

# A STUDY ON FACTORS DETERMINING THE CUSTOMER PERCEPTION TOWARDS DIGITAL BANKING SYSTEM IN MADURAI

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**Abstract :** Digitalization of services has transformed a range of business aspects in our daily life. The main aim of digitalization is to reduce human dealings, human fault, and 'doing it right the very first time'. The banking sector is no exception in implementing Digital Transformation. All digital banks are possible as a consumer option, but people may still have a need for physical cash in certain situations. This study is to investigate the customer perception towards the digital banking services and to identify the main factor affecting the usage of Digital banking in Madurai. Bank customers were included with the main motive of collecting information about digital banking. The data will be collected from the 74 respondent this was a convenience sampling. Bank customers were included with the main motive of collecting information about digital banking. So, this was a convenience sampling. .

**IndexTerms-** Digitalization.

## I. INTRODUCTION

Bank is one of the most important financial institutions in India, which offers various kinds of financial services to its customers. It plays dynamic role in socio economic development of our nation. It collects the finance from people in the form of deposits and provides this finance to people in the form of loans and advances. In this Competitive environment, the bankers must fulfill the need of the customer in order to sustain in the market as well as develop our country. Digital Banking is one of the key factors which provide the fastest service to their customers as well as full fil the need of the customer. It is very significant innovative system which facilitates modern facility to their customers. Digitalization of services has transformed a range of business aspects in our daily life. The main aim of digitalization is to reduce human dealings, human fault, and 'doing it right the very first time'. The banking sector is no exception in implementing Digital Transformation. It has transformed and revolutionized the traditional banking industry (Nishi sharma, 2000). Digital banking has eliminated the boundary of time. Now the customers have relatively easy access to their accounts, 24 hours per day, and seven days a week all-round the globe (Karjaluo et al. 2002). Recent development in technology helps to achieve higher efficiency in productivity and profitability for banks as well as it is the realization of their anywhere, anytime, any way banking dream for customers. Due to digital banking system, they are facing major challenges and issues such as quality of delivery services including delivery speed and delivery reliability (Furst et al), limited payment options (Furash), security concern etc. Additionally, customers have been reluctant in their choice of doing online payment business.

### History of Digital Banking

**1994** Online Banking is built into Microsoft Money. 100,000 households begin accessing their bank accounts online.

Stanford Credit Union begins offering banking services via their website, paving the way for credit unions and banks across the country.

**2001** Online banking hits 20 million users, with 8 different U.S. banks achieving at least a minimum of 1 million online users.

**2002** Avoka was founded to help banks and financial institutions in their digital transformations.

**2007** The launch of the iPhone begins shifting digital banking from desktop computers to smartphones.

**2009** Online banking hits 54 million users in the United States.

**2016** Millennials succeed in fundamentally shifting digital banking preferences signaling to banks that they must move all services online.

### Direction toward Digital Cash

Digital cash removes many problems related with physical cash, such as misplacement or the potential for money to be stolen or damaged. Moreover, digital cash can be traced and accounted for more accurately in cases of disputes. As consumers find an increasing number of purchasing opportunities at their fingertips, there is less need to carry physical cash in their wallets.

Other indications that demand for digital cash is growing are highlighted by the use of peer-to-peer payment systems such as PayPal and the rise of untraceable cryptocurrencies such as bitcoin. Almost anything imaginable that can be paid with physical cash can theoretically be paid with the swipe of a bank card, including parking meters. The problem is this technology is still not omnipresent. Cash circulation grew in the United States by 42% between 2007 and 2012, with an average annual growth rate of 7%, according to the BBC.

The concept of an all-digital cash economy is no longer just a futuristic dream but it's still unlikely to outdate physical cash in the near future. All digital banks are possible as a consumer option, but people may still have a need for physical cash in certain situations. ATMs help banks cut overhead, especially if they are available at various strategic locations beyond branch offices.

## II Purpose of this study

Digital banking is changing and developing with technology every day. Bank customer began to deal with Digital banking together with the increasing usage of the Net banking, Mobile banking and online transactions. The principle aim of this study is to investigate the customer perception towards the digital banking services and to identify the main factor affecting the usage of Digital banking in Madurai.

