



A STUDY ON THE PERCEPTION OF CUSTOMERS TOWARDS DIGITAL BANKING: A Special Reference to Vijaya Bank, Nitte.

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Introduction:

The IT revolution has had a great impact on the Indian banking system. Technological advancement made the term digital banking more popular. Now banks are focused on the concept of digital banking, a term that incorporates internet banking, mobile banking and all other areas as well as other electronic delivery channel. As a result banks are continuing to explore more opportunities. This underscores the growing trend in which how customer wants to interact in digital age.

A bank is a financial intermediary that creates credit by lending money to the borrowers. Lending activities can be performed either directly or indirectly through capital markets. Due to their importance in the financial system and influence on national economies, banks are highly regulated in most countries. Banking in India, in the modern sense originated in the last decades of the 18th century. Among the first banks were the bank of Hindustan, which was established in 1770 and liquidated in 1829-32; and the General Bank of India, established 1786 but failed in 1791.

The largest bank, and the oldest still in existence, is the State Bank of India. It originated as the Bank of Calcutta in June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three Banks funded by the presidency government. The other two were the Bank of Bombay and the Bank of Madras. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years the presidency banks had acted as quasi-central banks, as did their successors, until the Reserve Bank of India was

established in 1935, under the Reserve Bank of India act, 1934.

Objectives of the study

The main objectives of conducting the study are as follows

- To find out the perception of consumers towards digital banking.
- To understand the preference of consumer in past, present and future regarding the digital banking.
- To study the implications of digital banking in Vijaya Bank, Nitte.

Methodology

The methodology used for the collecting the data are as follows.

Primary data:

To collect the primary data, questionnaire pertaining to the survey was adopted. This helped in direct interaction and the discussion with the respondents as well as branch manager of the Vijaya Bank. The questionnaire was prepared and edited with the objective of study.

Secondary data :

This data was collected from newspapers, various journals, magazines, internet sites and other reference books to meet the obligation of research study.

Sampling size and method :

The sample size has been fixed to 20 customers keeping in mind statistical considerations and practical difficulties. The main method adopted is

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the convenience and judgment sampling method. This method is undertaken by collecting data from a sample group of customers of Vijaya Bank.

Limitations of the study

- The time period was limited and study has to be conducted with a short span of time.
- The results are based on assumptions that respondents have given the accurate information.
- Due to shortage of time, the study has been conferred to only 20 respondents.
- As the respondents perception and other associated factors keeps changing, the findings of the study may not hold good in the long run.
- The area of the study is restricted only to Nitte.

Digital Banking in India

The use of the computers has led to the introduction of the online banking in India. The use of computers in the banking sector in India has increased manifold after the economic liberalisation of 1991 as the country's banking sector has been exposed to the world's market. Indian banks were finding it difficult to complete with the international banks in terms of customer service, without the use of Information technology. Digital banking is set to overtake branch networks as the main way customers interact with their bank. The rapid rise of digital banking offers banks the opportunity to improve relationship with customers and differentiate themselves from competitors. However, the fast pace of change in this sector makes it difficult for providers to keep up with increasingly tech-savvy customers.

Customers focus is often a stretch for the banking industry. When it comes to innovation, banks have been relatively slow movers as a result of regulatory and compliance challenges digital modernisation gives traditional banks a second chance. A smart, enterprise-wide approach positions them to deepen customer's satisfaction and loyalty, driving long-term relationships and profitability. Such an approach also has the potential to meet customers'

expectations and bring banking back to the business.

Digital banking is set to overtake branch networks as the main way customers interact with their bank. The new digital tipping point'. PwC conducted research with over 3,000 banking customers across nine developed and emerging markets and found that most consumers, including those in India, are willing to pay more for digital banking services if they believe they offer convenience and value. Banking in India is currently undergoing a transformation, and digital banking is a key driver. India ranked 11th out of 32 countries studied in Capgemini's 2014 retail banking customer experience index, a measure of consumers' attitudes, preferences and behaviors related to banking.

In Digital Banking, the internet banking portal of banks, enables its retail banking customers to operate their accounts from anywhere anytime, removing the restrictions imposed by geography and time. It's a platform that enables the customers to carry out their banking activities from their desktop, convenience of the Internet.

