



## CUSTOMER BEHAVIOUR TOWARDS DIGITALIZATION WITH REFERENCE TO HDFC BANK: A STUDY IN THE CITY OF JAIPUR

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**Abstract:** In recent years, the concept of digitalization has been grasped globally. Therefore, the banking sector is not so far behind. Net banking and Cashless economy are the call for a better economy and the customers need to catch up to it. Being a leader among the private banks, HDFC Bank aims to provide the best banking services in the country and has appeared with world class e-banking facilities such as net banking, chillr, payzapp, chatbot, etc. This paper aims towards the customers perception and behavior towards the digital banking services provided by HDFC Bank.

**Keywords:** Customers, Digitalization, HDFC Bank, Net Banking

### Introduction

The rapid development of technology has affected every industry, especially the banking sector which is the backbone of every economy. The continuous changes in behavior of buyers and the increasing competition are the factors that forces technology to change rapidly to sustain in the market with a profit. The banking sector, especially the private sector, has also transformed with the increasing usage of technology. Nowadays, banking has become hassle free and the transactions can be done with a click and the customers do not need to visit a branch. Net banking, phone banking and mobile banking have been made available by various banks for simple and better access. Banks have also installed Automated Teller Machines (ATMs) in various urban as well as rural areas. The public sector banks had insignificant turnover and were awfully stagnant. But now they are following private sector banks and has adopted digitalization. (Jindal & Hasrat, 2018)

The traditional way of providing banking services was moderate, more costly and became a roadblock for the development of the economy. With the introduction of technology in banking, this sector has been revolutionized and altered the complete process of basic bank transfers. The customers now can check their account details, pay bills online and transfer funds to various accounts in a quicker manner. In India, banks have seen a drastic change from conventional banking to convenience banking within the post liberalization era. (Dastidar & Das, 2018)

Customers do not completely trust the new way of banking, that is, digital banking. Many of them are reluctant to use e-banking due to security issues. The other reasons of not using the e-banking is the deficiency of knowledge and computer skills.

HDFC Bank works in profoundly automated surroundings in terms of IT and communication frameworks. All the branches of the bank are connected online, and customers are also provided with multi branch access through ATMs and branch network. HDFC Bank has made an investment in the best available technology internationally to provide easy banking services to the customers.

HDFC Bank provides various services through digital banking. Some of them are:

- ✚ Account details
- ✚ Money transfer through IMPS, NEFT etc.
- ✚ Prepaid cards, debit cards, credit cards, etc.
- ✚ Applying for loans and loan summary
- ✚ Cardless Cash
- ✚ Bill Payments

### 1. Literature Review

Many studies have been carried out by researchers around the world regarding customer preferences towards digitalization in the banking sector.

**Dr. Richard Nyangosi**, in his study on Digitizing banking services found that recent update in technologies impact every process in every industry especially the finance and banking sector. In his survey, 26% respondents are using mobile banking and most of them are of young age. Also, that 67.2% respondents use internet banking. The respondents feel that SMS Banking is useful, and they find it convenient and easy for non-monetary transactions such as transfer of funds, account balance details etc. (Nyangosi, et al., 2014)

**Malhotra, Pooja & Singh, Balwinder**, in their research, it is attempted to find the extent of the online services provided by the banks in India and the status of usage of net banking in the country. This paper also examines the determinants which affect the extent of the net banking services. It was learnt that foreign and private banks have performed better in providing extensive range of net banking services which are more advanced when compared to the public sector banks. The determinants that affect the extent of the net banking services include the financing pattern, the experience of the bank in providing net banking services and the size of the bank. (Malhotra & Singh, 2010)

**Uppal, R.K. & Chawla, R.** studied indicates the customers behavior towards the online banking. A survey was conducted of 1200 customers. The results showed that customers are interested in the net banking services, but they face various problems such as lack of knowledge and assistance, poor infrastructure, difficulty in opening an account, misuse of ATM cards, poor network, etc. This study also provides solution and strategies such as providing better assistance and education to the customers about net banking through meetings and seminars, installing and ensuring that ATM machines are working properly, etc. (Uppal & Chawla, 2009)

**Sahu and Kumar** researched the determinants that are responsible for the successful implementation online payments methods in India. The result showed 13 factors such as Bank involvement, infrastructure, government party, range of payment, security, risk, transfer limit, transfer time, transfer mode, anonymity, and mobility were the reason for the success of online payment in Allahabad city. (Sahu & Singh, 2017)

