



Challenges And Opportunities In Digital Banking: A Consumer Perspective

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Abstract: In India, banks are essential to the country's economic growth. They mobilise public savings and provide a range of services. The banking industry saw new banking techniques after the economic changes in 1991. The Saraf Committee, which was established by the Reserve Bank of India in 1994 and proposed the deployment of the Electronic Fund Transfer System (EFT). Digital banking refers to financial transactions made online. Customers may conduct financial transactions more easily thanks to digital banking services. It offers financial services round-the-clock. The government wants to digitise every transaction with the establishment of financial inclusion in the year 2005. The goal of the government is to digitise every transaction. Only when clients are aware of the service and its mode of operation can they use digital banking services. Therefore, it is important to understand how much people are aware of online banking services and the issues they encounter. A total of 235 respondents from urban and rural areas were chosen for the study using a simple random sample procedure. The study is restricted to the State Bank of India in Karnataka. According to the report, ATM cards are the digital banking service that clients are most familiar with, and complicated transaction processes are the main issue they encounter. There is a suggestion that SBI should increase public knowledge about all the digital banking services.

Index Terms - State Bank of India, Awareness, Problems, Digital Banking

1. Introduction

In India, one of the key service sectors is banking. From the nation's social and economic perspectives, its service is exceptional. In India, there are now 12 public sector banks (after a merger) and 22 private sector banks. Banks provide a wide range of services, including receiving deposits, extending loans, disbursing checks, exchanging foreign currencies, consulting, providing bank guarantees, disbursing cash, and providing online and mobile banking services. The quality of information technology employed today determines the performance of any service sector, and the banking sector is no exception. Digital banking involves the use of ATMs (Automated Teller Machines), mobile devices, and the internet to conduct routine financial transactions without physically visiting a bank. The bank's services are available around-the-clock. Digital banking includes a range of financial services, including online account transactions, credit and debit card payments, statement production, income tax filing, virtual service demonstrations, and cash transfers. State Bank of India (SBI) is a global financial institution. It is a corporation that is wholly controlled by the government, and it is based in Mumbai, Maharashtra. On the 2017 Fortune Global 500 list of the largest firms in the world, the company is rated 217th. With a 23% market share in assets and a quarter of the market for loans and deposits, it is the biggest bank in India. Customers can choose from a selection of digital banking options provided by State Bank of India.

2.Previous Literature

Digital Banking in India: An Overview" examines the evolution and significance of digital banking in India, emphasizing its role in enhancing financial accessibility and convenience for consumers. This paper examines various digital banking products, including UPI, RTGS, and NEFT, while also highlighting challenges such as limited internet connectivity in rural areas and security concerns related to fraud. The authors advocate for government intervention to improve proper network infrastructure and reduce the cost of internet, thereby promoting wider adoption of digital banking. Overall, the paper highlights the critical need for a robust digital banking framework to support India's economic development(M & K.M, 2019). The review examines the comparative study of e-banking services in public & private sector banks, emphasizing the role of technology in enhancing customer satisfaction. It emphasizes essential factors affecting e-banking adoption, such as user-friendliness and security. The study reveals differences in customer satisfaction levels, with public sector banks facing challenges related to bureaucratic processes, while private sector banks are more agile and responsive. Ongoing enhancements in electronic services are crucial for meeting customer needs and improving banking performance. Ultimately, the research highlights the importance of technological innovations in fostering built strong customer relationships and ensuring long-term success in a competitive market (Ramya, 2021). The paper mainly discusses the transformative impact of digital banking in India, emphasizing innovations that enhance customer convenience and efficiency. It highlights features like paperless transactions, 24/7 accessibility, and diverse digital payment options, showcasing how technology has revolutionized banking operations and elevated customer satisfaction in an ever-evolving financial landscape. (Haralayya, 2021). The study "Customer Awareness Towards Digital Banking Services" provides valuable insights into the preferences and satisfaction levels of customers using digital banking. It highlights that convenience and saving the time of users are primary reasons for choosing these services. The research identifies various digital banking options, with ATMs being the most utilized. However, it also notes challenges faced by users, such as security concerns and technical issues. The authors recommend that banks enhance customer awareness through targeted advertising and education, ensuring a secure and user-friendly experience. Overall, the study underscores the importance of digital banking in modern financial services and customer engagement (Shanmugapriya B & Lakshmi Rani, 2021).

