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## Consumers Perception And Challenges In Banking Sector Digitalization: A Performance Evaluation

### ABSTRACT:

The cutting-edge world in which we are living is overwhelmed by the idea called "Digitalization". The public authority of India as of late reported Digital India Program with a dream to change India into a carefully enabled society and information economy. The idea of digitalization has been assuming a significant part on the whole areas of the economy and the banking area isn't an exemption for it. Digitalization has gotten conclusive for the Indian Banking area, which assumes a significant part in promoting monetary consideration and which is fundamentally worried about offering better types of assistance to clients alongside a chance to acquire in the not-so-distant future. Indian financial area is accomplishing gigantic development as of late, reassuring higher measure of the capital arrangement, which is a result of the digitalization of banking. Although the Indian financial area is moving towards digitalization, there are different issues and difficulties to be tended to, particularly in rustic banking. This applied examination paper is an endeavor made to investigate the issues and difficulties nearby Digitalization of Rural Banking and to acquire another point of view here.

### INTRODUCTION:

Digitalization is the conversation of data into a digital format with the adoption of technology. Adoption of digitalization is very important for the banking sector. By grasping digitalization, banks can give upgraded client administrations. This gives comfort to clients and aides in sparing time. The digitalization reduces the human error and thus it builds customer loyalty. (HCL, 2019). Digitalization has likewise profited clients by encouraging credit only exchanges. Faster transaction with safe movement of cash is benefitted to digitalization in banking sector. It has created a new scenario full of opportunities for all industries, generating a radical impact in many sectors (Forbes India, 2019). In banking sector, it is initiated with the profound process of digitalization transformation. According to the Spanish technological and digital group, nearly 40% of the main global banking entities had not yet proposed a digital transformation. Digitalization platform created the online based transaction which is easy and reduces the human resources with high quality data storage and fast work (Economic Times, 2020). The computerized change in India made a cycle of steady innovation advancement, where the organizations must be update in apparatuses accessible for the improvement and effectiveness of cycles to accomplish more noteworthy productivity, for example, large information or AI. This was essential to maintain digitalization (vectoritgroup, 2020). In India huge data with population is plays an important role to maintain the data tools. The banking sector is, in as most of the people are trusted in banks and responsible for the huge livelihoods for a large amount of the world's population with their money. So, the digitalization of the banking sector is also the customer diligence and trust of their money. (CMohali, 2020) Digitalization banking sector is electronic transaction of cash which we called it as cashless transaction. The digitalization of the banking sector includes the impact of the security purposes. The security of the digitalization and tools for the application bank is also important, otherwise it will impact on the cybercrime (Esha Handa, 2019). The digitalization is providing the more facilities through an application.

**REVIEW OF LITERATURE**

A literature review is an academic paper that presents the current information including considerable discoveries just as hypothetical and methodological commitments to a specific point. Literature review are auxiliary sources and don't report new or unique exploratory work. For our report we have discovered following reviews of literature: -

**Yoa, Chen. & Joe, Zhu. (2004)** "Retail Banks Require Enhanced Systems as the Industry Changes" investigates the difficulties that retail banks must defeat with creative IT frameworks. In the present relentless mechanical age, buyer and corporate clients anticipate quicker execution of exchange. The test for the bank IT bunches is to guarantee how their framework can adapt to the voluminous exchange without increment in per-exchange preparing cost. The article talked about overseeing electronic assets, pre-loaded card e-cash, settlement market and how banking administrations through web have been supplanted by portable financial advances and ATM.

**Altinkemer. & Kemal. & Ozdemir. & Zafer. (2006)** investigate whether the reengineering efforts of companies to leverage potential benefits of using Information Technology (IT) in their business processes improve their productivity and overall firm performance. The company is performing the labour productivity and standard variables to measure the firm of better utilization of the technology

**Namchul, Shin. (2006)** "Blasting Indian Retail Banking Sector" gives expansive investigation and observing examination of the odds, troubles and drivers fundamental to the advancement of the retail banking Industry in India The future survey of the business with respect to asset size, number of budgetary cardholders and distinctive other noteworthy features. The future figure analyzed the conceivable outcomes of different arms of banking Industry, including nation banking by bank certification, money related cards, adaptable banking, part of advancement in retail banking, benefits resource and future technique or frameworks for Retail Banking.

