



“Demonetization’s ripple effect: Transforming Online Banking at SUCO SOUHARA SAHAKARI BANK BALLARI”

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Abstract:

The study explores the impact of the Indian government's 2016 demonetization policy on the online banking sector. The policy aimed to combat corruption, eliminate black money, and promote digital transactions. It led to increased digital adoption, improved infrastructure, and a shift in consumer behavior. SUCO Bank, a cooperative bank in Karnataka, played a crucial role in promoting financial inclusion through innovative services and remote branches. The study found that demonetization increased demand for online banking services, with respondents citing convenience, limited cash availability, and security as key motivators. To capitalize on this, banks should improve e-banking customer service, companies should adopt internet banking services, innovate features, and collaborate with organizations. Further research is recommended for online banking success in India.

KEY WORDS: Demonetisation, online banking, Banking sector.

INTRODUCTION

Demonetization, the process of withdrawing currency notes from circulation and replacing them with new ones, can significantly impact online banking. It can lead to increased use of online banking services, advancement of digital payments, increased security measures, and changes to banking legislation. A case study of SUCO Bank, a cooperative bank in India, illustrates the impact of demonetization on online banking.

During demonetization, people may run short of cash, leading to increased use of internet banking services. Digital payment methods such as mobile wallets and internet payment gateways may expand, and more individuals may utilize online banking services. Governments may contain additional security measures on new currency notes, and internet banking companies may increase security safeguards to protect against fraud and cyber-attacks.

Demonetization may also result in changes to banking legislation, which may impact online banking. Banks may need to change their online banking services to meet new standards or introduce new policies to encourage the usage of digital payment methods.

SUCO Bank, a pioneer in technology adoption, experienced a significant impact during demonetization, seeing a sharp increase in online transactions and the use of its mobile banking app. However, the bank faced challenges such as increased security threats and the need to educate customers about new digital payment methods.

SUCO Bank successfully adapted by investing in security measures, educating customers, and launching initiatives to promote digital payments. As a result, it became one of the leading providers of online banking services in India.

Despite facing competition from nationalized and commercial banks, Suco Bank has a strong presence in the country, offering a wide range of services including deposits, loans, schemes, and other services.

2.2 LITERATURE REVIEW:

1. Himanshu Kushwaha 2018

Demonetization is the withdrawal of cash from circulation, the cancellation of the legal tender status of the national currency, and the substitution of new currency units. By removing money's legal tender status, the government allows for the manufacture of new notes or coins with the same or different values. In India, there have been attempts to demonetize money. Following the original demonetization in 1946, three more were carried out: in 1978, in 2016, and in 2016. This study examines the goal, effects, and both positive and negative repercussions of demonetization on the Indian economy.

2. K. C. Balaji1 and K. Balaji2 2018

Money is the lifeblood of economies, established to fulfil people's desires. Demonetization, a monetary unit, was announced on 8 November 2016, removing the validity of Rs. 500 and Rs. 1000 legal tender notes. The purpose is to eliminate black money, counterfeit notes, and money laundering. Demonetization promotes cashless transactions, using debit & credit cards for purchases and digital wallets and internet payment methods for commercial transactions.

3. Bansal, Nitin; Jain, Mini 2018

The essay examines the improvement in digital banking in India since demonetization of 500- and 1,000-rupee notes. Despite low optimization frequency, customers primarily used digital banking for transactions in metro areas. The study examines the effect of demonetization on digital banking usage, using a paired sample t-test from November 2015 to October 2017.

4. Arindam Das Oct 31, 2018

This study analyzed the adoption rate of digital banking services (DBS) among Indians in urban and rural regions before and after demonetization. A survey of 500 people found that card banking is more convenient than internet and mobile banking. Factors such as demonetization knowledge, reliability, service security, customer service, usability performance, over and above service material also influenced DBS adoption. Adoption of digital banking services was discovered to be dependent on demonetization knowledge, reliability, Customer service and service security, simplicity of utilizes and performance. Bankers and service designers should run campaigns and hands-on training to encourage DBS usage and propel India towards a "Digital India."