The study on customer preferences towards digital banking highlights the growing acceptance and satisfaction among users in modern banking. It identifies key factors influencing customer choices, such as convenience, accessibility, and technological advancements. The research shows that most respondents prefer mobile banking and digital payment apps, highlighting a shift from traditional banking methods. It also stresses the need for banks to adapt their services to customer needs while effectively managing the risks associated with digital banking. The silent findings suggest a positive trend towards digital banking, driven by customer demand for efficient and user-friendly financial services (Aisha & Rakesh, 2022). The research by Matlala (Matlala, 2024) investigates consumer behavior toward adopting digital banking channels, focusing on how personality traits—optimism, innovativeness, and insecurity—influence these behaviors. Using the Technology Readiness Index (TRI) and a quantitative methodology, the study collected 338 responses. Mobile banking emerged as the most preferred channel, followed by internet banking, cell phone banking, and ATMs. Optimism and innovativeness positively impacted adoption across all channels, while insecurity hindered mobile banking adoption. The study highlights the need for financial institutions to enhance mobile banking platforms and address security concerns to improve adoption rates, suggesting future research on cyber security impacts. The systematic review by (Indriasari et al., 2022) analyzes emerging technologies and architectures for intelligent digital banking. It highlights how innovations like AI, blockchain, big data, biometrics, and IoT can enhance user experiences, reduce human interaction, and meet challenges posed by the COVID-19 pandemic. Following Kitchenham's systematic literature review methodology, the study reviewed 40 high-quality articles. It proposes a digital banking architecture comprising six components, including advanced analytics and service-oriented architecture. Recommendations include modernizing core systems, adopting flexible architectures, and strengthening cybersecurity to support the development of intelligent digital banking platforms. The study "Concept of Online Customers Experience in Digital Banking" examines the transition from traditional to digital banking in Montenegro, highlighting key aspects of online customer experiences. It utilizes a questionnaire based on Bilgihan et al.'s theoretical model, assessing prerequisites such as ease of use, personalization, and social interaction. The results indicate a generally positive customer satisfaction, particularly in device compatibility and utilitarian features, while personalization scored the lowest. The findings emphasize the need for banks to enhance online experiences to improve customer engagement and overall service effectiveness in a competitive market(Mitrovic & Raičević, 2024). The research investigates customer experience in Vietnam's

digital banking sector, emphasizing the impact of employee-customer interactions, functional quality, and overall service quality on customer satisfaction. Utilizing data from a survey of 392 participants analyzed through PLS-SEM, findings reveal that while these factors enhance customer experience, digital innovation does not significantly affect service quality. The study highlights demographic insights, providing context for customer preferences and expectations. It offers practical implications for banks seeking to improve service quality and adapt to technological advancements, suggesting further research into the effects of emerging technologies on customer experiences in digital banking (Hoang et al., 2024). The study investigates customer satisfaction with digital banking services provided by select public sector banks in Karnataka, focusing on challenges and advantages. Using a sample of 600 participants, data was analyzed through SPSS, chi-square tests, and t-tests. Findings revealed varying satisfaction levels across services like mobile banking, NEFT, UPI, and ATM usage. Factors such as bank type, technological infrastructure, and customer awareness significantly influenced satisfaction. Recommendations include improving user awareness, security, and service efficiency. The research emphasizes the important role of customer satisfaction in enhancing digital banking's acceptance and growth (Kasilingam & V, 2024). The paper by "Impacts of Digitalization on Banks and Banking" by (Balkan, 2021) explores how technological advancements have transformed banking from traditional physical branches to digital platforms, including ATMs, internet banking, and mobile services. It highlights the significance of big data, cloud applications, and cryptocurrencies in modern banking practices. The study emphasizes the need for banks to adapt to digital channels as consumer preferences shift, specifically among digital natives. This paper mainly discusses the necessity for banks to undergo organizational changes to remain competitive in an evolving financial ecosystem driven by digital innovation. The analysis underscores the profound impact of digitalization on banking operations and customer expectations. The study explores customer preferences towards digital banking, emphasizing its growing importance in the modern financial landscape. Based on responses from 50 participants, the findings indicate a high level of satisfaction, with 98% expressing positive sentiments towards digital banking services. The research highlights the convenience, accessibility, and technology-driven nature of digital banking, which has influenced customer behavior and expectations. Additionally, it discusses the challenges and risks associated with e-banking, stressing the need for banks to adapt to customer needs. Overall, the study suggests a significant shift towards digital banking as a preferred choice among customers in contemporary banking (Aisha & Rakesh, 2022b). The paper presents a systematic review of the challenges facing the Indian banking sector due to digital transformation. It follows the PRISMA methodology to analyze 60 peer-reviewed studies focused on digital banking challenges. The review highlights that, while digital banking has evolved significantly, issues such as security threats, lack of user awareness, and inadequate infrastructure persist. It emphasizes the need for empirical research to address these challenges comprehensively, noting that most existing literature is descriptive and based on secondary data. The findings suggest a growing interest in understanding digital banking's obstacles in India, indicating opportunities for further research (Srivastava & Srivastava, 2024). The article "Digital Bank of the Future" explores the essential role of digital transformation in the banking sector. It highlights the significance of digitalization, which involves the transition from traditional banking methods to automated, digital channels for communication and service delivery. The authors argue that digital banks enable real-time interactions and better performance management by leveraging advanced technologies. They emphasize that embracing digital tools is vital for banks to remain competitive, reduce operational costs, and enhance customer service (Petrova et al., 2020). Overall, the article underscores the necessity of digitalization in reshaping the future of banking and improving overall efficiency.