**Johnstone. (1995)** - "Customer Service in Indian Commercial Banks: An exact investigation" depicts that in the developing serious climate and IT time, with practically no qualification in the item offering, it is the speed of delivering administrations that separates one bank from another. Brief assistance is likened with quality help. Time is a central point which influences the quality assistance and that is the reason they are getting more well known.

**Rahman. (2007)** - The supposition that new age private area manages an account with their most recent innovation can execute e-banking and are profoundly favored by speculators in the securities exchange. He likewise brings up that conspicuous new age private area banks like HDFC and ICICI have gone into web banking through which more prominent comfort is offered with lower exchange cost.

**Gartner. (2006)**- Analysing the impact of information technology on new generation banks Verma feels that new generation banks are far ahead of traditional public sector banks. He finds that data innovation is representing a danger to the public area banks. He sees that the business per representative of significant public area banks in India is a simple part of the business per worker of new age banks. Along these lines, the public area banks need to improve their profitability and productivity to rival the new age banks which are completely electronic. In any case, finds no such contrast between the administrations delivered by open area and private area banks.

**Cziesla, T. (2014).** - "Development of retail banking in India" is development example of retail banking in India. Her contention is that despite the fact that the development of Retail banking in India is little contrasted with world guidelines, the development and advancement of retail banking is a significant achievement in the Indian financial area improvement.

**Brahananndam. (1990)** - On the growth of digital and information technology in the Indian banking industry. The fantastic progressions in advanced innovation have changed the manner in which banks work. The beginning of the time of advanced business has been upsetting the business climate and breaking out inventive and solitary methods of working together. Probably the most recent result of this is digital banking.

**Narayana. (1990)** Digital banking technologies have escalated over the years, with the availability of a large portfolio of products such as deposits, ATMs, debit cards, mobile payments, and the like. There is an immense possibility of using the infrastructure of the digital age to create opportunities - both local and global. The expansion in rivalry and different difficulties in the financial area are pushing the banks to receive new advanced models that current remarkable wellsprings of significant worth to them. This paper analyzes the degree and the bearing of the impact of computerized innovation in the area of Indian banking.

### **OBJECTIVES:**

- To evaluate the performance of the information system models in the banking sector.
- To analyse the issues and challenges in the adoption of digital banking in Indian banking system.
- Perception of the customer. Consumer perception and challenges in banking sector Digitalization.

### **RESEARCH METHODOLOGY:**

The present study is of analytical and exploratory nature. According to the International Journal of trend in scientific research and development, digitalization on banking sector is make big impact on Indian technology. Mrs. Mishra was stated all implementation of banking sector in urban areas under different sector through RTGS, NEFT, UPI. This research gap is found in rural banking system and with an under-development and the challenges and problems of banking sector. A key intention to study is to evaluate the rural banking system and challenges and problems of the Digitalization of Banking Sector. The study will cover all the challenges faced by the Banking sector when digitalization is implemented. Our analysis is done with Questionnaire, on how the rural people effected with the demonetization period and how they faced the problems and challenges. The questionnaire is by rating scale on 1 to 5 on banking, technology services. The Likert Scale is used to analysis of the study.