**Ruby and Pankaj** researched the problems and prospects of net banking and focusing on the advantages and the disadvantages of the development of net banking. With the help of secondary data, it was learnt that finances of customers are better managed with the help of net banking facilities provided by the banks. However, there are still many challenges such as trust and security concerns which hold back customers from using net banking. (Shukla & Shukla, 2011)

**Vishal et al**, in their study focused on the practices, security and challenges related to online banking and the customers' opinion and perception of urban e-banking users. The study sampled 50 users of net banking and 50 non-users of net banking in Ghaziabad city and the results showed that the type of mobile handset was a serious issue for using e-banking services. (Goyal, et al., 2012)

## 2. Objectives of the Study

- To identify the usage and awareness of Digital-Banking.
- To identify the impact created by digitalization.
- To understand if the services provided by the bank has been improved.
- To understand the level of satisfaction among respondents.

## 3. Research Methodology

For this study, primary and secondary research have been conducted to understand the behavior of customers towards digitalization of banking services. The study was conducted for two months.

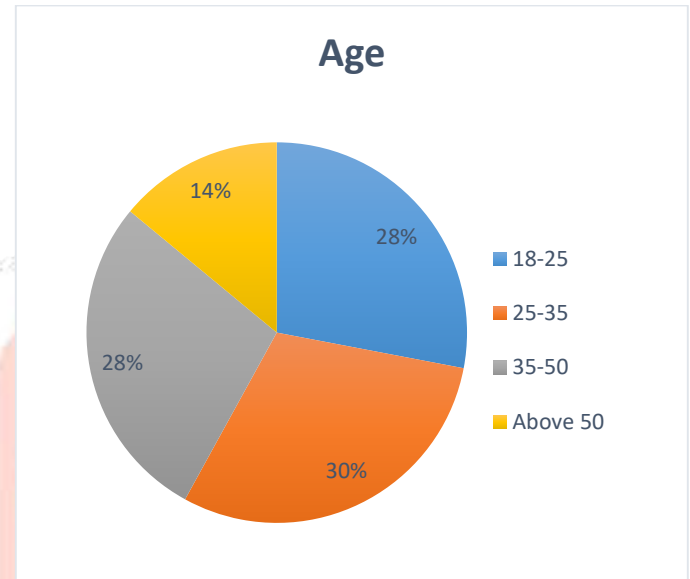
Primary Research is done through an online survey of 100 customers of HDFC Bank in the city of Jaipur, Rajasthan. Secondary research is done using various articles, journals, newspaper, etc.

## 4. Limitations of the Study

- The research is limited to the customers of HDFC Bank, Jaipur
- Sample size is limited to only 100.
- Some of the responses of the customers may be biased.