Using Internet banking services, we can do the following normal banking transactions online:

- Funds transfer between own accounts.
- Third party transfers to accounts maintained at any branch
- Inter Bank Transfers to accounts with other Banks
- Online standing instructions for periodical transfer for the above
- Credit PPF accounts across branches
- Request for Issue of Demand Draft
- Request for opening of new accounts
- Request for closure of Loan Accounts
- Request for Issue of Cheque Book

Apart from these, the other salient value-added features available are:

- Utility bill payments
- Ticket booking for travel by Road, Rail and Air
- LIC and other insurance premium payments
- Mutual funds Investments



- Credit Card dues payments
- Tax Payment • Income, Service, State Govt
- Customs Duty Payment
- Online Share Trading
- Online Application for IPO
- Fee Payment to select educational institutions

Literature review

Sl. No	Author	Title of the study	Year	Type of the study	Sample size	Findings
1.	Economic Intelligence unit.	Third time lucky; Digital banking	2013	Descriptive	-	In moving to digital era, banks risk losing their most profitable clients while gaining the ones who are most promiscuous in their relationships with banks
2.	Bridging the Digital age	Brace, Rebecca	2014	Descriptive	-	By Digital banking the Banks can bridge a uniformity. It helps to build a digital transforming world.
3.	consumers open to pure digital banks	Progressive Media	2014	journal	-	People want to move from traditional system to digital banking system

Vijaya Bank

Vijaya Bank was established by Shri Balakrishna Shetty at Bunts Hostel in Mangalore on October 23, 1923. Since it was established on vijayadashami day, it was named 'Vijaya Bank. The objective was to promote banking habits, thrift and entrepreneurship among the farming community of dakshina kannada district in Karnataka State. The bank became scheduled banks in 1958. Vijaya Bank steadily grew into a large All India bank, with nine smaller banks merging with it during 1963-68. The bank was nationalised banks on April 15, 1980. Vijaya Bank Online Banking services are fast, secure and user-friendly. It may be noted that Vijaya Bank is a premier Indian commercial bank. The bank offers a host of products and services and serves wide client base. Vijaya Bank Online Banking facilities are available for both retail and corporate banking. Login facilities for both these kind of services are available at the bank's official website.

Vijaya Bank Net Banking services are also available to customers in the form of the 'e- payment'

scheme. This 'e- payment' scheme facilitates the online payment of direct taxes. For availing this facility taxpayers, who are Vijaya Bank customers need to possess a net-banking account with the bank.

Services offered by vijaya bank in digital banking.

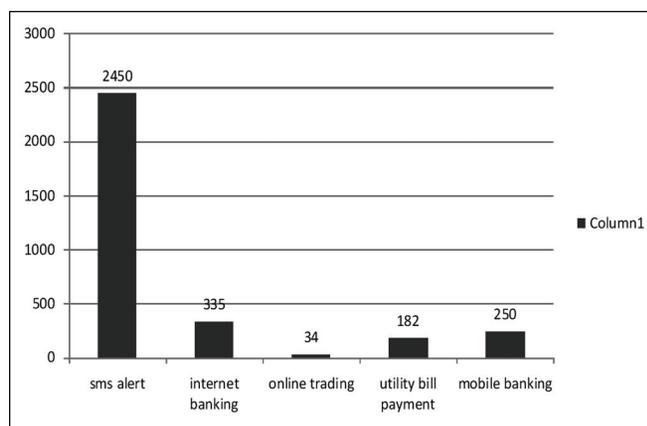
- Insta Debit Card
- Free Cheque Book
- SMS Alert
- Internet Banking
- E- Deposit
- Utility Bill Payment
- Mobile Banking/ IMPS
- RTGS/NEFT
- Online Tax Payment
- Online Trading
- Demat / ASBA

Analysis and Interpretation

Table 5. 1 :Table showing the services used by customers in vijaya bank

Sl. No	Services preferred	Number
1	Sms alert	2450
2	Internet banking	335
3	Online trading	34
4	Utility bill payment	182
	Mobile banking	250

Figure 5.1 :



Analysis:

From the above table it is inferred that out of 5000 people, most of the people opt for SMS alert in the phone. 600 customers prefer mobile banking. The rest of them prefer internet banking, online trading and utility bill payment.