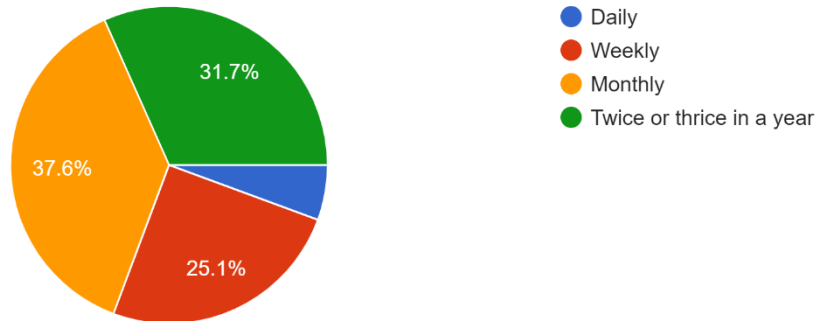
## INTERPRETATION

Respondents were asked to give their views, to a set of 23 questions that were framed on the basis of discussion with experts. These statements reflected the preference of online Banking over traditional one

**Figure 1 and Table 1 depicts how frequently do you visit banks**

How frequently do you visit banks?

303 responses



	Percentage
Daily	5.6%
Weekly	25.1%
Monthly	37.6%
Twice or Thrice a Year	31.7%

Figure 1 and Table 1 depicts how frequently respondents visit bank where the maximum number of respondents 37.6% visit monthly, 5.6% weekly, 5.6% daily and 31.7% Twice or Thrice a Year.

Figure 2 and Table 2 depicts which mode of banking is preferable

Which mode you prefer for banking?

303 responses

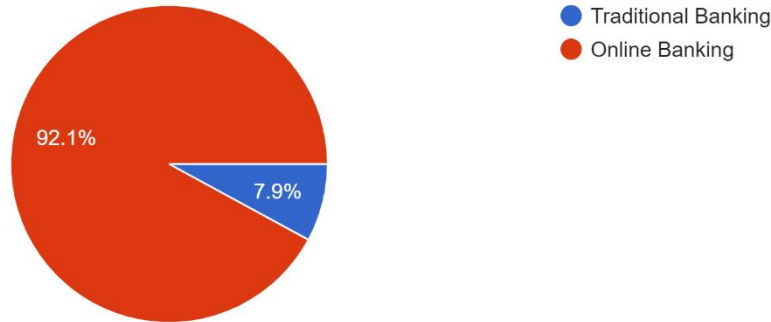


Table 2 Mode of Banking	
Mode	Percentage
Traditional Banking	7.9%
Online Banking	92.1%

Figure 2 and Table 2 depicts respondents prefer online banking by 92.1%, where as 7.9% for traditional banking.

Figure 3 and Table 3

Do you think that digital banking /net banking system works faster than traditional banking system?

Do you think that digital banking /net banking system works faster than traditional banking system?

303 responses

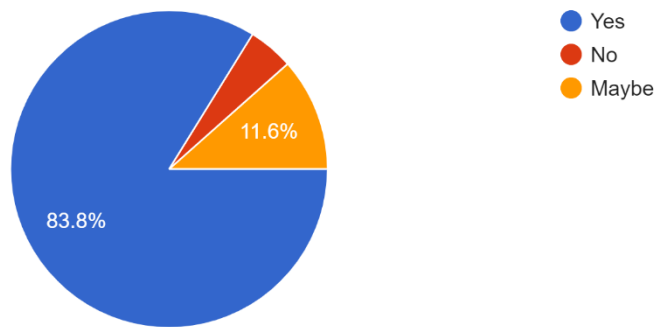


Table 3 Do you think that digital banking /net banking system works faster than traditional banking system	
	Percentage
Yes	83.8%
No	4.6%
Maybe	11.6%

Figure 3 table 3 depicts 83.8% respondents think that digital banking /net banking system works faster than traditional banking system, 4.6% no and 11.6% maybe

**Figure 4 table 4**

Do the banks provide complete information regarding net banking features?