## 5. Data Analysis and Interpretation

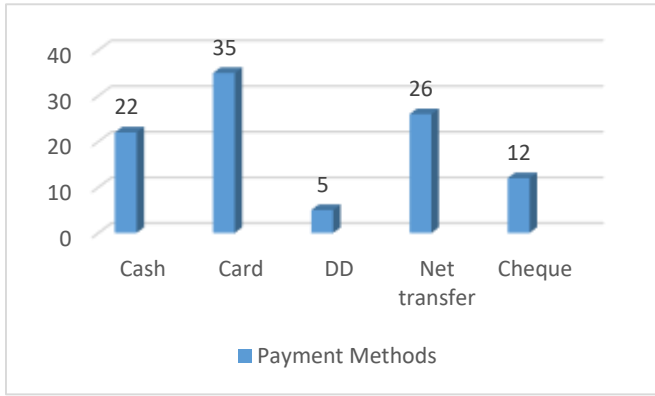
### Age groups of respondents



### Type of Account the respondents hold at the bank

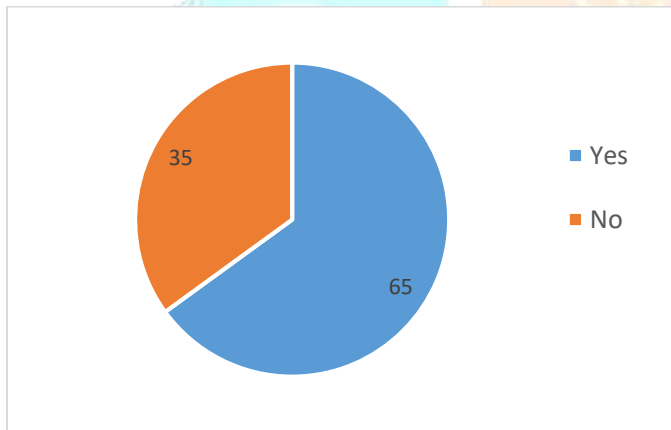


**Preferred method of payment**

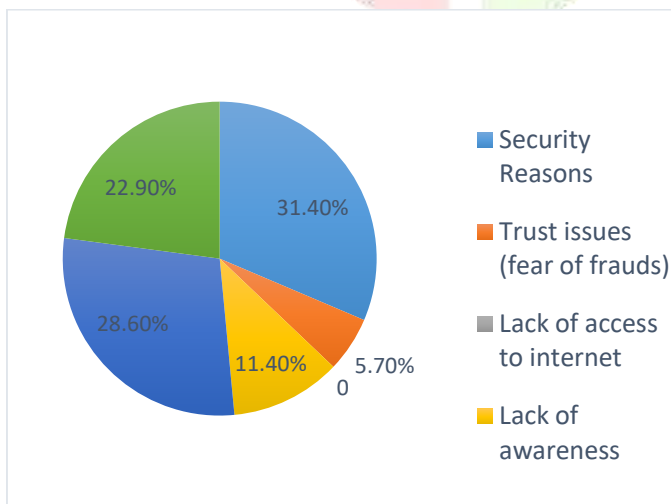


Among 100 respondents 35 prefer to use cards such as debit card, credit cards for payments, 26 respondents prefer to use Net transfer and 22 respondents prefer to use cash as a mode of payment. It was noted during the survey that most amount of card users is of the age group 18-25 and respondents who prefer net transfer hold a current account in HDFC Bank.

