N. Maheswari & S.K.Maheswari, "Banking Theory, Law & Practice", Kalyani Publishers, Edition 2005, Pp. 1-4

² Adam Smith, "An Enquiry in to the Nature and Causes of the Wealth of Nations", 1776, Vol I Book IV Pp. 423.

DIGITAL BANKING:

With the advancement of technology, banking sector has become more easy, fast, accurate and also time saving. ATMs, Mobile Banking, SMS Banking, Net Banking, Debit and Credit cards are only the tip of an ice-berg.

Finland was the first country in the world to have taken a lead in Digital banking. In India, it was ICICI Bank which initiated Digital banking as early as 1997 under the brand name infinity. Digital banking is a genetic term encompassing internet banking, telephone banking, and mobile banking etc., In other words, it is a process of delivery of banking services and products through electronic channels such as telephone, internet, and cell phone. Digital banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The quality, range and price of these electronic services decide a bank's competitive position in the industry. So Digital banking is defined as "the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels." Digital banking is a convenient way to access customer account 24 hours a day, 7 days a week, through the Internet.

Digital banking includes the following banking services. They are

1. **Net Banking** – Operating and accessing the bank account through internet facilities.
2. **Plastic Money** - The plastic money generally a credit or debit card with a magnetic strip, many people carry in their wallets or purses. Holders of a valid card have the authorization to purchase goods and services up to a predetermined amount, called a credit limit for credit cards and availability of balances for debit cards³.
3. **Mobile banking** – availing banking facilities through phones. Normally this facility is available in smart phones. But now central government has introduced these facilities through ordinary cell phone through some notified application such as BHIM, *99# etc.,
4. **Payment Wallets** – These are electronic applications. The customer can make payments for their purchases through these applications such as PAY TM, MOBIVIK, FREECHARGE etc.,

PROBLEMS IN DIGITAL BANKING:

All the banking companies, both public sector banks, private sector banks and foreign banks are providing these new age banking facilities. The only question is up to what extent these facilities are affordable to the customers in rural side.

³ Plastic Money a way for cash Less payment systems, P.Manivannan, Global Research Analysis, Volume 2, Issue 1, January 2013, Pp11-12

- It is observed that, the availability of ATMs in perungalathur i.e the study area, though it is adequate but not working fully.
- The network connectivity is poor.
- The new age payment systems are not accepted widely accepted in the study area.

OBJECTIVES OF THE STUDY:

The following are the important objectives of the study.

1. To test the awareness and satisfaction level of the respondents about digital banking.
2. To find out the socio-economic profiles of the customers.
3. To explore the various areas of usage.
4. To know the opinion of the respondents about digital banking facilities.

IMPORTANCE OF THE STUDY:

The ever growing demand for money and banking activities, the present study focuses on the opinion of account holders about digital banking and how far the need of the individual is satisfied with the usage of digital banking.

STATEMENT OF PROBLEM:

Indian banking activity is a customer centric one. After economic liberalization the industry have start realizing the customer satisfaction. Thus the question arises what are areas of usage and whether the customers are really satisfied about digital banking services. Hence with a view to attain conclusions an attempt has been made to analyse the responses.

SURVEY PERIOD:

The period of survey was made in the month of December 2017 and January 2017.

LIMITATIONS OF THE STUDY:

The main limitations of the study are as follows:

- The study is based on the opinion of the individuals in the study area.
- The area covered for the study is Perungalathur.
- The respondent's bias noticed during the survey may slightly influence the findings of the study.

ANALYSIS AND INTERPRETATION:

Distribution of respondents according to frequency of usage and age group

Variable	18-30years	31-45 years	46 years and above	Total
Almost daily	15	9	2	26
6-10 times in month	30	36	10	76
3-5 times in month	36	69	22	127
1-2 time in month	21	21	4	46
Once in a month	2	3	3	8
Occasionally used	5	3	1	9
Total	109	141	42	292

This table shows more than 50 percent of the respondents are in the age group of 31-45 years, of which 69 respondents are using digital banking services 3-5 time in month. The least group are in the age level of more than 46 years. So it is evident that middle age group customers are availing the more banking facilities.

Distribution of Respondents according to Monthly spending and age group

Variable	18-30years	31-45 years	46 years and above	Total
< 5000	40	27	9	76
Rs.5001 to Rs.15000	53	77	20	150
Rs.15001 to Rs.30000	14	33	12	59
More that Rs.30000	2	4	1	7
Total	109	141	42	291

This table shows the amount spend through digital banking facilities and age group. It is observed that, more no of respondents are in the age group of 31-45 years are spending the amount in the category of Rs.5001 to Rs.15000. Only 7 respondents are spending more than Rs. 30000 through digital banking facilities. Hence it is clear that majority are spending only reasonable amount and they are in middle age group.