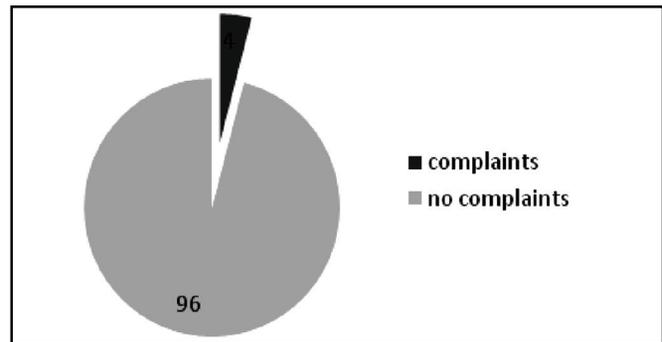
Interpretation:

People prefer one or other service which is provided by bank in digital banking. They like to transact more through online than directly coming to bank and queuing. from the graph it is cleared that all services have a great future in coming days.

Table 5. 2: Table showing the customers who have complaints regarding the safety of digital banking

Particulars	Percentage
Complaints	4%
No complaints	96%

Figure 5.2:



Analysis

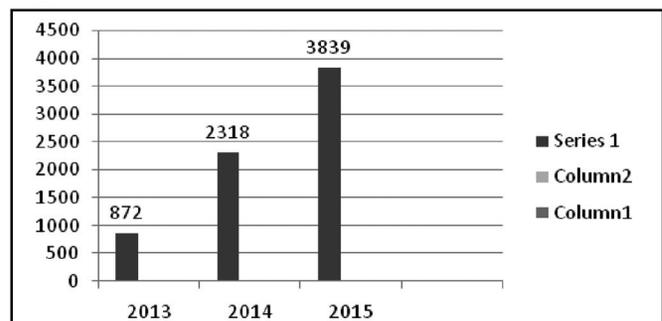
From the information given by bank that only 3% of the people reported in bank regarding the safety of the digital banking and rest have no complaints. It is inferred that people are more convenient in using the services in digital banking.

Interpretation

Considering the past, people were scared to do transaction in digital banking because of safety, but due to the improvement of technology and digital era the complaints of safety has been reduced.

Table 5.3: Comparison of users of digital banking of Vijaya Bank

Figure:5. 3



Analysis

In the year 2013 there were 872 users of digital banking. It has risen to 2318 in the year 2014 and now it has increased to 3839 in 2015. We can see that there is a hike in the users of digital banking year by year.

Interpretation

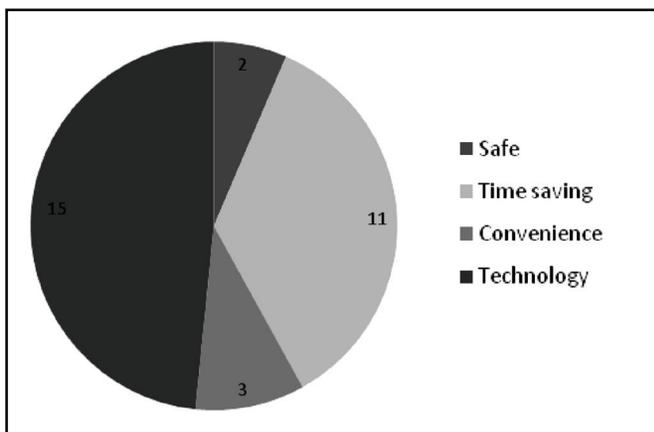
The number of people who uses digital banking is increasing day by day. The new technologies, time saving and less expensive are the reason towards this hike shift.



Table 5.4: Reasons for customers to choose digital banking

Sl. no	Factors	Respondents
1.	Safe	2
2.	Time Saving	1
3.	Convenience	3
4.	Technology	15
	Total	20

Figure :5. 4



Analysis:

Most of the people use digital banking facility because of the reason that it is technology oriented. And it is followed by convenience, time saving and safe.