303 responses

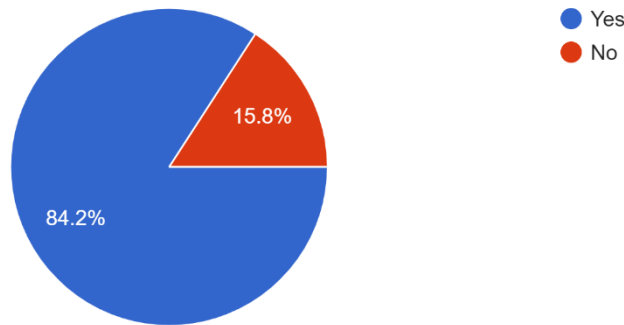


Table 4 Do the banks provide complete information regarding net banking features	
	Percentage
Yes	84.2%
No	15.8%

Figure 4 table 4 depicts 84.2% thinks banks provide complete information regarding net banking features and 15.8% no.

**Figure 5 table 5**

What are the benefits of digital banking you find as a customer?

303 responses

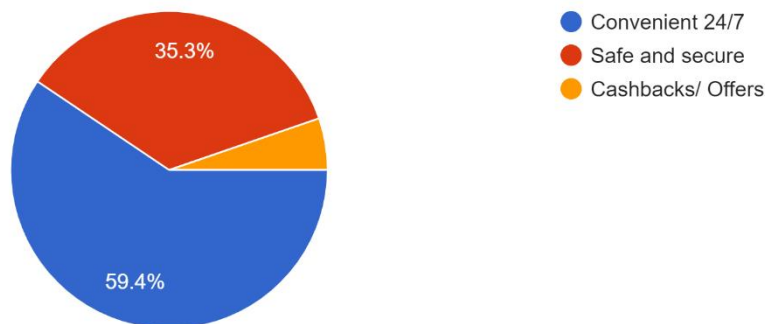


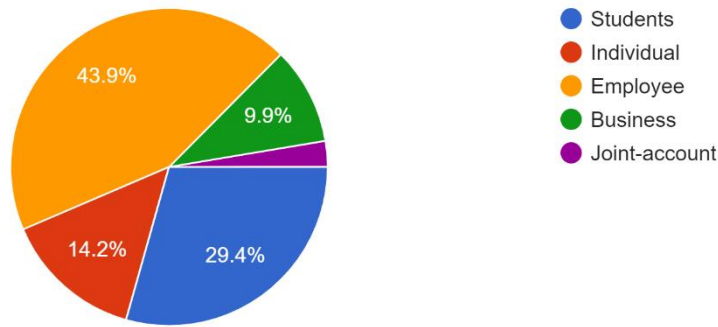
Table 5 What are the benefits of digital banking you find as a customer	
	Percentage
Convenient 24/7	59.4%
Safe and secure	35.3%
Cashbacks/ Offers	5.3%

Figure 5 table 5 depicts the benefits of digital banking you find as a customer were 59.4% is Convenient 24/7, 35.3% is safe and secure and 5.3% is cashbacks/offers

**Figure 6 table 6**

Which category of customer you belong to ?

303 responses



Category	Percentage
Students	29.4%
Individual	14.2%
Employee	43.9%
Business	9.9%
Joint account	2.6%

Figure 6 Table 6 depicts category of respondents belong to 29.4% students, 14.2% individuals, 43.9% employee, 9.9% business and 2.6% joint account

**Figure 7 Table 7**

How frequently do you use ATM?

303 responses

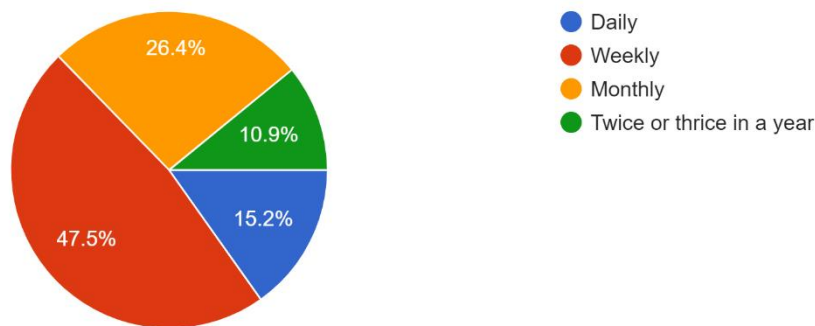


Table 7 How frequently do you use ATM?	
	Percentage
Daily	15.2%
Weekly	47.5%
Monthly	26.4%
Twice or Thrice a Year	10.9%

Figure 7 Table 7 depicts the use of ATM by respondents 15.2% use daily, 47.5% weekly, 26.4% monthly and 10.9% twice or thrice a year

Figure 8 Table 8

Do you think online banking charges is more than traditional banking charges?

