

A Study of the Impact of Digital Banking on Satisfaction Level of Customers in India

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Abstract

In today's environment, where consumers are seeking beyond the conventional approach of going to the bank to complete their banking operations, digital banking is essential. The traditional banking process has been altered by Internet banking, which has also given the banking industry new dimensions. The current condition of digital banking is discussed, along with customers' perceptions of its acceptance in the Indian setting. Digital banking has helped banks run more efficiently and lower costs, but given the current state of the world, there is still a long way to go. This essay offers a thorough examination of how customers perceive and respond to these dramatic changes in banking. On the level of customer satisfaction and their expectations for various digital banking services, a primary survey was carried out using a structured questionnaire. Despite all the difficulties, the study shows that customers are gradually becoming accustomed to the idea of digital banking and that their views on digitization are rapidly shifting.

Introduction

Due to tighter rules and pressure from the competition, banks have been compelled to deleverage and search for alternate sources of value. As a result, digital banking, in which technology is primarily used for transactions, was created. On the other side, customers are still waiting for this apparently revolutionary redesign of the banking experience, which would include elements like anytime, anywhere banking, extraordinarily short response times, and ubiquitous advisers. This study sought to understand how customer satisfaction was impacted by digital banking at the National Bank of Kenya in India.

The study was guided by the following four goals:

- Analyse the implications of transaction speed,
- accessibility,
- the adoption of digital banking, and estimate their respective effects.
- Ascertain the cost of digital banking.

In the case of the National Bank of Kenya in India, the goal of this study is to ascertain how customer happiness is impacted by the affordability of digital banking.

Clients of the National Bank of India and bank personnel in India were the study's target audience. 42 people who took part in the pilot experiment were among the 114 participants in the study's sample size. Within India.

Features

- Because needs and expectations are always changing,
- frequently prompted by experiences outside of the financial services industry, and
- because customers are increasingly building connections with many providers,
- the bank's dominance over its clients is threatened more than ever.
- The most important element in determining a company's long-term success is customer pleasure.
- Due to minimal customer churn, little local competition, high customer loyalty and trust as selling points, and no governmental intrusion, the industry has experienced decades of comfort. There was little pressure to adapt, so staying ahead of the curve was simple.

With MPESA in Kenya as an excellent example, competitors from related industries and fintech companies are now oversaturating the market with cutting-edge, technologically-driven alternatives to conventional banking. Customers now make decisions much more quickly and have access to a wide range of offerings, making it difficult for financial institutions to retain their business

Significant Terms

- **Digital banking:** E-banking, PayPal-like digital wallets, mobile banking, ATMs, RTGS, and POS terminals are examples of technology-driven banking.
- **Customer Satisfaction:** an assessment of a customer's response to utilising electronic banking platforms, namely if it encourages them to continue with the bank or increases the number of consumers using various digital channels platforms in India.
- **Commercial Bank:** is a bank that offers assistance to companies, including loans for capital expenditures, real estate acquisitions, and other financial requirements for both big and small enterprises.
- **Speed of Transactions:** a means to estimate the speed at which a transaction utilising electronic banking would result in the desired outcome in time Within India
- **Accessibility:** The ease with which an end user or consumer is able to get in touch with an organization in charge of a given item or service at the right moment and at an ideal location and acquire it.
- **Adaptability:** A bank customer's capacity to adapt their behaviour in response to new conditions or environments brought forth by digital banking. Adaptability demonstrates the capacity for experience-based learning.
- **Affordability:** a cost or price that bank clients in India consider to be reasonable for their budgets.

ONLINE BANKING SERVICES ARE FACED WITH PROBLEMS

1. Security Standards and Technology

The Group's research suggests that banks choose a network and database operator with specific responsibilities. The security policy should have received approval from a bank's board of directors. Separate responsibilities should be assigned to the Information Technology Division, which actually implements the computer systems, and the Security Officer/Group, which only focuses on information system security. The information systems will also be audited by a systems auditor.

2. Issues of the Law

Due to the existing regulatory framework, banks must not only confirm the identity of potential customers but also look into their moral character. Therefore, despite the fact that account requests can be submitted online, accounts must be opened in person..

3. Issues of Regulation and Oversight

The current legal framework for banks will be broadened to include Internet banking, as proposed by the Group..

Risks

Compared to traditional banking, e-banking has a number of special risks. These risks are more obvious in the case of Internet banking. The risks associated with technological advancement must first be carefully monitored. In order to stay up to date with technology, it is imperative to do this.

Issues of Security

When making online payments or transferring money between accounts, Internet bankers are constantly worried about hackers and other undesirable elements. Unreliable hackers can utilise hacking to enter the accounts of online bankers and syphon off their money.

