

# A Study On The Psychology Of An Indian Customer Towards Digital Banking With Reference To Kachchh Region

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## Abstract

**Background:** Digital banking is a result of tremendous changes that are taking place in the field of information technology. It plays an important role in the process of changing a cash-based economy to a digital economy. It includes services like ATM, Mobile banking, Internet banking, UPI (Unified payment interface), Digital wallets, etc. With the help of these services customers as well as banks can perform their tasks faster and in better ways as compared to traditional banking. For customers it's a door to perform transactions from anywhere at any time whereas for banks it's a great solution for reducing operational costs. It also helps in achieving environmental goals through reduced usage of paper by providing various banking services online. However, despite of having so many advantages digital banking still has some problems that creates the obstacle in the path of digitization.

**Objectives:** The objective of this paper is to understand the customer's perception regarding digital banking services as well as the comforts which the user gets while using digital banking services. This research also deals with the everyday obstacles faced by the customers while using digital banking services.

**Methods:** The study consists of a survey of 500 people of Kachchh district who were using digital banking services. The data was collected using a structured questionnaire which is prepared in hard copy as well as soft copy through Google form for the convenience of people. The analysis of the collected data has been done by using descriptive statistics such as percentages and frequency distribution. The variations of the opinions among various categories are found by applying Mann-Whitney test and Kruskal-Wallis test.

**Conclusions:** The study found that people are more likely to use digital banking for fund transfer, Mobile/DTH recharge and bill payments. The main reason for using digital banking is to save time, it's faster services and it's 24\*7 availability. The study concluded that people of Kachchh district face different types of problems and frequency of facing such problems is rare however there are some problems which are often faced by some of the respondents and among them the most often faced problem is unavailability of cash is ATM machine which is the main issue in case of rural areas.

**Keywords:** Digital Banking, Problems, Kachchh.

## 1. Introduction

The invention of the Internet has converted the world into a global village. With the help of the internet, people can carry out their banking transactions from anywhere at any time. The implementation of the internet has helped banks to provide their customers faster and better banking services to help them utilize their time properly. "We need banking but we don't need banks anymore" (Bill Gates) because now banks operate 24\*7 digitally. All the traditional banking services provided by the bank are now available online. Customers are no longer willing to stand in a queue or to visit the bank branch to complete their banking transactions. With the availability of all the banking services online, banks can meet their customer expectations. Sweeping changes that are taking place in the field of information

technology has resulted in tremendous development in the Indian banking sector. Even after the implementation of cutting edge technology in the banking sector and providing customers the comforts to do their banking transactions from their homes, many people still don't use Digital banking facilities. The main reasons behind this are security concerns, illiteracy, Unwillingness to adopt a new way of banking.

## 2. Literature Review

Bishnoi & Kumar (2011) studied problems faced by customers while using internet banking services by conducting a survey of 750 internet banking users. The study found that at the time of using internet banking, respondents face different types of problems frequently such as "Transactions

take a lot of time to complete”, “Connection problem”. Some of the problems which occur very rarely i.e. “password gets hacked”, “Forgetting login ID and password”. The study recommended that the banks should work on the problems mentioned above and minimize the frequency of their occurrence to achieve higher customer satisfaction.

**Singh & Sharma (2014)** studied the problems faced by customers during the use of internet banking with a sample of 150 customers from the Sirsa district of Haryana. The study showed that customers face different types of problems while using internet banking due to lack of proper training, proper knowledge, and outdated technology. It is recommended that banks should develop user-friendly applications and software so that customers can use internet banking without any difficulties.

