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A STUDY ON THE BENEFITS RECEIVED BY THE CUSTOMERS DUE TO THE DIGITALISATION OF BANKING SERVICES

KEY WORDS: Digitalisation, Banking, Digital Banking, Mobile Banking, Banks, Customers,

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ABSTRACT

The present study was conducted by doing survey from 100 respondents regarding various benefits received by customers due to digitalisation of banking services. Through which it was identified that maximum people are aware about the various Digital services provided by the Banks which avail various benefits to them. Along with that reasons were also identified for which customers are opting for Digital Banking services. All the customers have experienced improvement in the facilities provided by Banks Digitally compared to Traditionally. And everyone agrees that they have been benefitted by the Digital Banking services and will definitely recommend it to others. In addition to that by applying Kruskal Wallis test to the data collected it was found out that there is no effect of demographic profile on the opinions of the customers regarding the benefits received due to digitalisation of Banking services.

INTRODUCTION:

Modern banking in India originated in the mid of 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 in 1786 but failed in 1791.

The largest and the oldest bank which is still in existence is the State Bank of India (SBI). It originated and started working as the Bank of Calcutta in mid-June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks founded by a presidency government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. 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. In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. However the merger of these associated banks with SBI went into effect on 1 April 2017. In 1969, the Government of India nationalised 14 major private banks; one of the big banks was Bank of India. In 1980, 6 more private banks were nationalised.

It's interesting to track the history of the banking system in India.



Image source :<https://goniyo.com/blog/the-evolution-of-banking-in-india>

Evolution in banking in India was seen from the time the first

bank was established in India to the current mobile banking era. The history of banking in India can be broadly classified as:

1. Pre-independence Phase (1770-1947)
2. Post-independence Phase (1947-till date): This phase can be break down further into:
 - a. Pre-nationalisation Phase (1947-1969)
 - b. Post-nationalisation Phase (1969-1991)
 - c. Liberalisation Phase (1991-till date)

Digital Banking In India

Digital banking is part of the broader context for the move to online banking, where banking services are delivered over the internet. The shift from traditional to digital banking has been gradual and remains ongoing, and is constituted by differing degrees of banking service digitization.

Digital banking 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. It provides the ability for users to access financial data through desktop, mobile and ATM services.

Digital banking basically means the digitization of all banking activities that were traditionally available only by visiting a bank branch—opening an account, transferring funds, making payments, etc.

In 2016, the GOI launched the UPI (Unified Payment Interface) System and BHIM by the National Payments Corporation of India (NPCI), setting off the digital payments revolution with what we popularly know as mobile banking.

Following the advancements in technology, several fintechs in the country have taken digital banking to the next level in partnership with traditional banks to bring an array of financial services.

In 2021, NitiAayog proposed setting up full-stack 'digital banks', which will entirely rely on the internet to offer their services and not on their physical branches. This is expected to revolutionize digital banking in India.

A key in which digital banks can gain a significant competitive edge is developing a more robust IT architecture. By replacing manual back-office procedures with automated software solutions, banks can reduce employee errors and speed up processes. This paradigm shift can lead to smaller operational units and allow managers to concentrate on improving tasks that require human intervention.

Automation reduces the need for paper, which inevitably

ends up taking up space that can be occupied with technology. By using software that accelerates productivity up to 50%, banks can improve customer service since they will be able to resolve issues at a faster pace. One way a bank can improve its back end business efficiency is to divide hundreds of processes into three categories:

- full automated
- partially automated
- manual tasks

It still isn't practical to automate all operations for many financial firms, especially those that conduct financial reviews or provide investment advice. But the more a bank can replace cumbersome redundant manual tasks with automation, the more it can focus on issues that involve direct communication with customers. The obstacles currently preventing banks from investing in a more digital back end environment are:

- banks have traditionally prioritized launching new products that are still difficult to automate
- mergers and acquisitions, new products and government regulations have already established complex IT architecture difficult to revise
- IT teams do not always grasp business priorities
- many banks lack the in-house IT expertise beyond traditional mainframe environments

Research Methodology

Problem Statement:

Today's era is Digital era but still many people are unaware of the different benefits and easement which are available due to digitalisation in Banking services.