5. Dr. Chhavi Jain Jan. 12, 2018

Demonetization and cash shortages led to increased digital transactions across India, using various methods like banking cards, USSD, UPI, mobile wallets, and POS systems. This paper examines the effect on different age group & payment methods, suggesting banks develop unique digital promotion campaigns to transform India into a digital India

6. Parambil Prasoon 13 February, 2018.

Demonetization, removing currency units' legal tender status, is a significant economic development affecting India. It promotes online payment systems like credit/debit cards and net banking, lowering transaction costs and earning fee money. A study aims to understand Indians' e-banking usage after demonetization, finding disparities in awareness and usage between rural and urban areas. The findings will help banks improve their capabilities and usage.

7. Kritika NagdevParul Kumar December 14, 2018

This essay examines the immediate consequences of demonetisation on the Indian financial system & the barriers to a cashless civilization. A scale was developed to assess the effectiveness and impact of demonetisation, with IT-enabled services and payment portals being the main winners. The essay also highlights the effect on social concerns, such as the decrease in black money, income disclosure, open business transactions, and cash in hand.

8. Dr. Sharieff M.H.1 , Dr. Moovendhan V.2 , Rishab Nehru3 , Supratik Roy3 , 2018

The Indian government's demonetization aimed to increase online transactions, but the sudden spike in transactions lost momentum. However, mobile banking transactions marginally increased post-demonetization, and the upward trend continues. The study examines the present status of digital transactions in India, focusing

on pre and post-demonetization scenarios. The research used data from the Central Bank and government online sources, employing a descriptive research methodology. The short-term impact of demonetization on digital transaction usage has not lasted, but the exponential growth in mobile banking and Immediate Payment Services (IMPS) is encouraging.

9. Dr. Ombir Singh; July 2017

Demonetisation in India aims to combat corruption, money laundering, and counterfeit currency. New note series may prevent money laundering and terrorist financing. Demonetization may lead to lower inflation, affordable housing, and lower tax rates. This essay examines the financial consequences and recommendations for enhancing India's digital infrastructure.

10. Ms Nita Meghani, Anjali Gokhru, 2017

India's demonetization has led to increased demand for alternative payment methods, such as digital systems, e-wallets, and plastic money. This paper examines the progress made by Internet Banking in Gujarat during demonetization, aiming to strengthen these systems and infrastructures.

2.3 RE-SEARCH GAP

The earlier researches are made in the context of corporate or nationalized banks, But very few 29 attempts are made in researching and finding solutions in cooperative banks and local financial lending banks. This gap helped to choose a unexplored sector of Cooperative bank and draw my Objectives.

3.1 STATEMENT OF THE PROBLEM:

“To analysis the effect of demonetization on online banking system before and after demonstration in India.”

H0: There is no significant impact of demonetization on online banking

H1: There is no impact on online banking after demonetization

3.6 RESEARCH METHODOLOGY:

3.6.1 TYPE OF RESEARCH: - Descriptive research

3.6.2 DATA COLLECTION PROCEDURE:

The two sources of data collection are:

1. Primary data collection
2. Secondary data collection

PRIMARY DATA: the data are collected through survey, observation, and questionnaire.

SECONDARY DATA: the data collected through website, articles.

IV. RESULTS AND DISCUSSION

4.1 Results of Descriptive Statics of Study Variables showing changes in online Banking post demonetization:

changes	percentage
Yes, significantly increased	57.7
Yes, slightly increased	38.5
No change	3.8
Decreased	0

In this table, most respondents (57.7%) believe that the demand for cosmetic products in India has increased significantly in recent years, likely due to factors like the growing middle class, personal care awareness, and online shopping. A significant number (38.5%) believe that the demand has slightly increased, suggesting growth at a slower pace. A small percentage (3.8%) believe that the demand has not changed in recent years, suggesting a plateau without decline. No respondents believe that the demand for cosmetic products in India has decreased in recent years, indicating a strong trend and no potential decline soon.