**Regi (2017)** studied the problems faced by customers using technological banking services by conducting a survey of 600 customers of public and private sector banks in Tirunelveli district. The study showed that the respondents choose their banks on the basis of the level of security provided by the banks. They expect better security of their money from the banks. Most of the respondents are aware of fund transfer and getting account statements but they don't know about the facilities such as mobile recharging and stopping cheque payments. The study also found that customers use digital banking occasionally whereas, they transfer their funds frequently, keep information related to the rate of interest and latest services provided by banks. Most of the respondents have said that they have a fear of getting their bank account hacked

**Kannan (2019)** studied digital user's perception of digital banking frauds by conducting a survey of banking customers with the help of a structured questionnaire. The study showed that the customers have more trust in the authenticated sites of nationalized banks whereas, while using the same sites for other services like making third party payments, etc. they lose their confidence because it has to run their services by using other payment gateways for such transactions. In the case of debit and credit card transactions, customers have more trust on banks because it is secured by a one-time password (OTP). The study concluded that the trust of customers is greatly influenced by the level of security provided by the banks to their customers while using digital banking. It is recommended that banks should invest more and more in their digital

infrastructure to ensure the security of their customer's data.

**Shettar (2019)** studied digital banking and Indian perspective with the help of secondary data like research article publications from the government of India, various bulletin of RBI, and authenticated website. The study showed that digital banking has helped the banks in providing higher interest rates and charging lower fees for their services. Digital banking has drastically increased the profits of the banks because of the decrease in their operating cost. The study also found that digital banking has the potential to bring drastic changes in the process of financial inclusion and it has helped in bringing the unbanked economy into the mainstream.

**Sen et al., (2019)** studied mobile banking awareness and problems faced by working women by conducting a survey of 100 working women from Satna city. The study found that out of 100 women, 80% are aware of mobile banking and 60% operate it. 85% of them said that mobile banking saves their time while 90% of them believe that it saves money. 66% of women considered mobile banking as a user-friendly facility. This study is done to know about the awareness about mobile banking among working women. Mobile banking is used very little in rural areas as compared to urban areas. The study concluded that women of Satna city are happy with traditional banking.

### 3. Objective of the Study

- 1) To understand the customer's perception regarding digital banking services.
- 2) To study the comforts and obstacles of digital banking.

### 4. Hypothesis of the Study

- 1) H<sub>01</sub>: The demographic characteristics of the respondents has no major impact on the usage of various digital banking services.
- 2) H<sub>02</sub>: The reasons for the usage of various digital banking services are not impacted by the demographic characteristics of the respondents.
- 3) H<sub>03</sub>: Problems faced while using digital banking services does not differ significantly on the basis of the demographic characteristics of the Respondents.

### 5. Research Methodology

This research is based on primary data. The primary data was collected through a well-structured questionnaire from 500 respondents who used digital banking services in the Kachchh district of Gujarat state. Non-probability convenience sampling was used to select the samples. The collected data have been analysed by using descriptive statistics such as percentages, and frequency distribution. To find out the variation of opinion among various categories Mann-Whitney test and Kruskal-Wallis test have been applied.

### 6. Data Analysis and Interpretation

**Table 1:** Distributions of Respondents on the basis of Demographic Factors

Demographic Variables	Categories	Frequency	Percentage
Gender	Male	323	64.60
	Female	177	35.40
Marital status	Married	199	39.80
	Unmarried	301	60.20
Age in years	Up to 25	285	57.00
	26-35	116	23.20
	36-45	64	12.80
	Above 45	35	7.00
Highest Education Qualification	S.S.C & Below S.S.C	54	10.80
	H.S.C	107	21.40
	Graduate	180	36.00
	Post-Graduate	117	23.40
Occupation	Professional	42	8.40
	Student	179	35.80
	Govt. Employee	44	8.80
	Private Employee	161	32.20
	Self Employed	35	7.00
	Professional	15	3.00
	Housewife	17	3.40
	Farmer	10	2.00
	Businessman	39	7.80
	Less than Rs. 15000	289	57.80
Monthly Income In Rs.	Rs.15001 to 30000	106	21.20
	Rs.30001 to 45000	37	7.40
	Rs.45001 to 60000	27	5.40
	Above 60000	41	8.20

As shown in the above table, the sample contained 500 respondents out of which 64.60% are male and 35.40% are female. Regarding the Age of the respondents, most of the respondents are young as 57% of the total respondents are below 25 years' age followed by 23.20% respondents belonging from the age group of 26-35 years. As far as education is concerned, majority of the respondents are highly educated as 59.4% which is more than half of the total respondents are either graduates or post graduates. In terms of occupation, 35.8% are students and 32.2 % respondents are private employees. In the case of Monthly income, 57.8% respondents which is more than half of the total have a monthly income up to Rs. 15000 while 21.2% respondents have a monthly income between Rs. 15001 to Rs 30000.