303 responses

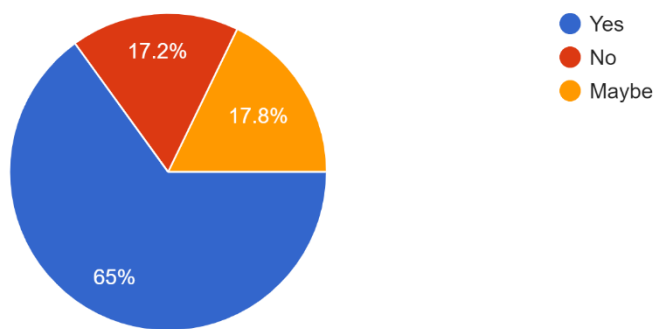


Table 8 Do you think online banking charge more than traditional charges	
	Percentage
Yes	65%
No	17.2%
Maybe	17.8%

Figure 8 Table 8 depicts what respondents think online banking charge more than traditional charges 65% thinks Yes, 17.2% thinks No and 17.8% thinks Maybe.



Figure 9 Table 9

Do you use mobile banking applications (Apps)?

303 responses

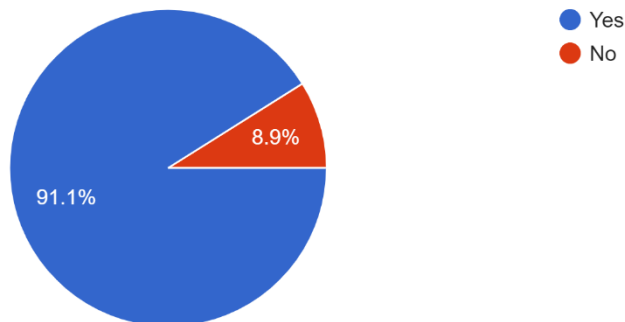


Table 9 Do you use mobile banking applications (Apps)?	
	Percentage
Yes	91.1%
No	8.9%

Figure 9 Table 9 depicts use of mobile banking application among the respondents 91.1% says yes and 8.9% says no.

Figure 10 Table 10

What are the most important reasons for using Net banking account?