4.2 Results of Descriptive Statics of Study Variables the decisions influenced for initiation of online banking:

Opinion	Percentage
Yes, greatly influenced	53.8
Yes, somewhat influenced	40.4

No influence	3.8
I was already using online banking	1.9

In the table above, Demonetization significantly influenced online banking usage, with 53.8% believing it greatly influenced the use of cash. A significant number (40.4%) believed it somewhat influenced online banking, but it was not the only factor. A small percentage (3.8%) believed it had no influence on their use, indicating they were already using online banking before demonetization. A very small percentage (1.9%) believed they were early adopters of online banking, not affected by demonetization. Overall, the mass number of respondents believed that demonetization had a large impact on their online banking habits.

4.3 Results of Descriptive Statics of Study Variables the reasons for using the online banking services (post demonetization):

Opinion	Percentage
Convenience	61.5
Inadequate availability of cash	32.7
Security	36.5
Increased awareness about	23.1

According to the above chart, 61.5% of respondents choose online banking owing to its ease, restricted cash availability, and security. The primary reason given by 32.7% of respondents was convenience, while the primary one given by 36.5% was security. People turned to e-banking as an option after demonetization made it impossible to use cash. Security is also an important consideration, with 36.5% stating it as the primary reason. With 23.1% stating it as their primary reason, increased awareness is the least prevalent explanation. It remains an essential aspect, though, as more individuals become aware of the benefits of e-banking and are more inclined to utilize it.

Opinion	percentage
Yes	63.5
No	36.5

4.4 Results of Descriptive Statics of Study Variables of the issues faced while using online banking services:

Opinion	percentage
Yes	63.5
No	36.5

In the above table, the bulk of respondents (63.5%) experienced challenges or difficulties using online banking services after demonetization, likely due to the surge in online banking usage. A minority (36.5%) did not face any issues, likely due to their prior e-banking usage and not being affected by the change in demand.

4.5 Results of Descriptive Statics of Study Variables the rating related to the reliability and security given by online banking services post demonetization:

Opinion	percentage
Very reliable and secure	42.3
Somewhat reliable and secure	46.2
Neutral	9.6
Not reliable and secure	1.9

The table shows that 42.3% of respondents rated online banking services as "Very reliable and secure," 46.2% rated them as "Somewhat reliable and secure," 9.6% rated them as "Neutral," and 1.9% rated them as "Not reliable and secure.", Most respondents (88.5%) believe online banking services are reliable and secure, with a majority rating them as "Very reliable and secure" or "Somewhat reliable and secure." A minority (11.5%) rated them as neutral or "Not reliable and secure," indicating concerns about their reliability and security.

4.6 Results of Descriptive Statics of Study Variables regarding the situation of fraud and unauthorized transactions in online banking post demonetization:

Opinion	percentage
Yes	76.9
No	23.1

The table shows that 76.9% of respondents answered "No," and 23.1% answered "Yes.", Most respondents (76.9%) have not experienced fraud or unauthorized transactions in their online banking accounts after demonetization, while a minority (23.1%) have experienced such incidents. This shows that almost no one has been affected by these difficulties.

4.7 Results of Descriptive Statics of Study Variables the level of encouragement online banking features which are explored:

Opinion	percentage
Yes, I tried new features	57.7
No, I stick to the basic services	38.5
I was already using advanced features	3.8

The chart shows that 57.7% of respondents answered "Yes, I tried new features," 38.5% answered "No, I stick to the basic services," and 3.8% answered "I was already using advanced features." "Demonetization encouraged 57.7% of respondents to explore new online banking features, indicating increased demand for services. A minority (38.5%) was not encouraged to explore new features, suggestive of They were happy with the basic services. A tiny minority (3.8%) were early users of e-banking, looking for new applications.