**H<sub>01</sub>:** The demographic characteristics of the respondents has no major impact on

the usage of various digital banking services.

**Table 2** Services of Digital Banking

Services of Digital Banking	Responses (N)	Percent of Cases
Balance Inquiry (S1)	284	57.1%
Fund Transfer (RTGS, NEFT etc.) (S2)	303	61.0%
Activate/Block Debit & Credit Card (S3)	79	15.9%
Bill Payment (S4)	292	58.8%
Online Shopping (S5)	283	56.9%
Cash withdrawal (Through ATM) (S6)	248	49.9%
Cash deposit (Through ATM) (S7)	125	25.2%
Tax/Fees Payment (S8)	101	20.3%
Mobile/DTH recharge (S9)	296	59.6%
Changes in any information related to the account (S10)	61	12.3%
Generating the account statement (S11)	146	29.4%
To make a fixed deposit & a recurring deposit (S12)	42	8.5%
For doing Investment in share market (S13)	63	12.7%
Other (S14)	4	8%

Dichotomy group tabulated at value 1

The above frequency table of multiple responses shown that among the different services of digital banking, fund transfer (61%) followed by the Mobile/DTH recharge (59.6%) are the most used services of digital banking. 58.8%, 57.1% and 56.9% respondents use digital banking for the purpose of bill payment, checking A/C balance, and shopping online respectively. For the purpose of withdrawing cash and generating account statement, (49.9%) and (29.4%) respondents use digital banking respectively. (25.2%), (20.3%) and (15.9%) respondents use digital banking for the purpose of Cash Deposit, Tax/fees payment and Activate/Block Debit/Credit card whereas (12.7%) and (12.3%) respondents use digital banking for investment purposes and making changes in account information online respectively.

**Table 3:** Mann Whitney Test & Kruskal-Wallis Test

Services of Digital Banking	Mann Whitney Test	Kruskal-Wallis Test			
	Gender	Age	Education Qualification	Occupation	Annual Income
S1	0.003*	0.033*	0.075	0.053	0.093
S2	0.000*	0.000*	0.015*	0.000*	0.000*
S3	0.126	0.059	0.563	0.002*	0.077
S4	0.000*	0.003*	0.354	0.051	0.002*
S5	0.364	0.038*	0.000*	0.030*	0.300
S6	0.002*	0.082	0.003*	0.001*	0.323
S7	0.015*	0.110	0.464	0.170	0.022*
S8	0.522	0.234	0.007*	0.107	0.083
S9	0.000*	0.066	0.193	0.000*	0.001*
S10	0.030*	0.396	0.379	0.557	0.248
S11	0.000*	0.000*	0.044*	0.000*	0.027*
S12	0.003*	0.017*	0.115	0.181	0.001*
S13	0.000*	0.002*	0.060	0.333	0.147
S14	0.138	0.591	0.349	0.177	0.382

The above table shown that the P-value is less than 0.05 (alpha value) at a 95 % level of confidence for S<sub>1</sub>, S<sub>2</sub>, S<sub>4</sub>, S<sub>6</sub>, S<sub>7</sub>, S<sub>9</sub>, S<sub>10</sub>, S<sub>11</sub>, S<sub>12</sub>, and S<sub>13</sub> which shown that these services regarding digital banking services are significantly impacted on the basis of the gender of the respondents. In the case of age, P-value is less than 0.05 for S<sub>1</sub>, S<sub>2</sub>, S<sub>4</sub>, S<sub>5</sub>, S<sub>11</sub>, S<sub>12</sub>, and S<sub>13</sub> representing that the age of the respondents