302 responses

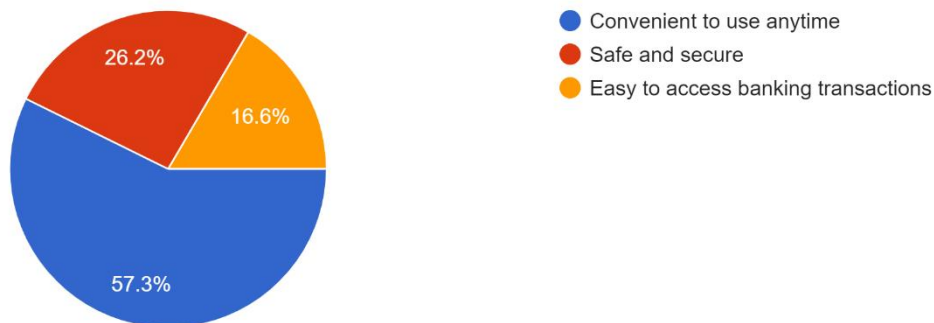


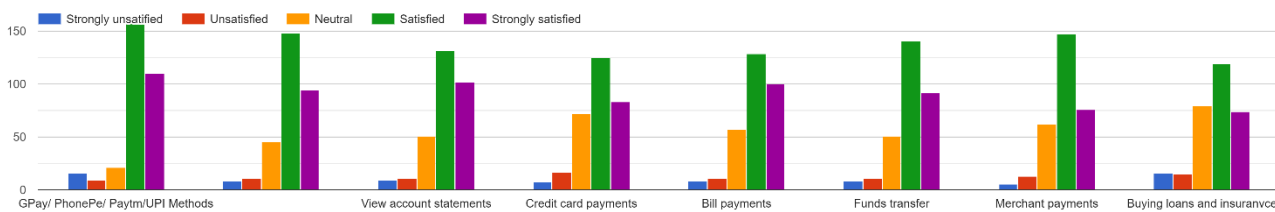
Table 10 What are the most important reasons for using Net banking account	
Reason	Percentage
Convenient to use anytime	57.3%
Safe and secure	26.2%
Easy to access banking transactions	16.6%

Most banks offer a mobile app that allows you to more easily take advantage of online banking on your phone. You can quickly check up on your accounts when you are out shopping, transfer funds so you don't end up overdrawing, or make sure a merchant hasn't double-charged you.

Banking apps typically let you deposit checks by using the camera on your phone to take photos of the front and the endorsed back of the check. You usually have to write something like "For mobile deposit only at [name of bank]" on the back of the check as well.

**Figure 11 Table 11**

How much satisfy are you with the below mentioned online banking features?



Respondents were asked to give their views, to a set of eight statements that were framed on the basis of discussion with experts. These statements reflected the preference of online grocery shopping over traditional one. Each statement was measured on the scale of five-point Likert scale with 5 representing, “strongly agree” and 1 signifying, “strongly disagree”. After checking whether significant differences exist, Factor analysis was employed on the aggregate group of respondents.

Labels	Statements
S1	GPay/ PhonePe/ Paytm/UPI Methods
S2	Transfer funds to another accounts
S3	View account statements
S4	Credit card payments
S5	Bill payments
S6	Funds transfer
S7	Merchant payments
S8	Buying loans and insurance

Figure 12 Table 12

What are the challenges you faced while adopting online banking?

302 responses

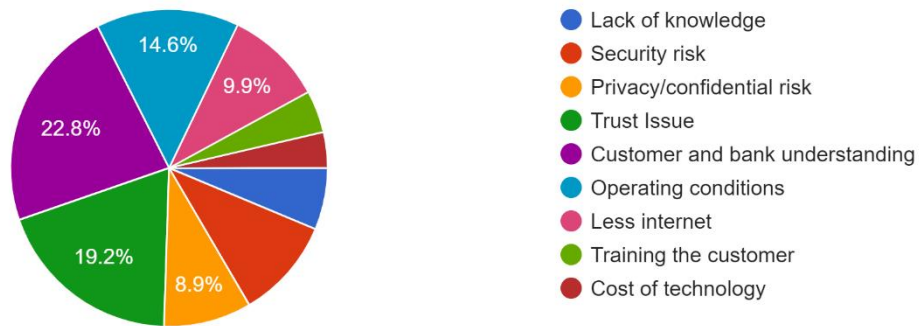


Table 19 What are the challenges you faced while adopting online banking?	
Challenges	Percentage
Lack of knowledge	6.3%
Security risk	10.3%
Privacy/confidential risk	8.9%
Trust Issue	19.2%
Customer and bank understanding	22.8%
Operating conditions	14.6%
Less internet	9.9%
Training the customer	4.3%
Cost of technology	3.6%

## LIMITATIONS

Here are the limitations to the advanced banking sector:

### **Accomplishing App Perfection**

There is a tremendous inclination of power what's more, relief while getting to a Smartphone application. PDAs are logically near home in nature, advancing to biometric check, in any occasion, for exercises, for instance, opening the screen. Bringing this into account, creating applications related to a business gets critical so as to hold clients. With banking and monetary applications dynamically offering the solace and excess of noticing costs at whatever point from any place, affiliations that don't exploit this zone will clearly pass up numerous individuals that will consider the undertaking out of date. In any case, most applications are habitually ridden with bugs what's more, face genuine execution issues. They stay hard to investigate, once in a while, and much of the time crash. This can be inconvenient to the organization's advancement as it would address bad quality.