4.8 Results of Descriptive Statics of Study Variables of belief after the demonetization:

Opinion	percentage
Yes, significantly increased	44.2
Decreased trust	19.2
Yes, slightly increased	25
No change	11.5

The table shows that 44.2% of respondents answered "Yes, significantly increased," 19.2% answered "Decreased trust," 25% answered "Yes, slightly increased," and 11.5% answered "No change.", Demonetization in India has significantly increased trust in the banking system, with 44.2% of respondents believing it has led to reforms such as new technology and stronger anti-fraud measures. However, 19.2% believe it has decreased trust due to inconveniences like long queues at banks and ATMs. 25% believe it has slightly increased trust due to improvements, but still room for improvement. A small percentage (11.5%) believe their trust has not changed, likely due to their prior fulfilment with the banking system. Overall, demonetization has had a important impact on the trust in the banking system in India.

4.9 Results of Descriptive Statics of Study Variables of usage of e-banking after demonetization:

Opinion	percentage
Daily	51.9
Weekly	28.8
Monthly	9.6
Rarely	9.6

In accordance with the research, 51.9% of respondents use e-banking daily, 28.8% use it weekly, 9.6% use it monthly, and 9.6% use it occasionally. The significant majority of respondents (51.9%) regularly use online banking services, suggesting that it has become an integral part of their lives. On a weekly basis, a modest number (28.8%) use online banking services for everyday operations such as checking accounts and transferring money. A smaller proportion (9.6%) use e-banking services on a monthly basis for less frequent operations like bill payments or investing. A small percentage (9.6%) utilize internet banking services occasionally or not at all.

4.10 Results of Descriptive Statics of Study Variables experience of improvement in banking services after demonetization:

Opinion	percentage
Yes, significant improvements	51.9
Yes, slight improvements	28.8
No change	9.6
Declined in speed and efficiency	9.6

According to the table, 51.9% of respondents said "Yes, significant improvements." "Yes, slight improvements," said 28.8%. 9.6% said "no change," while 9.6% said "decreased in speed and efficiency. "The majority of respondents (51.9%) feel that demonetization has resulted in considerable improvements in the speed and efficiency of online banking services. This is most likely due to rising usage and banks' need to invest in new technology and operations. A small percentage (28.8%) say there have been minimal improvements, most likely as a outcome of previous pleasure with the service. A tiny proportion (9.6%) say there has been no change, which is most likely owing to long-term use. Due to technological issues or delays, a tiny fraction (9.6%) feel that speed and efficiency have decreased since demonetization.

4.11 Results of Descriptive Statics of Study Variables increasing in adoption e-banking services after demonetization:

Opinion	percentage
Yes, significant improvements	44.2
Yes, slight improvements	46.2
No change	7.7
Slowed down adoption	1.9

The slab shows that 44.2% of respondents answered "Yes, significant improvements," 46.2% answered "Yes, slight improvements," 7.7% answered "No change," and 1.9% answered "Slowed down adoption. "Demonetization has accelerated the acceptance of online banking services in India, with most respondents (44.2% + 46.2% = 90.4%) believing it has led to a shortage of cash. A small percentage (7.7%) believe there have been no change in adoption after demonetization, as they were already using online banking before demonetization. A small percentage (1.9%) believe demonetization has slowed down adoption due to technical problems or delays experienced by respondents.

4.12 Results of Descriptive Statics of Study Variables customer service in e-banking services after demonetization:

Opinion	percentage
Very satisfied	38.5
Somewhat satisfied	42.3
Neutral	13.5
Dissatisfied	5.8

The chart shows that 38.5% of respondents answered "Very satisfied," 42.3% answered "Somewhat satisfied," 13.5% answered "Neutral," and 5.8% answered "Dissatisfied. ", Most respondents (81%) are satisfied with customer support for e-banking services post-demonetization, likely due to increased demand. Banks and financial institutions have invested in improving customer support services. A small percentage (19%) are neutral or dissatisfied, likely due to issues like long wait times or unhelpful representatives.

