



CUSTOMER PRACTICES ON BANKING SERVICES WITH SPECIAL REFERENCE TO DIGITALISATION IN BANKING AT MANGALURU CITY

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ABSTRACT

The concept of digitalization has been playing a significant role in all sectors of the economy and banking sector is not exception to it. Digitalization has become decisive for Indian Banking sector, which plays major role in providing better services to customers. The main purpose of the study is to know the customers practice towards accessibility and affordability of digitalization in banking. Through a structured questionnaire a survey is conducted in and around Mangaluru city. The research found that main challenge for accessibility is safety and security of technology and sometimes customer failed to adopt digitalization because of unavailability of the service. The study recommends that there is need by banks to invest more on robust reliable systems to reduce incidents of failed transactions and transactional errors in ATMs, Mobile banking and POS terminals, need to come up with an application that can be used to enhance digital banking, facilitation of ICT skills so that technology can be embraced.

Keywords

Digitalization, banking service, customer satisfaction

Introduction

Digitalization has become innate part of our life, without which we feel world is nothing. In the fast moving world digitalization is playing a prominent role.. Digitization is the process of converting data into digital format. All most all the sectors of the economy depends on digitalization for their growth and banking sector is not exception to it. The countries which are easily adapting to it are performing exceptionally well compared to those countries which are lagging behind in adopting digitalization.

The banking sector which is called as the sector of development of all other sectors, because of the financial assistance it provides for other sectors and thereby encouraging capital formation. Even though India is one of the fastest developing countries in the world, it is lagging behind in the

implementation of digitalization to banking sector. The banking sector is going through dramatic changes as a consequence of changing customer behavior, increasing expectations, innovative use and adoption of new technologies. This research paper is an attempt made to analyze the customer experience towards the Digitalization in banking and to gain a new perspective in that area. There are various digital experience banking services which are provided by the banks to its customers some of them are- National Electronic Fund Transfer, Real Time Gross Settlement, Debit and Credit Cards, Mobile Banking, Inter Bank Mobile Payment System etc. Digitalization in banking sector is very helpful in financial inclusion and helps the economy to grow faster with the development of all other sectors. Some of the significances



of digitalizing in banking sectors are- Increases efficiency, Fast and furious, vast coverage, Improves the quality, less human error, Environment friendly, Increases Investment and Less cost.

Literature review

Joseph et al. (1999) examined the influence of internet transactions. In this regard, banks are going to utilize the delivery of banking services. They found primary internet facilities for customer's transactions this method will dimensions of e-banking service quality such as reduce paper work, and will give quick response to customer convenience and accuracy, feedback and complaint while they remain in their office or at home.

Web Mols (1999) acknowledged that the internet banking is an Marketing Association shows that banks are falling behind innovative distribution channel that offers less waiting time other industries with respect to innovation within their and a higher spatial convenience than traditional branch Internet channel

Brno-Britz (2006). Banking with significantly lower cost structure than traditional delivery channels. Internet banking reduces not the main advantage regarding E-banking is that it's only operational cost to the bank but also leads to higher availability 24 hours a day and 7 days a week. Customer's levels of customer satisfaction and retention. As a result perception and life style plays an important role in growth of internet banking is very attractive to banks and consumers, Internet banking system

Hasan (2002) found that online banking has come out experienced by the global financial industry". They further as a significant strategy for banks to attract and retain argued that this new technological development may result customers.

Mookerji (1998) observed that internet banking is fast becoming popular in India for payment of utility bills or for cash withdrawals/deposit.

Objectives of the study

1. To investigate the influence of digital banking on customer practices.

2. To assess accessibility and affordability of digital banking.
3. To determine adaptability and affordability of digital banking influence customer satisfaction.

Research Methodology

The study was based on primary and secondary data. Primary data was collected by mean of structured questionnaire .Closed ended question were taken in this research for better tabulation and data interpretation, keeping in view related objectives of the research .The population infinity and enhance, sample selected was 66 respondent by convenience sample techniques. Survey method had been used through direct communication with respondent .The data analyzed with the help of simple percentage.