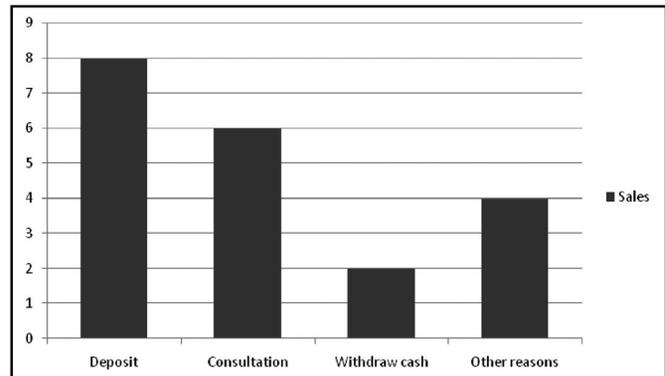
Interpretation:

The technology is one of the reasons why people are shifting from brick and mortar bank to digital age of banking. This will help to make an impact on the digital policy programme which is introduced by our prime minister.

Table 5.5: The reason why customers typically visit Vijaya Bank

Sl. no	Reason	Respondents
1	Make deposit	8
2	Consultation	6
3	Withdraw cash	2
4	Other reason	4

Figure : 5.5



Analysis:

Most of the people visit banks to make deposit. The rest of them are followed by consultation regarding online transactions, withdraw cash and other reasons.

Interpretation :

Even though the main reason are to make deposit. A considerable number of people come to bank to get the details of various services in digital banking and consultation regarding it.

Observation from the Study

- ✎ Even the customers as well as bank has an opinion that digital bank is a matter of survival in this technological word.
- ✎ People have positive attitude towards the digital banking. From the survey it understood that the number of customers who prefers digital banking are increasing year by year.
- ✎ Most of the respondents demand the digital banking services because they considered it as a trend.
- ✎ Having a digital banking facility increase the image and reputation of the bank.
- ✎ People don't want to become a part of brick and mortar system.
- ✎ Most of the educated people prefers digital banking rather than uneducated
- ✎ The second reason why people visit the particular vijaya bank is to consult and get advice regarding the digital banking system



- ✎ The problems that customers facing while using digital banking is comparatively less.
- ✎ Most of the people do not know how to use digital banking facility effectively.

Suggestions:

- ✎ Educate the customers regarding the usage and importance of digital banking
- ✎ Making campaigns in the rural area/

Conclusion:

The customers who are using the digital banking facility are increasing year by year. Due to this technological advancement, people transforms from brick and mortar building to digital age. The prime ministers digital making India will again make a hike in the number of users and it will make a difference in banking sector.

References:

- * www.carolinemoeckel.com/defining-digital-banking/
- * <http://www.centrodeinnovacionbbva.com/en/news/seven-features-digital-bank-must-have>
- * <http://www.pwc.lu/en/press-articles/2012/banking-will-digital-banking-in2015.jhtml>
- * <http://www.slideshare>

ANNEXURE

Questionnaire pertaining to survey

Dear Sir/ madam,

I am conducting a study on "A Study on the Perception of Customers towards Digital Banking: A Special Reference to Vijaya Bank, Nitte". It will be of immense help, if you would kindly spare a few minutes in filling up this questionnaire. Your information in this questionnaire shall be used only for the academic purpose.

1) Personal details

- 1) Name:
- 2) Age:
- 3) Place:
- 4) Gender: male female

2) Does your bank provide digital banking facility to the customers?

Yes No

- 3) What are the services in digital banking that you are offering to customers?
- 4) How many customers are visiting your branch?
- 5) Rate the following

Comments	Agrees	Strongly agrees	Neither agree or disagree	disagree	Strongly disagree
Building a digital banking is a matter of survival					
Having a digital banking facility helps to increase the productivity and image of the bank					
The number of customers which prefers the digital banking facility is increasing year by year					
It will negatively affect the relationship banking experience with the customers					
It is time saving and convenient.					

- 6) The main reason that customers typically visit your branch?
 - A. To make a deposit
 - B. To get advice and consultation regarding digital banking facilities
 - C. to withdraw cash
 - D. others
- 6) How many customers have digital banking facility?
 - o Less than 1000
 - o 1000-1500
 - o 1500-2000
 - o More than 2000
- 7) Have customers complained about the safety?

Yes No
- 8) Do the customers have any problem in digital bank?

Yes No
- 9) Are the customers able to understand internet?

Yes No
- 10) The educated lot probably understand the internet of everything? What about others?
- 11) How can you improve the digital banking facility in upcoming days?
- 12) What role banks play in the Digital India Mission launched recently by the prime minister to transform the Indian economy?

Thank you for your co-operation.