3.Scope of the study

The State Bank of India in Karnataka is the exclusive focus of the current study. It is determined how well clients are aware of digital banking services, how much they use them, and what issues they encounter when utilising them through analysis.

4.Objectives

- To investigate how well-informed people are about various online banking options.
- To evaluate the degree of use of online banking services.
- To evaluate the severity of the difficulties users have using digital banking services.

5. Methodology

The current study uses the survey approach and is empirical in nature. An interview schedule was used to assist gather the main data. Although the study is empirical in nature, secondary data have been used to support it. Secondary information was gathered to familiarise oneself with the phenomenon from related books, journals, periodicals, and websites. It was agreed to use five bank clients from each location as the sample size. In the Karnataka, State Bank of India has 108 branches. There were a total of 235 responders for SBI (rural branches $25 \times 5 = 125$ and urban branches $22 \times 5 = 110$).

6. Data Analysis and Interpretation

6.1 Sources of Awareness about the Bank

The respondents are made aware of digital banking services through a variety of channels, including friends and family, newspaper and radio promotions, television and internet commercials, and workplace organizations. Table 1 lists the sample respondents' sources of information and how they were distributed among them. It is revealed from Table1 that out of the 235 respondents of SBI, 59 (25.10%) know about digital banking services through advertisements, 103 (43.82%) have come to know about the bank through friends and relatives and 73(31.06%).

Table1 Source of Awareness

Sl.NO	Source	No of Respondents SBI
1.	Advertisement (Newspaper/Radio/Television/Internet)	59
2.	Friends and Relatives	103
3.	Place of work	73
Total		235

6.2 Level of Awareness of the Respondents Towards Digital Banking

About the ATM cum debit cards, out of the 235 respondents, 132 (56.17%) are highly aware of the services, 88 (37.45%) are aware of the services and 14 (5.95%) are not aware of the services. Out of the 235 respondents, 35 (%) are highly aware of the services, 54 (%) are aware of the services and 146 (%) are not aware of the services. As regards internet banking, out of the 235 respondents, 82 (34.89%) are highly aware of the service, 105 (44.68%) are aware of the service and 48 (20.43%) are not aware of the service. Out of the 235 respondents, 91 (38.72%) are highly aware of the mobile banking service, 98 (41.70%) are aware of the service and 46 (19.58%) are not aware of the service.

Table 2 Level of Awareness of the Respondents Towards digital Banking

Sl.No	Service	HA	A	NA	Total
1.	ATM cum Debit Cards	132	80	14	235
2.	Credit Cards	35	54	146	235
3.	Internet banking	82	105	48	235
4.	Mobile banking	91	98	46	235

HA– Highly Aware A- Aware NA –Not Aware

6.3 Awareness Among the Respondents of SBI – Applying Paired t-Test

If the subject and the number of samples are the same for these variables, the paired t-test is typically used to compare the mean of the same variable when assessed at two separate periods. The paired samples t-test has been used in an effort to learn: There is no discernible difference in respondents' knowledge of digital banking services between those who reside in rural and urban regions, are male or female, are literate or illiterate, are young or old, have high or low levels of education, or have low or high levels of income, according to SBI.

Table 3 Result of Paired t-Test– Level of Awareness

Variable		Pair	N	Mean	SD	t-value	d.f	Sig.Value
Awareness about digital banking services	Area	Rural	125	2.304	0.46183			
		Urban	110	2.3545	0.56805	11.952	233	0.001*
	Gender	Male	139	2.295	0.50294	3.04	233	0.086**
		Female	36	2.375	0.52815			
	Marital Status	Married	108	2.3704	0.57344	16.957	233	0*
		Unmarried	127	2.2913	0.45618			
	Age	Youngsters	139	8.6043	4.6197	12.136	233	0.001*
		Elders	96	10.322	5.6391			
	Education	Less educated	13	10.461	3.0445	4.928	233	0.027*
		High educated	222	9.238	5.2123			
	Income	Low income	130	9.0615	5.5806	1.648	233	0.2**

From Table 3, it is clear that there is a significant difference in the respondents' levels of awareness with respect to area, marital status, age, and education, as indicated by the Levene's test for equal variance, as the p value is 0.05. Regarding the respondents' level of awareness, there are no discernible differences in terms of gender or income.