### 2.1 Objective of the study

1. To know the growth of Digital banking system in India.
2. To identify the factors determining the customer perception towards Digital Banking.
3. To analyze what the customer perceived from the digital banking system.

### 2.2 RESEARCH METHODOLOGY

The descriptive research design was carried out to study the customer perception towards digital banking in Madurai District. The study mainly used primary and secondary data. Secondary data was collected from different published sources. Primary data has been collected through structured questionnaire. Data was collected from 74 respondents for the purpose of determining customer perception towards digital banking in Madurai.

#### Study Population

Study populations were all those customers who are holding a bank account.

#### Sampling Techniques

Bank customers were included with the main motive of collecting information about digital banking. So, this was a convenience sampling.

#### Sample Size

In this study convenience sampling method has been used. The total sample size of the present study is 74. The customers were randomly selected from all type of banking sector in Madurai.

## III REVIEW OF LITERATURE

Ashima tendon, Manisha Goel and Sunitha Bishnoi, "Consumer awareness towards internet banking: a comparative study of public, private and foreign banks", the present paper analyse the overall performance of private and foreign sector banks is better than the public sector banks. The public sector banks need to focus on their working in order to battle with the private and foreign sector banks.

Shamsher, "Customer Perception of Mobile Banking: An Empirical Study in National Capital Region Delhi", this study has found out four dimensions of mobile banking service. Banking practitioners and managers can use these dimensions to measure the effectiveness of service provided by them.

Kartikey Koti, "Customer awareness and adaptability towards internet banking: a study of Indian banking industry", this paper discussed about the banking sector is growing rapid based on the customer need. Customer wants banking services on ease for which they look for more online services. Banker and customer should go hand in hand through which service provided by banks can be utilized optimal.

Komal Kaur, Nabin Subedi, Kajal Chaudhary, Shraddha Parajuli "A study on awareness, utilization and barriers towards e-banking in east Delhi, India", in this paper the researcher study the customers were aware about the term e-banking although they were not known about the specific services provided under a banking, satisfactory evidence was obtained regarding the utilization of e-banking services.

## IV ANALYSIS

Table – 1 Socio Economic Profile

Particular	Category	Frequency	Total
Gender	Male	47	63.5
	Female	27	36.5
	<b>Total</b>	<b>74</b>	<b>100.0</b>
Age	upto 20years	19	25.7
	20-40 years	30	40.5
	Above 40 years	25	33.8
	<b>Total</b>	<b>74</b>	<b>100.0</b>
Occupation	Student	23	31.1
	Government Employee	3	4.1
	Private Employee	20	27.0
	Business Man	28	37.8
	<b>Total</b>	<b>74</b>	<b>100.0</b>
Annual income	Upto 1 lakh	25	33.8
	1 lakh -2 lakhs	26	35.1
	2 lakhs -3 lakhs	15	20.3
	Above 3 lakhs	8	10.8
	<b>Total</b>	<b>74</b>	<b>100.0</b>
Educational qualification	School level	18	24.3
	Graduate	22	29.7
	Post graduate	34	45.9
	<b>Total</b>	<b>74</b>	<b>100.0</b>
Type of account	Savings account	16	21.6

	Fixed account	18	24.3
	Current account	40	54.1
	<b>Total</b>	<b>74</b>	<b>100.0</b>
<b>Year of using</b>	less than 2	49	66.2
	2-4 yrs	13	17.6
	Above 4 years	12	16.2
	<b>Total</b>	<b>74</b>	<b>100.0</b>
<b>Channel for using</b>	Online/internet banking	31	41.9
	Phone banking	15	20.3
	Smart phone applications	28	37.8
	<b>Total</b>	<b>74</b>	<b>100.0</b>
<b>Reason for using</b>	better information	16	21.6
	Simplification of processes	5	6.8
	24 hrs service	45	60.8
	limited time available	8	10.8
	<b>Total</b>	<b>74</b>	<b>100.0</b>

Source: Primary Data

The above table shows that 63.5 per cent of the customers are Male, 40.5 per cent of the respondents come under the age group between 20years and 40years. 37.8 per cent of the respondents are Business man, 35.1 per cent respondents are come under the income group of Rs. 1-2 lakhs, 45.9 percent respondent's education level are Post graduate, 54.1 per cent respondents are using current account, 66.2 per cent respondents are using the digital banking system are less than 2 years, 41.9 per cent respondents are using the digital banking through the Internet, 60.8 per cent respondents are using the digital banking for the main reason is 24-hour service.