Distribution of Respondents according to Misuse of Facilities and Gender

Variable	Male	Female	Total
Yes	16	3	19
No	210	63	273
Total	226	66	292

This table shows the how many respondents are saying that their digital banking facilities i.e. cards, net banking, phone banking facilities are misused. Out of the total respondents' 16 male respondents and 3 female respondents have opinioned that, their accounts are misused. In general not even 10 percent of the respondent's account is misused. So this may be on the reason that, digital banking facilities are not widely used in the study area.

Distribution of Respondents according to age Legal System

Variable	18-30	31-45 years	46 years and above	Total
Agree	45	45	26	116
Disagree	17	34	5	56
No Opinion	47	62	11	120
Total	109	141	42	292

This table shows the level of respondents agreeing that the legal system is confusing and cumbersome. Out of the respondents in the survey 116 respondents have opined that the legal system is confusing and cumbersome. Only 56 respondents have disagreed this statement. But at the same time 120 respondents have not expressed any opinion. This is so evident because the customers are not fully aware about the legality digital banking.

Distribution of Respondents according to Factors influencing the choice of Digital Banking

S.No	Variable	Rank	WAM	E value	Sig
1	Convenience	1	11.01	4.37	.014
2	Status Symbol	7	6.48	11.94	0
3	Brand of the Bank	5	7.17	3.08	.048
4	Acceptability	2	9.04	0.81	.0448
5	Charges for various facilities	3	8.20	2.11	.0124
6	Distribution Network	4	7.76	3.51	.032
7	Bank Staff Recommendation	11	4.23	3.73	.026
8	Peer Feed Back	9	4.33	4.49	.012
9	Free Credit Period	6	6.59	0.68	.51
10	Credit Limit	8	4.77	4.96	.008
11	Annual fees	10	4.3	4.55	.012
12	Transaction fees	12	4.14	7.11	.001

This table shows the ranking of various variables considered for the study. Out of the variables considered Convenience of using digital banking is ranked 1 based on weighted average mean (WAM) of 11.01. This was followed by acceptability of the bank which secures second rank. Among the variables considered less ranked variable includes transaction fees (12), Bank staff recommendation (11) and annual fees (10).

The ANOVA result indicates that status symbol and transaction fees were statistically significant.

Distribution of Respondents according to Spending Pattern through Plastic Money

S.No	Variable	Rank	WAM	F value	Sig
1	Groceries	1	5.45	3.46	.033
2	Restaurant bill payment	2	5.4	.51	.6
3	Consumer Durables	5	4.555	.56	.57
4	Electronic	6	4.315	.30	.738
5	Cash Withdrawn through ATM	3	4.965	3.68	.027
6	Hotel accommodation	8	2.94	0.48	.619
7	Airlines/railway tickets	7	3.595	1.07	.344
8	Clothing and Jewelry	4	4.78	.20	.816

This table shows the ranking of variables based on the spending pattern of the respondents in the study area. Even though the shops where possibilities for digital payments are very limited, in spite of that also respondents are willing to avail the facilities of digital payments. Among the variables considered Groceries is considered as 1st rank. The least ranked responses are Hotel accommodation (8), Travel Ticket booking (7). And the important notable point is usage of cards for cash withdrawals through ATMs secured 3rd rank. But only three ATMs are working with cash. All other ATMs are having cash out position on most of the days during the survey period.

MAJOR FINDINGS OF THE STUDY:

- The acceptability of new age payment system is not good in the study area. But credit and debit cards are accepted widely.
- The study shows more of male respondents agreed that the digital banking is essential than female respondents.
- The age-wise analysis indicates that, out of the total respondents who are using digital banking which comes to 50% (approx.) majority are in middle age i.e. 31-45 years. This shows that middle and young aged persons are ready to accept the technological advancements.
- The study further reveals that 127 respondents have opined that they are using the digital banking facilities five times in a month. On this 69 respondents who are in this category are in the age group of 31-45 years.

CONCLUSION:

Digital banking which was considered to be a luxury has become necessary. The modern technological advancements were considered to be used by higher income group. Among the various financial services rendered by commercial banks and other financial institutions extending their facility to customers through digital banking i.e., net banking plastic money, mobile banking etc. are important modern day function. These facilities are extended not only to customers in urban areas or cities, but also to customers residing in rural area. But today, with the development of

banking and trading activity, the fixed income group or salaried classes are also start using these facilities. But still there may be the criticism that, it induces more purchases or make the people for spendthrift economy. This may be so in the primary stage, but when once a customer gets used to avail these modern banking facilities they will know how to use the same in a discretionary manner. On the whole, the paper concludes that, based on the areas of usage, the satisfaction level of the respondents are good even nevertheless they are partaking glitches with respect to digital banking i.e. functioning of ATM, distribution of network, acceptability of new age payment systems, safety of online transactions etc.

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