significantly impacted these services regarding digital banking. In the case of educational qualification, P-value is less than 0.05 for S<sub>2</sub>, S<sub>5</sub>, S<sub>6</sub>, S<sub>8</sub>, and S<sub>11</sub> which represented that these services regarding digital banking differs significantly impacted on the basis of the educational qualification of the respondents. In the case of occupation, P-value is less than 0.05 for S<sub>2</sub>, S<sub>3</sub>, S<sub>5</sub>, S<sub>6</sub>, S<sub>9</sub>, and S<sub>11</sub> so it is clear that the occupation of the respondents significantly impacted these opinions regarding digital banking services. P-value is less than 0.05 for S<sub>2</sub>, S<sub>4</sub>, S<sub>7</sub>, S<sub>9</sub>, S<sub>11</sub>, and S<sub>12</sub> which shows that these services regarding digital banking services are significantly impacted on the basis of the monthly income of the respondents.

**H<sub>02</sub>: The reasons for the usage of various digital banking services are not impacted by the demographic characteristics of the respondents.**

**Table 4** Reasons for Using Digital Banking Services

Reasons	Responses (N)	Percent of Cases
It is Time- saving (R1)	413	82.9%
It provides feasibility to use it (24*7) (R2)	272	54.6%
To get discounts and offers (R3)	180	36.1%
I like to use technology (R4)	172	34.5%
It gives me faster services (R5)	308	61.8%
It relieves me from standing in long Queues (R6)	230	46.2%
It makes me free from carrying Cash (R7)	248	49.8%
My bank forces me to use a digital banking channel (R8)	32	6.4%
Other (R9)	3	0.6%

Dichotomy group tabulated at value 1

The above frequency table of multiple responses represented that among the various reasons for using digital banking services the most common reason is Time saving followed by its faster services, 24\*7 availability, and getting relief from carrying cash.

**Table 5: Mann Whitney Test & Kruskal-Wallis Test**

Reasons for using Digital Banking	Mann Whitney Test		Kruskal-Wallis Test			
	Gender	Age	Education Qualification	Occupation	Annual Income	
R <sub>1</sub>	0.587	0.552	0.004*	0.296	0.247	
R <sub>2</sub>	0.001*	0.004*	0.000*	0.000*	0.159	
R <sub>3</sub>	0.013*	0.033*	0.132	0.009*	0.133	
R <sub>4</sub>	0.002*	0.283	0.730	0.933	0.037*	
R <sub>5</sub>	0.007*	0.003*	0.087	0.128	0.053	
R <sub>6</sub>	0.077	0.009*	0.001*	0.000*	0.609	
R <sub>7</sub>	0.145	0.047*	0.051	0.220	0.045*	
R <sub>8</sub>	0.374	0.854	0.123	0.527	0.051	
R <sub>9</sub>	0.940	0.045	0.240	0.470*	0.002*	

As shown in the above the table, P-value is less than 0.05 (alpha value) at a 95 % level of confidence for R<sub>2</sub>, R<sub>3</sub>, R<sub>4</sub>, and R<sub>5</sub> which shown that these reasons for using digital banking services are significantly impacted on the basis of the gender of the respondents. Whereas in terms

of age, P-value is less than 0.05 for R<sub>2</sub>, R<sub>3</sub>, R<sub>5</sub>, R<sub>6</sub>, R<sub>7</sub>, and R<sub>9</sub> which signifies that these reasons for using digital banking services differs significantly impacted on the basis of age of the respondents. In the case of educational qualification, P-value is less than 0.05 for R<sub>1</sub>, R<sub>2</sub>, and R<sub>6</sub> which represented that these services regarding digital banking services differs significantly on the basis of the educational qualification of the respondents. P-value, in the case of occupation is less than 0.05 for R<sub>2</sub>, R<sub>3</sub>, R<sub>6</sub> and R<sub>9</sub> which means that these reasons for using digital banking services varies significantly on the basis of occupation of the respondents. Regarding the income of the respondents, the P-value is less than 0.05 in case of R<sub>4</sub>, R<sub>7</sub>, and R<sub>9</sub> which indicates that these reasons for using digital banking services are greatly influenced by the income of the respondents.