### **Innovation Upgrades**

Barely any years back, Smartphone little scarcely turning out to be standard. Today, the helpfulness generally characterizes the gadget that is asserted. The people who travel often on business depend upon Apple and Android tablets, the people who work as advisors depend upon great cameras what's more, computerized notebooks, while the people who work the all-day schedule favor powerful workstations also, superior work territories. Furthermore, we have items like Amazon Echo threw in the mix, for consistently alerts and to liven up the general lifestyle. Realizing which group to target is only its half; understanding who may use what gadget Under which conditions is comparably huge. This infers a genuine proportion of speculation for banking what's more, monetary substances in advanced capacities and characterizing amazing advanced procedures.

### **Digital Crime**

Most banking and monetary applications are obligated to advanced attacks the most. The clarification is self-evident, what with cash being the irrefutable objective. Fraudsters have been known to be innovative in them attempts to siphon saves, either as colossal wholes in a release, or small totals from a large number of accounts, throughout a critical time frame. If not cash direct, there is reliably the danger of data being undermined.

### **Leading with Innovation**

Super heading the commercial center by offering creative administrations isn't just needed, yet in expansion required leftover in control and pulling in a wide client base. Especially with a colossal base of young clients, it becomes basic to perceive your organization in the reliably turning out to be and serious commercial center. Regardless, organizations are oftentimes hesitant to take the hop, as they realize that things can appallingly switch release and cause second response from bothered clients.

### **Manageability**

Post productive turn of events and execution, the accompanying pressing test to deal with effectively is food. An affiliation's legitimacy as a pioneer is possible just through cooperation. Exactly when the clients perceive the assessment of the item or administration will the various leveled worth skyrocket to advance and remain there. In this particular situation, the force of web-based life is much of the time disregarded. While reliably extraordinary surveys lift the affiliation to a prevalent status, reliably horrendous surveys can wreck even a whole domain.

## Conveying Quality at Speed

In the flood of expecting to pass on items and administrations at a quickened speed, organizations consistently will in general settle on the quality. The issue with quality is that there isn't anything of the sort as a little bug; a bug is a bug. There have been a couple of instances of affiliations intentionally deciding to dismiss deserts in items and programming even before the thing hit the market.

## FINDINGS

The investigation shows that banker's experience digitalization as a four-faceted build: an instrument for data the board, and work improvement, client connection the executives and as a change specialist. The examination proposes that the utilization of computerized devices for work improvement has a positive connection to the business-related components of abstract prosperity just as an overflow impact on the existence equilibrium and life fulfillment measurements. It likewise demonstrates that the data the executive's measurement has a positive connection to the existence fulfillment part of abstract prosperity. At long last, the examination found that expanding the level of collectivist association culture has a positive directing impact on the connection between the utilization of advanced devices for work streamlining and life balance and abstract prosperity, individually.

## CONCLUSION

From this study of 303 respondents, several findings came to light in the survey conducted to understand the issues faced while adopting online banking, the results observed were as outlined in the figure above. Among the responses generated, Customer & Bank understanding was ranked as the highest issue with around 22.4% voters finding it to be major constraint in conducting online banking while around 19% voters have trust issues in carrying over their banking work online. Operating conditions garnered 42 votes and ranked 3rd amongst the issues faced in conducting online banking. Security risks, Internet issues and Privacy concerns together constitutes among 30% of the sample's concerns.

Lack of Knowledge, Lack of Proper technical know-how and High cost of accessing the online banking facilities concerns 14% of the people surveyed. While easy access is one of the many benefits of online banking, it also makes banking highly convenient. ... Moreover, with mobile banking option available for most banks, transfers and payments have become easier. Transactions can be completed on the go, whether you are stuck in a traffic jam or in the midst of work. When every day is a race against time in our busy lives, we are looking at saving time everywhere possible. When it comes to daily errands, online banking has made the visits to bank a rare occurrence.

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