**Prefer to use net banking/ mobile banking/ phone banking**

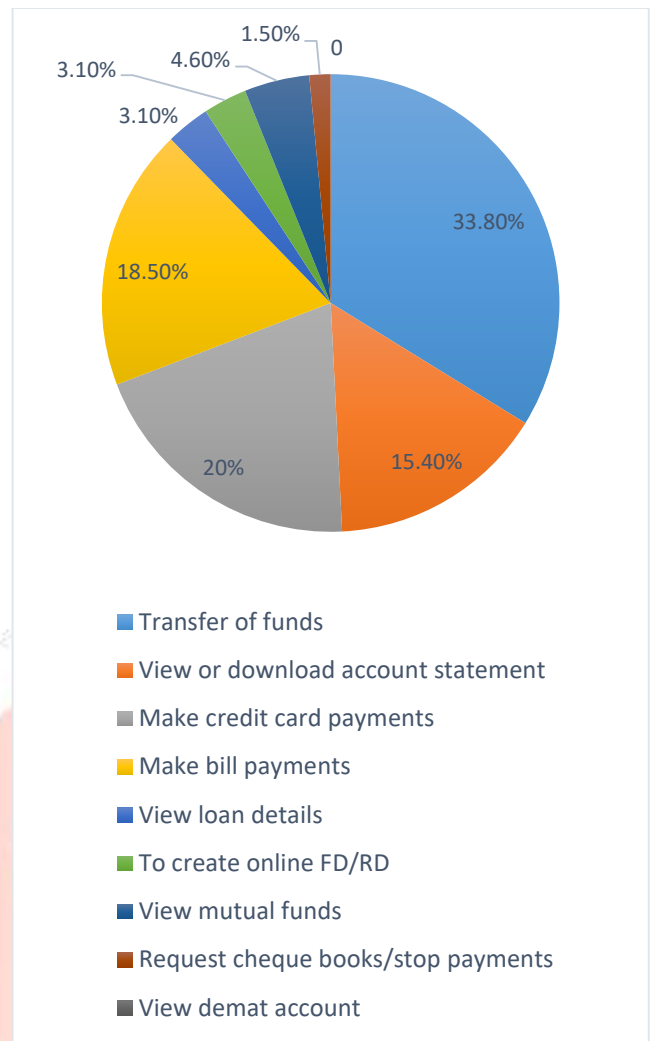


**Reasons for not using net banking**



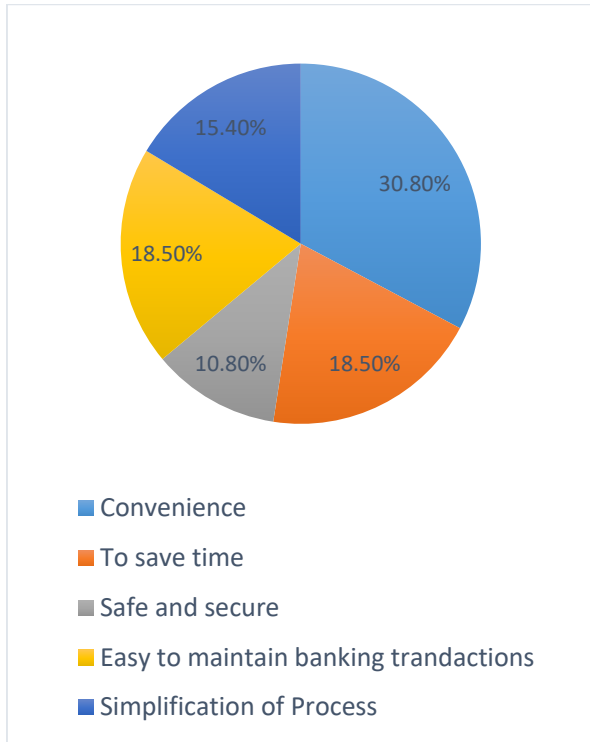
Of those who do not use net banking, 11 respondents of them believe that net banking is not secure enough, 10 of them find the process of net banking difficult, 8 of them prefer to have human relation and 4 of them are not aware of the net banking services provided HDFC Bank.

**Preferred net banking feature or service**



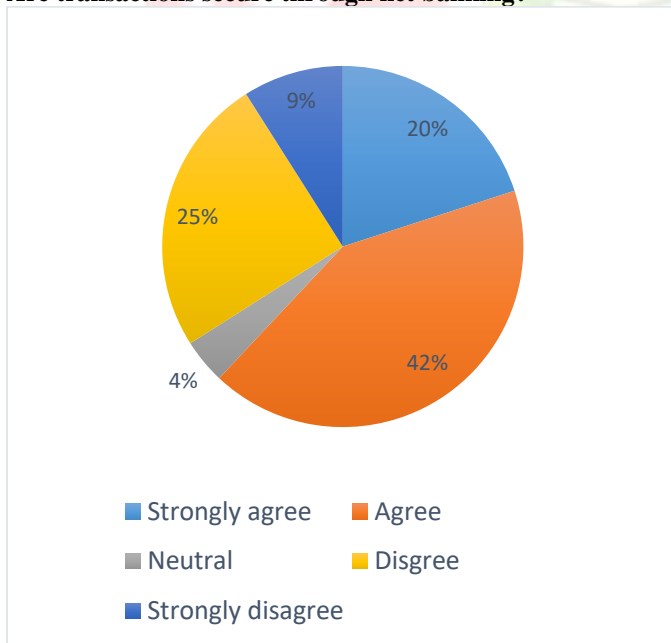
The most used feature or service in net banking is transfer of funds, making bill payments and credit card payments and to view or download account statements. During the survey, it was learnt that fund transfer was mostly done by respondents who hold current account and bill payments and credit card payment was mostly done by respondents of age group 18-25 and those who hold salary account.

**Reason to opt net banking**



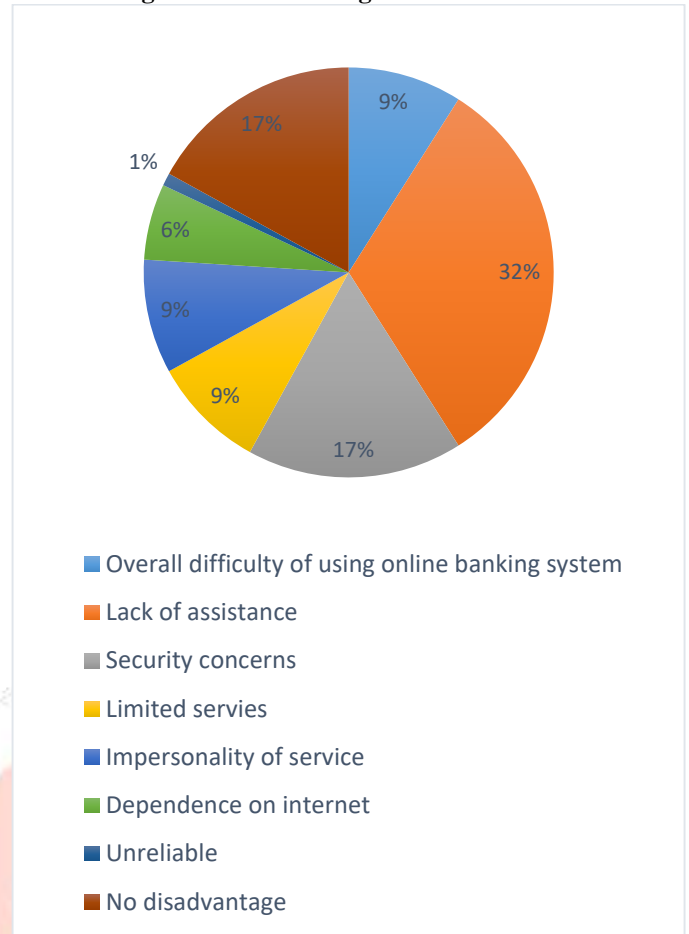
Of those who prefer net banking, their most common reason to opt net banking is that it is convenient, that is, available around the clock. 12 respondents opted net banking as they believe that it saves time. 12 respondents believe that it is easy to maintain banking transactions through net banking. 10 of them believes that with the introduction of net banking, the process of various transactions has been simplified and 7 of them use net banking as it is safe and secure.