The Internet's Usefulness

To benefit from the advantages of Internet banking, one needs Internet connectivity. For this, he will require a computer, laptop, or PDA as well as Internet connectivity.

The Study's Significance

The study's findings and recommendations might be useful to bank executives and politicians as they think about how to effectively employ digital banking and address any gaps that exist to improve consumer satisfaction. The study may also provide insight on the relevance of customer happiness for the banking industry's ability to increase market share and achieve profitability in the face of fierce competition. In light of the difficulties that lay ahead, the study could be essential for emerging financial institutions.

LITERATURE REVIEW

The simplicity of being able to send and receive payments and instructions via the online banking system will be valued by digital banking customers. Customers can use online banking, also referred to as E-banking, to move money across accounts. The degree to which customers are satisfied with the E-banking system and services is revealed by their perceptions of those systems and services, which can be read as a function of perceived usability. According to the statement, the bank must teach its employees so that customers have the necessary knowledge to use the bank's services. The services were delivered through e-CRM. These features were added so that even devoted customers may take advantage of them. It has been proven.

A basic foundation for the "structure-conduct-performance" model, which explained a company's profitability in 1950, was broadened and deepened as a result of research in numerous industries and improved methodology. The strategy picked by the company or its performance pattern was used to characterize the industry-specific influence on the market environment. It was demonstrated in 2017 that customer satisfaction is significantly impacted by the quality aspects of Internet banking services. In the E-banking or online banking system, efficiency, system availability, fulfillment, privacy, contact, responsiveness, and interaction each contributes to 70% of total client satisfaction. These Dimensions were crucial as a result. In order to improve the implementation of Internet banking, it was required to assess customer satisfaction after providing all of these services and assessing the bank's performance. It was crucial to spreading awareness about Internet banking, thus an electronic media campaign was developed with a focus on how it allays worries about reliability, capacity, and usability. The electronic media campaign helped to retain current clients while also assisting and encouraging customers to adopt Internet banking. An important impediment was senior citizens' proper acceptance and use of Internet banking. The transactions regarding pensions and retirement benefits that senior citizens must deal with should be simple to complete using online banking. In order to draw more customers to Internet banking, the bank came up with a plan to employ less traditional banking methods and more of them. Because of this, even elderly people have tried to learn how to utilize Internet banking. They have become simpler and comfier as they have needed more transactions.

- Look at the elements that Massilamany and Nadarajan (2017) claim led Malaysian customers to use digital banking services. The independent factors are trust, security, knowledge, convenience, and self-efficacy, with trust, security, convenience, and self-efficacy acting as the dependent variables. According to this study, the independent variable has an impact on the dependent variable.
- Gupta (2017): The goal of this study was to examine how the Indian banking system was evolving and moving from a traditional model to one that was more convenient, or "cash to click." Examining patterns in the financial sector with secondary data proved to be quite helpful. The report explains the kind, marriage, and marriage of each bank in light of digital transactions. Moreover, the scientists.
- According to M. Vasan's (2017) research, banks should train their employees to be able to give clients the training they need to use the digital banking system effectively. The survey also found that bankers must use the right strategy to draw clients, who may include professionals, students, and employees of the government.
- Customers' satisfaction is significantly impacted by the aspects of Internet banking quality, according to a study by Firdous S. and Farooqi R. (2017). The dimensions include effectiveness, privacy, contact, fulfillment, system availability, responsiveness, and one-on-one contact. All of these elements combine to increase client satisfaction with Internet banking.
- Yeremenko & Rudskaya (2016): The researcher examined Russian banking industry innovation in this study. They created the concept of digital banking, which includes card payments, innovative banking, digital payments, and digital banking to digital banking. The study says that bankers should embrace technology, offer services at reasonable prices, and foster client loyalty for Internet banking in order to encourage use of contemporary banking systems or technology.
- Yappaditya, OBappaditya, and OBappaditya Mukhopadhyaya The results show a very weak correlation between cashless payments and money obtained as well as cashless payments and education level. Additionally, a strong positive association was discovered.
- Pardhasaradhi Madasu (2015): For this study, the researchers collected information for two cashless transactions from 2004–2005 to 2014–2015 from the RBI database. India is not among the top 16 non-cashless markets in the world, although China is, according to this study. Also demonstrated was India's significant influence on the use of credit or debit cards at ATMs. Internet transactions, however they might employ rapid payment methods like mWallet, have had minimal impact. In other words, Internet banking was weak, and lenders ought to work to make their selections better.
- Miss K.sumathi, K.sumathi, Miss K.sumathi, Miss K.sumathi Both races and the key problem that customers encounter are explored. She claimed that both urban and rural customers are served by the Indian banking industry. Customers in urban and rural areas receive the same level of service from the banks, and there is no obvious distinction between the two customer groups. However, as compared to banks in the private sector, public sector employees do not behave in a manner that is as beneficial to urban areas.
- According to Muhammad Rana's (2012) analysis, an online, Internet-based, or electronic media campaign ought to be started. Which focuses on providing online banking addresses to the users who are concerned.
- According to G Sivkrishna (2011), online banking is used by senior citizens Mili to do transactions pertaining to their pensions and retirement benefits. The bank should also employ modern or Internet banking services more frequently while decreasing the use of outdated methods. The bank should carry out this activity in an effort to encourage more customers to use E banking.
- According to Berndt et al. (2010), the study looked at how eager customers were to accept new banking technology. According to research, customers are driven for a variety of reasons to join or use Internet banking services. Two of the causes are optimism and inventiveness. This shows that while most consumers are accepting and embracing new technology, some consumers are resistant to or unwilling to embrace changes in contemporary culture. Therefore, it is the bank's responsibility to improve the services it offers to customers who are lagging behind.
- Darlington, L. (1999): The study found that traditional bank services were cumbersome because clients had to travel to a bank office physically and wait a long time to execute financial activities. The emergence of online banking, which allows clients to conduct transactions without having to visit a bank branch, saves them time, and makes transactions more convenient for them, came about as we introduced more modern services, technology, and procedures improved. Customers developed a greater interest in online banking as a result. As we