**Table 2 Rotated Matrix Factor Analyses**

S.No	Variables/ Factor	1	2	3	4	5	6	7	8	9	10
1.	View account balance & statement	.872	.109	-.099	-.032	.151	.067	.086	.049	-.034	.007
2.	Enquire about cheque status	.788	-.153	.209	-.027	-.142	.127	-.113	-.120	.196	-.034
3.	Time and money saving	.759	.009	.009	-.031	.216	.072	.142	-.130	-.402	.035
4.	Easy accessibility	.747	.075	.111	.003	.033	.077	.016	.185	.356	-.121
5.	Finance security	.185	.858	-.105	.098	-.014	.077	.184	.035	-.018	-.153
6.	Efficient service	-.130	.751	.192	-.179	.120	-.184	.010	.014	-.092	.042
7.	Ask for a cheque book	-.028	.735	.238	.005	-.094	.334	-.150	-.214	.168	.110
8.	Enquire about your fixed deposits	-.100	-.411	.054	-.261	-.296	.244	-.263	.410	-.016	-.062
9.	Enquire about your TDS details	.063	.165	.867	.055	.210	-.137	-.110	.138	-.033	.023
10.	Online trading with DEMAT services	.108	.169	.827	.064	.041	.002	.128	.118	-.020	-.361
11.	Update your profile	.053	-.211	.552	-.171	-.130	.098	.114	-.271	.410	.094
12.	Seeking product and rate of information	.007	-.133	.005	.908	.006	-.050	.080	-.144	-.060	.019
13.	Download applications	-.067	.093	.022	.901	-.056	.027	-.062	.039	-.003	.028
14.	Request to stop cheque payments	-.020	-.203	.177	-.176	.771	.044	.160	.065	-.161	.056
15.	Apply for loan or other services	.246	.309	-.141	.144	.718	.276	-.032	-.015	.130	.083
16.	Calculate loan payment information	-.192	-.145	-.283	.010	-.606	.080	.132	-.040	-.197	.474
17.	Transfer funds to a third party	.109	-.092	.021	-.135	.007	.843	-.047	.075	.009	-.055
18.	Pay your utility bills	.149	.178	-.124	.141	.173	.772	.177	-.065	-.053	-.036
19.	Shop online through internet banking	.059	-.023	.237	-.065	.032	.109	.889	-.103	.031	.151
20.	Online renewal of your deposits	-.025	-.216	.436	-.128	-.054	.027	-.743	-.027	.260	.126
21.	Request a demand draft or pay order	-.054	-.079	.038	-.090	-.005	-.018	-.030	.863	-.006	.134
22.	Pay credit card dues	.465	.046	.186	.056	.286	.039	-.042	.578	.246	-.003
23.	Pay insurance premium	.110	.027	.016	-.037	.044	-.038	-.091	.063	.856	-.120
24.	Online tax payments	-.020	.023	-.095	.052	.041	-.095	.053	.142	-.093	.921

Source: Primary data

The above table could be inferred that the high loaded priority matrix has been taken as the first priority determining the factor that is called "Daily accessible status". The second loaded high priority factor matrix has been named as "safety and security".

The next priority matrix is determined the factors that is called as “Efficient payment system” the last high loaded matrix has been given as “Customer service”.

### Analysis

1. Factor 1: Rotated factor matrixes the variables of no. 1,2,3,4 have factor loadings of 0.872, 0.788, 0.750 and 0.747 respectively.

Thus factor 1 named as “**Daily accessible status**” consists of

1. View account balance & statement
2. Enquire about cheque status
3. Time and money saving
4. Easy accessibility

2. Factor 2: Rotated factor matrixes the variable of no. 5, 6, and 7 have factor loadings of 0.858, 0.751 and 0.735 respectively.

Thus factor 2 named as “**safety and security**” consists of

1. Finance security
2. Efficient service
3. Ask for a cheque book

3. Factor 3: Rotated factor matrixes the variable of no. 8, 21, and 22 have factor loadings of 0.410, 0.863 and 0.578 respectively.