**Are transactions secure through net banking?**



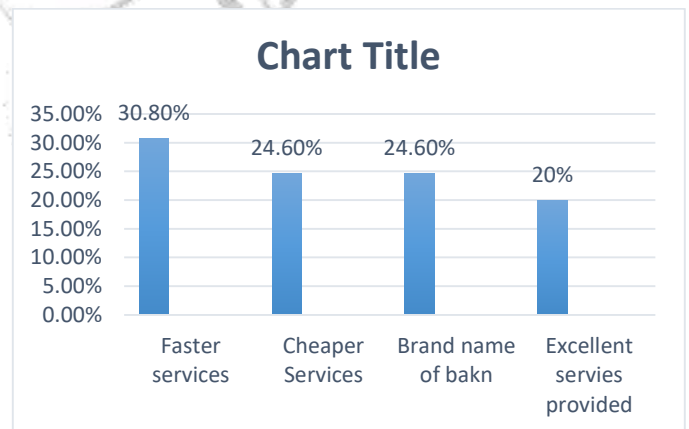
42 respondents strongly agree that transactions through net banking are secure whereas 25 respondents strongly disagree on the same.

**Disadvantage of online banking**



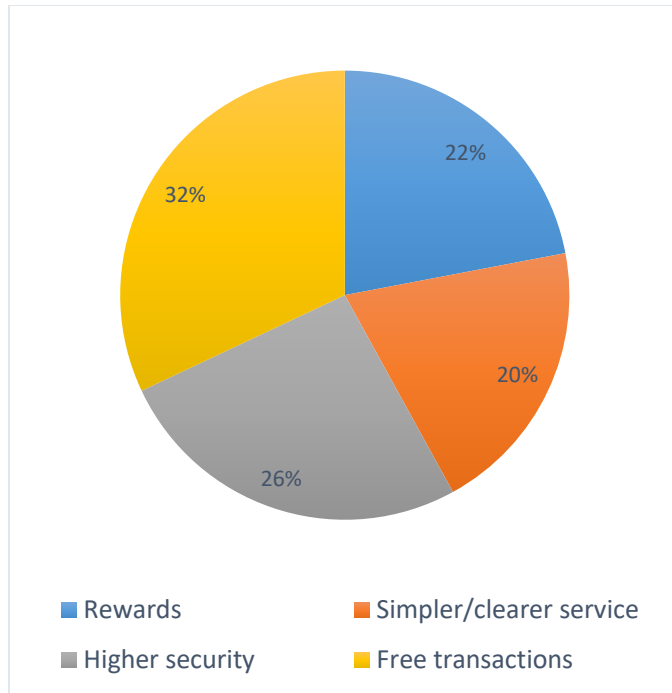
17 respondents believe that there is no disadvantage to net banking whereas 17 of them believe that security concerns are a major disadvantage. 32 respondents believe that due to lack of assistance they are not able to use net banking services provided by HDFC Bank.

**Reason to choose HDFC Bank for net banking services**



Those who use net banking, 20 of them chose HDFC Bank because of their faster services whereas 16 chose HDFC Bank because of the brand name. 16 of them chose the bank because of their cheaper services.

## Features that might encourage customers to use net banking instead of traditional banking



32 respondents would like free transactions that would encourage them to use net banking. 26 of them would require higher security for them to start using net banking services. 22 respondents prefer higher rewards for them to continue using net banking services and 20 respondents prefer clearer or simpler services and more assistance for using net banking services.

## 6. Conclusion

Technology has taken over in every industry in the last few years. The finance and banking sector are not left behind. With the introduction of online banking and e-payment methods, the banking industry is gaining momentum. Net banking is also gaining importance among the customers as it is convenient, safe and saves time. From the above survey, customers of young age use more of net banking facilities than the customers of older age as they are concerned about the security issues or due to lack of assistance by the banks.

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