

A STUDY ON USE OF DIGITAL BANKING SERVICES BY CUSTOMERS IN KARIMNAGAR DISTRICT

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Abstract

India being a developing economy the technological innovations in banking sector effects the rural population in large because the majority of the population is from rural which means rural is majority community and it playing an important role Indian economy. Digital banking is an umbrella term covering all the banking-related and financial institutions related services online. These services are offered through the bank's website, a mobile application, or both. Through digital banking, you can access their banking features remotely from anywhere in the world. Not only that, digital banking also automates a lot of banking services like transferring money, opening a fixed deposit, ordering or blocking a debit card or credit card etc. through the app, making them far more efficient than their brick and mortar counterparts. This paper discusses the use pattern, acceptance and issues faced by the rural customers focusing on some emerging trends in rural banking.

Keywords: Digital Banking Services, Access to Bank Account, Awareness, Purpose and Issues.

Introduction

One of the major objectives of Digital India is to achieve “Faceless, Paperless, Cashless” status. The promotion of digital payments has been accorded the highest priority by the Government of India to bring each and every segment of our country under the formal fold of digital payment services. The vision is to provide the facility of seamless digital payment to all citizens of India in a convenient, easy, affordable, quick and secured manner. During the last three years, digital payment transactions have registered unprecedented growth in India. Easy and convenient modes of digital payment, such as Bharat Interface for Money-Unified Payments Interface (BHIM-UPI); Immediate Payment Service (IMPS); pre-paid payment instruments (PPIs) and National Electronic Toll Collection (NETC) system have registered

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substantial growth and have transformed digital payment ecosystem by increasing Person-to-Person (P2P) as well as Person-to-Merchant (P2M) payments. During the last three years, digital payment transactions have registered unprecedented growth in India. Easy and convenient modes of digital payment, such as Bharat Interface for Money-Unified Payments Interface (BHIM-UPI); Immediate Payment Service (IMPS); pre-paid payment instruments (PPIs) and National Electronic Toll Collection (NETC) system have registered substantial growth and have transformed digital payment ecosystem by increasing Person-to-Person (P2P) as well as Person-to-Merchant (P2M) payments. At the same time, pre-existing payment modes such as debit cards, credit cards, National Electronic Funds Transfer (NEFT) and Real-Time Gross Settlement (RTGS) have also grown at a fast pace. BHIM-UPI has emerged as the preferred payment mode of users.

The Government of India also launched the digital payment solution e-RUPI, a cashless and contactless instrument for digital payment which is expected to play a huge role in making Direct Benefit Transfer (DBT) more effective in digital transactions in the country. All these facilities together have created a robust ecosystem for a digital finance economy.

Importance of the study

Currently banking industry is witnessing healthy competition in the adoption of new technology. With drastic developments in the information technology and its adoption by the banking industry provision of banking services has become more electronic and online. Digital banking is gaining acceptance from customers and is fast catching up in India. Customers are realizing the comfort of accessing banking services from their convenient places as a result large number of customers have already accepted the concept of digital banking. But at the same time they are facing many risks associated with the digital banking. The current study focuses on the extent to which the people in rural areas have accepted the digital banking and the issues they are facing during availing of digital banking services so that the current study may offer some valuable suggestions to the banks to overcome the barriers and offer better services to the customers.

Today, there is no doubt that the digital payment landscape in India has been transformed. Complementing the efforts of the Government, the people of India have also displayed a great affinity for embracing new technologies. While some of the developed

countries are facing problems due to inadequate digital infrastructure for transferring money to the accounts of their citizens, India has emerged as a leader in the creation of digital assets, which can serve as an example to many other nations. Further, the Government of India is leaving no stone unturned to make India a global leader in the arena of digital payment systems and help it attain the status of one of the most efficient payments markets in the world.

Objectives of the Study

- To ascertain the awareness level of customers about digital banking.
- To study the factors affecting the usage of digital banking services among the sampled respondents.

Research Methodology

In order to achieve the research objectives data was mainly collected through primary sources by circulating a structured questionnaire through Google form. sample respondents were selected by convenient sampling method. Data is collected from 129 respondents in Karimnagar rural district of Telanagana State. Secondary data was also taken from journals, books, internet etc. the data was analyzed by using descriptive statistical tools such as counts, tables, percentages and charts and graphs.

Data Analysis and Interpretation

The data collected from primary source is analyzed as below.