Objective of the Study:

1. To determine the customer awareness of digital banking.
2. To show how digital banking is different from Traditional Banking
3. To find out different benefits received by customers through digital banking.
4. To educate the population about the importance of digital banking.
5. To study the effect of Demographic profile on difference in opinion regarding different benefits

Scope of the Study:

Present study examines the awareness level about digital banking and different benefits received by the customers after digitalisation in Banking service The study will be beneficial to the customers who have still not adopted the digital banking service and also to make others aware about different other benefits which are unknown to them.

Research Design:

Descriptive Research Design

Sampling Method:

Non Probability Convenient Sampling

Sample Size: 100

1. Hypothesis:

H0: There is no effect of Demographic profile on difference in opinion regarding different benefits

H1: There is effect of Demographic profile on difference in opinion regarding different benefits

Findings

From the responses collected from total 100 respondents containing 55% female and 45% male with maximum of age group of 26-45 years possessing different qualifications, occupations and marital status having their Bank accounts in both public and private banks almost for more than 10 years, maximum have got their bank account opened offline.

Maximum of the respondents are aware about various online

facilities provided by Banks like Online Banking, UPI, ATM, Debit Card, Mobile Banking and Credit Cards and few of them are aware about the facilities like Digital Wallets and EFT. Maximum respondents believe that Banks are providing excellent online services like Online Fund Transfer, Online Purchase and payments, regular checking of Bank balance, Online Bill payments and applying for loan and few believe that online services like Online Booking and requesting cheque book online are good.

Maximum respondents believe that the services provided by Banks digitally differs from Traditional services like in offline services also online work is there, customers can access services of Bank and do the transactions 24*7, removing time consuming paper work and visits to Banks, accessing their Bank accounts even while sitting in Foreign Countries also making payments and receiving money easy which makes them feel that Digital Banking services are more convenient as compared to Traditional Banking Services.

Maximum respondents has opted easy transfer, High transaction speed, good services and time saving from waiting at counters as a reason for opting for Digital Banking services and few has opted everything is digital, secured transactions, rewards and bonus, transaction with full privacy, great trust in electronic system, people references and sign of modernity as a reason for opting for Digital Banking services.

Maximum respondents believe that the quality of banking services has improved after digitalisation and will definitely recommend it to others.

All the respondents believed that Digital Banking services has benefitted them. Various benefits which can be listed are as follows:

- Opening of Account has become an easy task with the help of Digital Banking services.
- Transferring money from one account to another can be done anytime at a person's own convenience with the help of Digital Banking.
- Loan procedure has become easy with the help of Digital Banking.
- Paying Bills has become far easy with Digital Banking.
- Bank details can be gathered any convenient time through Digital Banking.
- Through Digital Banking we can get regular updates regarding our Accounts
- With the help of Digital Banking bank Customer if wants to withdraw money from their account do not need to wait in long queue, also there is no time binding to withdraw money
- There is no need to carry much cash as all the payments can be done digitally nowadays.
- Online purchasing has become an easy task with the assistance of Digital Banking services.
- Digital Banking provides safe and secured way to perform any Banking transaction.
- No extra amount as charges are taken by Banks from its customers.

Along with the opinions regarding benefits from Digital Banking services it was also checked that whether the Gender of a respondent is affecting their opinions regarding the benefits they receive through Digital Banking services by applying Kruskal Wallis Test to the data collected regarding Gender and Opinions for benefits from Digital Banking services. The result of the test is as follows:

| Ranks | | | |
|-------|--------|----|-----------|
| | Gender | N | Mean Rank |
| Mean | Male | 44 | 47.03 |
| | female | 54 | 51.51 |
| | Total | 98 | |

| Test Statisticsa,b | |
|------------------------------|------|
| | Mean |
| Chi-Square | .615 |
| df | 1 |
| Asymp. Sig. | .433 |
| a. Kruskal Wallis Test | |
| b. Grouping Variable: Gender | |

As the value derived from test is more than 0.05, we fail to reject the Ho. So we can say that there is no effect of Demographic profile i.e. Gender on difference in opinion regarding different benefits.

CONCLUSION

From the study conducted it can be concluded that maximum people are aware about different Digital Banking facilities and the benefits they are receiving or can receive in future. Also they believe that the services provided by Banks digitally differs from the services they provide traditionally. Each user is opting Digital Banking services for different reasons maximum from which are easy transfer, High transaction speed, good services and time saving from waiting at counters. Maximum people believe that the quality of banking services has improved after digitalisation and will definitely recommend it to others and all the respondents believed that Digital Banking services has benefitted them in various ways and also it was examined that there is no effect of demographic profile on the opinions received for benefits through Digital Banking facilities.

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