4.13 Results of Descriptive Statics of Study Variables interface and usage of e-banking services after demonetization:

Opinion	percentage
Very user-friendly and easy to use	48.1
Somewhat user-friendly and easy to use	40.4
Neutral	9.6
Not user-friendly and difficult to use	1.9

The table shows that 48.1% of respondents answered "Very user-friendly and easy to use," 40.4% answered "Somewhat user-friendly and easy to use," 9.6% answered "Neutral," and 1.9% answered "Not user-friendly and difficult to use. "The majority of respondents (88.5%) view the user interface and ease of use of online banking services post-demonetization as very user-friendly or somewhat user-friendly. This is likely due to increased demand for online banking. However, 11.5% perceive the interface as neutral or difficult to use, possibly due to difficulties in navigation or understanding instructions. This discrepancy is likely due to the increased investment in improving these platforms.

4.13 Results of Descriptive Statics of Study a change in transaction charges in banking services after demonetization:

Opinion	percentage
Yes, decreased	28.8
Yes, increased	48.1
No change	19.2
Not applicable	3.8

The table shows that 28.8% of respondents answered "Yes, decreased," 48.1% answered "Yes, increased," 19.2% answered "No change," and 3.8% answered "Not applicable." "A significant number of respondents (76.9%) have observed changes in transaction fees for online banking services after demonetization, likely due to banks adjusting fees in response to increased demand and regulatory changes. A minority (23.1%) have not noticed any changes, likely due to their familiarity with online banking before demonetization. A small percentage (3.8%) are not applicable to this question, as they do not use online banking services.

5.1 FINDINGS:

1. Most respondents (57.7%) believe that the demand for cosmetic products in India has increased significantly in recent years.
2. Demonetization had a significant impact on online banking usage, with 53.8% of respondents believing it greatly influenced their use.
3. 61.5% of respondents prefer online banking due to convenience, limited cash availability, and security.
4. 63.5% of respondents experienced challenges or difficulties using online banking services after demonetization, likely due to the surge in online banking usage.
5. Most respondents (88.5%) believe online banking services are reliable and secure, with a minority (11.5%) expressing concerns.
6. 76.9% of respondents have not experienced fraud or unauthorized transactions in their online banking accounts after demonetization.
7. Demonetization encouraged 57.7% of respondents to explore new online banking features, indicating increased demand for services.
8. Demonetization in India has strengthened faith in the financial sector tremendously, however there are still some worries.
9. 51.9% of respondents use e-banking services daily, indicating that it has become a required part of their lives.
10. Demonetization has accelerated the adoption of e-banking services in India, with most respondents believing it has led to a shortage of cash.
11. 81% of respondents are fulfilled with customer support for e-banking services post-demonetization, likely due to increased demand.
12. 88.5% of respondents view the user interface and ease of use of online banking services post-demonetization as very user-friendly or somewhat user-friendly.
13. 76.9% of respondents have observed changes in transaction fees for e-banking services after demonetization.

5.2 SUGGESTIONS:

- Encourage banks to enhance their e-banking customer service. This might include providing 24-hour help, increasing customer care employee training, and making it easier for customers to raise complaints.
- Encourage companies and organizations to adopt internet banking services. Offering discounts or incentives to businesses who utilize online banking, or providing training on how to use online banking for businesses, might be examples of this.
- Create innovative online banking features and services. This might include features that make money management easier, as well as services that give financial counselling or planning.

- Partner with other organizations to promote online banking. This could contain partnering with government agencies, businesses, or educational institutions.
- Conduct more research on the impact of demonetization on e-banking in India. This research could help to identify new opportunities to encourage the use of online banking.
- Develop a comprehensive preparation for the opportunity of online banking in India. This plan should include goals, strategies, and metrics for measuring success.

5.3 Conclusion:

Demonetization has made a tremendous influence on India's internet banking, resulting in greater use, confidence, and satisfaction with the services. According to the data you supplied, the majority of respondents believe that demonetization has improved demand for internet banking and faith in the financial system. They also demonstrate that, following demonetization, respondents are usually happy with the customer assistance and user interface of online banking services.

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