6.4 Level of Utilization of digital Banking Services

When the term "awareness" refers to the general knowledge or comprehension of banking services and products, the term "availing of services" refers to the customer's use of such services. Customers may be aware of a variety of goods and services offered by a bank, but they may not always use all of them. Customers can use the services consistently, irregularly, sometimes, or never

Table 4 Level of Utilization of Digital Banking Services

Sl.No	Service	Always	Sometimes	Occasionally	Not at all	Total
1	ATM cum Debit Cards	113	63	38	21	235
2	Credit Cards	28	3	25	179	235
3	Internet banking	68	38	42	87	235
4	Mobile banking	78	33	41	83	235

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cards/debit cards, out of the 235 respondents, 113 (48.09%) use it always, 63 (26.81%) sometimes, 38 (16.17%) occasionally and 21 (8.94%) do not use it. As regards the Internet banking service, out of the 235 respondents, 68 (28.94%) utilize it always, 38 (16.17%) sometimes and 42 (17.78%) occasionally and 87 (37.02%) do not utilize the service. Out of the 235 respondents, 78 (33.19%) utilize the mobile banking always, 33 (14.04%) sometimes, 41 (17.45%) occasionally and 83 (35.32%) do not utilize the service.

6.5 Problems faced with digital banking services

Bank consumers now deal with a number of issues. The modern Indian client now demands much more from banks than just saving tools. More informed, demanding, analytical, and conscious of their rights are the characteristics of today's consumers. Customers encounter a variety of issues while using digital banking services, including complicated procedures, outdated data, and service delays.

Table 5 Problems Faced with the Bank by the Respondents of SBI

Sl. No.	Variable	SA	A	NA	DA	SDA	Intensity Value	Mean	Rank
1.	Complex procedures for online transactions	60	74	59	18	24	833	3.54	1
2.	No proper customer care service	45	60	74	25	31	768	3.27	3
3	Un updated information on bank website	40	51	76	39	29	739	3.14	8
4	Delay in Service (Connectivity problems)	29	75	78	25	28	757	3.22	7
5	Security issues (Hacking)	41	64	66	39	25	762	3.24	4
6	Inefficient grievance redress mechanism	30	73	85	18	29	762	3.24	4
7	Remembering user name and password	41	50	71	45	28	732	3.11	9
8	Insufficient cash in ATMs	57	47	71	26	34	772	3.29	2
9	Debit / Credit card related problems	45	60	72	20	38	759	3.23	6

It is observed from Table 5 that out of the 235 respondents, 134 (57.02%) agree that there is 'Complex procedure for online transaction', 59 (25.11%) are neutral and 42 (17.87%) disagree about the problem. The intensity value is 833 and it ranks first.

Suggestions

Customers of the bank should be knowledgeable about the goods and services in order to use them. Customers who are less aware tend to use items and services less frequently. One should be fully informed about the bank's services and products before becoming a customer. The banks should use a variety of marketing techniques to raise client awareness. The most economically efficient marketing tactic is word-of-mouth promotion. Friends and family have a significant role in influencing consumers of both banks to create accounts with them. This demonstrates that consumers are more likely to heed the advice of their friends and family members than advertisements. According to the survey, there were differences in the respondents' levels of awareness based on their location, gender, marital status, employment, educational background, yearly income, and other factors. Although "consciousness" is a subjective concept that might change depending on the situation, it is the responsibility of the banks to impart awareness to their clients consistently. According to the survey, there were differences in the respondents' levels of awareness based on their location, gender, marital status, employment, educational background, yearly income, and other factors. Although "awareness" is a subjective concept that might change depending on the situation, it is the responsibility of the banks to consistently offer consumers with awareness. According to a survey, 95% of consumers who file complaints are satisfied enough to come back and do more business. The majority of SBI's clients are illiterate due to the company's extensive branch network, which extends to the furthest reaches of the nation. It ought to make an effort to streamline its processes in accordance with client demand. In addition, banks should let clients to voice their difficulties doing business with them rather than avoiding such situations.

Conclusion

The study concludes that while awareness of digital banking services among State Bank of India customers in Karnataka is moderate, there are significant challenges, particularly concerning complicated transaction processes. Despite a high level of overall satisfaction with digital banking, many users encounter issues that hinder their full utilization of available services. The findings suggest the need for enhanced customer education and targeted awareness campaigns to inform users about the various digital banking options. Efforts should focus on simplifying transaction procedures and improving customer support to address concerns effectively, ensuring a smoother digital banking experience for all clients.

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