**H<sub>03</sub>: Problems faced while using digital banking services does not differ significantly on the basis of the demographic characteristics of the Respondents.**

**Table 6** Problems Faced while Using Digital Banking Services

Problems	Often	Rarely	Never
Network problems (P1)	117 23.4%	364 72.8%	19 3.8%
Bank server is not responding (P2)	103 20.6%	357 71.4%	40 8%
Waiting for long time for conducting transactions (P3)	69 13.8%	288 57.6%	143 28.6%
Absence of immediate connection (P4)	68 13.6%	318 63.6%	114 22.8%
Money gets deducted but not transfer in receiver's account (P5)	51 10.2%	259 51.8%	190 38%
ATM Machine may be out of service (P6)	145 29%	275 55%	80 16%
Unavailability of cash in ATM machine (P7)	152 30.4%	287 57.4%	61 12.2%
Not getting quick response from customer care (P8)	109 21.8%	297 59.4%	94 18.8%
Issue of registered mobile number (if number is changed) (P9)	90 18%	276 55.2%	134 26.8%

As seen in the above table the frequency of facing these problems by the respondents is rare.

**Table 7: Mann Whitney Test & Kruskal-Wallis Test**

Problems of Digital Banking	Mann Whitney Test	Kruskal-Wallis Test			
	Gender	Age	Education Qualification	Occupation	Annual Income
P <sub>1</sub>	0.756	0.286	0.742	0.146	0.256
P <sub>2</sub>	0.054	0.788	0.524	0.586	0.254
P <sub>3</sub>	0.243	0.034*	0.387	0.303	0.575
P <sub>4</sub>	0.034*	0.985	0.129	0.646	0.769
P <sub>5</sub>	0.344	0.898	0.234	0.297	0.230
P <sub>6</sub>	0.004*	0.069	0.38	0.006*	0.054
P <sub>7</sub>	0.205	0.041*	0.261	0.076	0.282
P <sub>8</sub>	0.007*	0.437	0.432	0.057	0.196
P <sub>9</sub>	0.564	0.003*	0.991	0.001*	0.125

As seen in the above table, the gender of the respondents significantly impacted the problems P<sub>4</sub>, P<sub>6</sub>, and P<sub>8</sub> as the P-value for these problems is less than 0.05 (alpha value) at a 95 % level of

confidence. Whereas, in case of age, the P-value is less than 0.05 (alpha value) for P<sub>3</sub>, P<sub>7</sub>, and P<sub>9</sub> signifying the impact of age on these problems. In case of educational qualification, the P-value is more than 0.05 (alpha value) at a 95 % level of confidence in all the above cases indicating that the null hypothesis is failed to reject in all of the above cases. Regarding the occupation of the respondents, it has significant impact on the P<sub>6</sub> and P<sub>9</sub>. The income of the respondents doesn't have significant impact on the above mentioned problems as the P-value is more than 0.05 (alpha value) at a 95 % level of confidence in all the above cases.

## 7. Conclusion

In the last few years, IT sector has witnessed various breakthrough innovations which has significantly impacted the different sectors of economy. Among them is a banking sector which has benefited a lot in the form of digitization. These concept has completely changed the way people used to bank. With the introduction of digitization, digital banking services were introduced which provides all the banking services through online medium. This has helped the banks in providing faster and better services at the comfort of customers. The study found that people are more likely to use digital banking for fund transfer, Mobile/DTH recharge and bill payments. The main reason for using digital banking is to save time, it's faster services and it's 24\*7 availability. The study concluded that people of Kachchh district face different types of problems and frequency of facing such problems is rare however there are some problems which are often faced by some of the respondents and among them the most often faced problem is unavailability of cash is ATM machine which is the main issue in case of rural areas. Hence it can be said that digital banking also has some of the shortcomings however its advantages are far greater than its disadvantages.

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