Table -1
Demographic profile of the respondents

DESCRIPTION	VARIABLE	NO. OF RESPONDENTS	PERCENTAGE
GENDER	Male	72	55.81
	Female	57	44.19
	TOTAL	129	100.00
AGE	20-30	78	60.47
	31-40	33	25.58
	41-50	18	13.95
	51 & Above	0	0.00
	TOTAL	129	100.00
OCCUPATION	Students	48	37.21
	Salaried	53	41.09
	Farmers	18	13.95
	Others	10	7.75

	TOTAL	129	100.00
EDUCATION LEVEL	SSLC/PUC	18	13.95
	Graduates	81	62.79
	Post graduates	23	17.83
	Un educated	7	5.43
	TOTAL	129	100.00
MONTHLY INCOME	<10000	5	3.88
	10001-20000	34	26.36
	20001-30000	65	50.39
	30001 & Above	25	19.38
	TOTAL	129	100.00

Source: Primary Data

Demographic profile of the respondents reveals that majority of them belongs to the age group of 20-30 years (60.47%), most of them are male (55.81), 41.09% of the respondents are salaried having monthly income of Rs 20001-30000

Access to bank account

In order to find out the usage rate and issues faced in availing the digital banking services, it is important to ascertain the respondents association in the banking sector. The study reveals that all the respondents have an active bank account, mere having a bank account does not mean the respondents are using digital financial services but it states that respondents are financially included and have an opportunity to avail the digital banking services. Table- shows that 58.14% of the respondents have accounts with public sector banks and 41.86% with private sector banks.

Table-2
Access to bank account

DESCRIPTION	NO.OF RESPODENTS	PERCENTAGE
Public sector banks	75	58.14
Private sector banks	54	41.86
TOTAL	129	100.00

Source: Primary data

Awareness about digital banking services among respondents.

Table-3 shows that all the people participated in the study are aware about the digital banking services.

Table-3
Awareness among respondents about digital banking

DESCRIPTION	NO. OF RESPODENTS	PERCENTAGE
Aware	129	100.00
Not aware	0	0.00

TOTAL	129	100.00
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Source: Primary data

Usage of digital banking products & services

Now a day's financial institutions offering large many types of attractive and innovative digital products and services to their customer which enable individuals to make financial transaction easily. Effective use of digital services helps customers to great extent. Table 4 shows different type of digital services used by the respondents. Due to the wide spread awareness and connivance of UPI payments 78 respondents are using UPI, 16 are using mobile wallets and 21 are using debit card. In this study area UPI system is very popular.

Table – 4
Usage of digital banking services

DESCRIPTION	NO.OF RESPODENTS
Debit/ credit card	21
Internet banking	8
NEFT/RTGS	5
Mobile wallets	16
UPI	78
TOTAL	128

Source: Primary data

Purpose of using digital banking services

In this days financial institutions provide different digital banking services and different services can be used for different purposes. The purpose of using digital banking services among the respondents is discussed below.

Table-5
Purpose of using digital banking services

DESCRIPTION	NO. OF RESPODENTS
Online shopping & payments	49
Fund transfer	24
Utility payment	48
Others	8
TOTAL	129

Source: Primary data

Digitalization of banking system offering varied services to its customers. In the study it was observed that most of the young people in rural areas are using digital banking for online shopping & payments (i.e. 49 respondents) and for utility payments like electricity bill, water bill, telephone bill/mobile recharge etc.

Use frequency of digital banking services.

Even today large many people including youngsters do not how to fill an bank application form/ withdrawal/deposit slips but due to the development in technology people are preferring to use digital banking system instead of traditional banking might because of ease of use, connivance or reduced transaction cost.

Table-6
Use frequency of digital banking services

DESCRIPTION	NO OF RESPONDENTS	PERCENTAGE
Frequently	97	75.19
Once in a week	19	14.73
Once in a month	9	6.98
Very rarely	4	3.10
TOTAL	129	100

Source: Primary data

In this study it was found that around 75% of the respondents are using the digital banking service very frequently for one or the other purpose, most of them reported that they are using unified payment interface (UPI) as digital banking service.

Issues in digital banking services:

Digital banking made it convenient for the individuals to access to banking services without visiting the bank physically. Even though the digital banking offering many benefits to the individuals, many will refuse to accept the digital banking completely for several issues faced by them.

Table-7
Issues in digital banking services:

DESCRIPTION	NO OF RESPONDENTS	PERCENTAGE
Security risk	33	25.58
Lack of knowledge	12	9.30
Technical issues	62	48.06
Threat to privacy	22	17.06
Total	129	100

Source: Primary data

The study reveals that around 48% of the people are facing technical issues while availing the digital banking services. And security risk is another prime concern for the individuals in using the digital services as online banking frauds and incidents of loss of personal data are increasing nowadays. And very few reported that they are lacking in knowledge of using digital banking services.

Conclusion

Over the last few years with development in technology and the educational level of people the concept of digital banking is very popular even in rural areas. with the continuous efforts of the government in promoting digital banking in the country like demonetization, introduction of UPI system and many other programs have lead to increase in the digital transactions especially after COVID-19 pandemic the number of digital transactions are increased in large scale and helping the country to become a cash less economy. In this study it was absorbed that majority of the rural population are aware of the digital banking and are using the same for only few purposes or to transact in very small amount because of the reasons of security risk, privacy threat and technical issues in rural areas. The concerned authority should take proper measures to overcome the fraudulent activities that the customers are facing.

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