Thus factor 3 named as “**Efficient payment system**” consists of

1. Enquire about your fixed deposits
2. Request a demand draft or pay order
3. Pay credit card dues

4. Factor 4: Rotated factor matrix the variable of no. 9,10,11,20 have factor loadings of 0.867, 0.827, 0.552 and 0.436 respectively.

Thus factor 4 named as “**Customer service**” consists of

1. Enquire about your TDS details
2. Online trading with DEMAT services
3. Update your profile
4. Online renewal of your deposits

**Table 3 Annual income with Easy Access Cross tabulation**

Category	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Upto 1 lakh	13	9	1	2	25
1-2 lakhs	7	15	1	3	26
2-3 lakhs	6	6	2	1	15
Above 3 lakhs	4	2	2	0	8
<b>Total</b>	<b>30</b>	<b>32</b>	<b>6</b>	<b>6</b>	<b>74</b>

Source: Primary Data

The above table could be inferred that out of 74 respondents 32 respondents are agree with easy accessibility system of Digital banking. Similarly, 30 respondents are strongly agreed with digital banking. Hence we can conclude that Rs. 1 lakh to 2 lakh income groups are higher than other income group for agreeing easy accessibility of Digital banking system.

**Table 4 Annual income with Finance Security Cross tabulation**

Category	Agree	Moderate	Disagree	Strongly disagree	Total
Upto 1 lakh	6	12	5	2	25
1-2 lakhs	7	13	3	3	26
2-3 lakhs	2	7	5	1	15
Above 3 lakhs	1	5	2	0	8
<b>Total</b>	<b>16</b>	<b>37</b>	<b>15</b>	<b>6</b>	<b>74</b>

Source: Primary Data

The above table could be inferred that out of 74 respondents 37 respondents are moderately satisfied with finance security system of Digital banking. Hence we can conclude that Rs. 1 lakh to 2 lakh income groups are higher than other income group for moderately agreeing finance security system in Digital banking.

**Table 5 Annual income Efficient Service Cross tabulation**

Category	Agree	Moderate	Disagree	Strongly Disagree	Total
Upto 1 lakh	19	2	4	0	25
1-2 lakhs	17	2	6	1	26
2-3 lakhs	11	0	4	0	15
Above 3 lakhs	3	1	4	0	8
<b>Total</b>	<b>50</b>	<b>5</b>	<b>18</b>	<b>1</b>	<b>74</b>

Source: Primary Data

The above table could be inferred that out of 74 respondents 50 respondents are agree with efficient service of digital banking system. Hence we can conclude that Rs. 1 lakh to 2 lakh income groups are higher than other income group for agreeing with efficient service of digital banking system.

## V FINDINGS AND SUGGESTION

- The majority 63.5 per cent of the customers are Male, majority 40.5 per cent of the respondents come under the age group between 20 years and 40 years, majority 37.8 per cent of the respondents are Business man, majority 35.1 per cent respondents come under the Income group of Rs. 1-2 lakhs, and majority 45.9 percent respondent are Post graduate, majority 54.1 per cent respondents are using Current account and majority 66.2 per cent respondents are using the digital banking system are less than 2 years.
- The majority 41.9 per cent respondents are using the digital banking through the Internet
- The majority 60.8 per cent respondents are using the digital banking for the main reason is 24-hour service.
- The majority 32 respondents are agreeing with easy accessibility system of Digital banking.
- The majority 37 respondents are moderately satisfied with finance security system of Digital banking.
- The majority 50 respondents are agreeing with efficient service of digital banking system.
- Banks should maintain the security to the advanced level to keep the faith of customer and it is essential that the customer has faith in the system. Therefore, banks need to put in place computer security-related hardware and software technology for secure Digital banking services. The customers should be made aware of the benefits of Digital banking. If the banks bring this factor to the notice of the customers, certainly there will be migration of customers from the bank branch to the online banking. This will not only help the bank in retaining their customers but also in attracting new customers.

## VI CONCLUSION

In this Competitive environment, the bankers must fulfill the need of the customer in order to sustain in the market as well as develop our country. Digital Banking is one of the key factors which provide the fastest service to their customers as well as full fill the need of the customer. In the current era, the customer expectation towards the digital banking is financial security system. Hence, the Bank should maintain the security in advanced level in order to satisfy the expectation of the customer.

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