Finding and discussion

Influence of digital banking on customer satisfaction:

Particulars	Factors	Percentage
Knowledge about IT	Yes	59.7
	No	40.3
Understanding of digital banking	Cashless payment system	67.7
	Use of technology in bank	16.9
Mode of technology frequently used	ATM	50
	Online payment option	37.9
	Mobile money	16.2
Purpose of using digital banking	Accessibility	18.2
	Affordability	10.6
	Speed of transactions	71.2
Speed of digital banking	Good	43.3
	Moderate	49.3
	Bad (Mean value 3.53, S.D=1.11)	7.4

Digital banking was used because they are considered fast, 71.2 percent of respondents use



digital banking for its speed. ATM is used by almost all the respondents. Speed of operations, ease of use and accessibility are the strong predator of customer practices.

Accessibility of Digital Banking: The second objective of the study is to determine customer experience towards accessibility of digital banking.

Most accessible mode of technology	Mobile banking	55.2
	ATM	31.3
	E-banking	11.9
	POS terminals	1.6
Accessibility of the bank	I can bank anytime anywhere	31.8
	I can easily transact and pay bills	30.3
	I hardly visit branch for service	31.3
Challenges for accessibility	Distance between digital outlet	7.6
	Challenges in use of technology	18.2
	Safety and security	65.2
	Expenses incurred in digital banking	9.1

The findings as presented by Table 1.2 clearly say that the customers had an idea of what accessibility was. The study revealed that mobile banking was the most accessible form of digital banking as indicated by 55.2percent. This was followed by 31.3 percent who were of the view that ATMs were the most accessible. POS terminals were considered not to be very fast and respondents are not much aware about it. Majority of the respondents were faced challenges with safety and security, this is represented by 65.2 percent. Only a small percentage indicated that they faced challenges related to expenses incurred in digital banking and digital outlet distance. From these findings it was deduced that challenges caused safety and security were the major barriers towards accessibility.

Adaptability and affordability of digital banking: The third objective of the study is to determine customer experience towards adaptability and affordability of digital banking.

Ease of adapting digital banking	Yes	71.6
	No	11.9
	May be	16.4
Reliability of digital banking	Slightly reliable	52.2
	Very reliable	43.3
	Not reliable	4.5
Failure to adapt digital banking	Yes	37.3
	No	62.7
Reasons for failure	Long queue	10.3
	Machine breakdown	12.8
	Service not available	66.7
	Complicated system	10.3
Ease of adapting digital technology	Easy online banking	49.3
	Convenient ATM	14.9
	Reduced fees	6
	No need of carrying cash	29.8
Failure of transaction due to high transaction cost	Yes	24.4
	No	74.6
Most affordable form of digital banking	E banking	9
	Mobile banking	37.3
	Fund transfer	1.5
	ATM	17.9
	All the above	34.3
Extent of affordability importance in day to day digital banking transaction (Mean=3.39, SD=1.06)	Small extent	10.7
	Moderate extent	54.5
	Large extent	34.8
Efficiency and Effectiveness of using digital banking (Mean = 4.21, SD=1.38)	Strongly agree	21.2
	Agree	45.5
	Neutral	24.2
	Disagree	9.1

This study implies that majority easily adapted to technology. There was need to establish how reliable the digital channels were. Study implied



that digital banking channels are very reliable thus customer can easily adapt to their use. At the same time major part of the customer experienced failed to adapt digital banking. Non availability of the service is major reason for the failure. Online banking was the easy mode to adapt digital banking according to customer experience. Mobile banking was the easiest way of adapting digital channel. Major part of the respondents agreed that they can run bank account effectively and efficiently by using digital technology.

Recommendations and conclusion

To reduce the failure of transactions banks need to take special concern and can think about investing on robust reliable system, this can avoid

errors in ATM, internet banking, POS terminal. In order to boost the operations, availability and accessibility of digital banking, banks should come up with an application to enhance digital banking. Banks should invest on ICT skills in collaboration with various institutions. Government should think about coming up with new software which will provide 100 percent safety and security for financial transactions. With the increasing usage of smartphones, digitization of banking sector is inevitable to catch up the increasing expectations of the world. It indeed reduced human errors and increased convenience. But the fact that cyber threats are on the rise, banks must be very careful and should be prepared to handle cyber-attacks.

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