all are aware, the banking services industry has developed and changed. The experts also suggested that the contemporary age concentrate on.

- Numerous studies were conducted to follow the development of Internet banking, which surely helped with both spreading awareness of the service and encouraging people to utilise it. The professors' research led to improvements in even financial services. The studies previously mentioned have been carried out and have helped researchers identify areas where Internet banking services are lacking. Everyone is now more adept at using Internet banking services, including professionals, government employees, runners, and students.

Numerous studies were conducted to follow the development of Internet banking, which surely helped with both spreading awareness of the service and encouraging people to utilise it. The professors' research led to improvements in even financial services. The studies previously mentioned have been carried out and have helped researchers identify areas where Internet banking services are lacking. Everyone is now more adept at using Internet banking services, including professionals, government employees, runners, and students. We all know that Asian consumers have become increasingly interested in digital technology and have increased their use of social media, the Internet, and e-commerce platforms. For this, they made use of their favourite technology, including PCs, laptops, tablets, and smartphones. Internet traffic has surged by 65 per cent as a result of rising Internet use. Online banking fits into the new digital environment in the same way. Customers are increasingly adopting and using digital banking, whether on their PCs or cell phones.

Research methodology:

Research was conducted under two steps:

- Primary Research- Where direct review or exploratory operations are conducted, the review is carried out recently using the available resources and the current environmental conditions.
- Secondary Research - The optional information is also described as the research and translation of the important examination where the results have been established with the aid of essential information or exploration. In some circumstances, the inspection and translation of optional information necessitates the use of two distinct types of vital information..

The survey was conducted to obtain information for the study and gauge user satisfaction with the desired Internet banking services. While the secondary data was mostly gained through a questionnaire-based survey, the primary data was collected through academic articles and many internet sources. a survey that asks customers to rate their degree of satisfaction.

Study's drawbacks include:

- The findings of the research comprised an entirely comprehensive framework for banking services via the internet, as well as details regarding design, content, speed, fees, and charges, as well as accessibility, convenience, privacy, and security. This research suggests that additional research will still be needed to examine different variables.
- Another problem is that there hasn't been much work done to analyse all of these factors concurrently when applied to commercial banks' online banking services, thus the results of this study's analysis cannot be directly compared to those of other research studies.
- Due to an absence of pertinent research, comparisons of the elements impacting customers' and bankers' perceptions in the online banking sectors were also measured.
- This study only examined a limited subset of hypotheses and literature-based standards that influence how consumers and bankers perceive the online banking services offered by commercial banks. This study does not include other variables like familiarity, exploration, trust, status, hand-set operability, scalability, dependability, efficiency, empathy, compensation, and satisfaction.
- The customer's perception of the e-banking services sector, however, may also be influenced by a variety of other factors, including consumer learning and memory, demographic factors including age, ethnicity, education, income level, and gender effect.

Extending full-scale behavioural intentions of customers towards the sector is also important in order to match general behavioural patterns of consumers with the decision-making criteria of the e-banking service sector.

Data collection

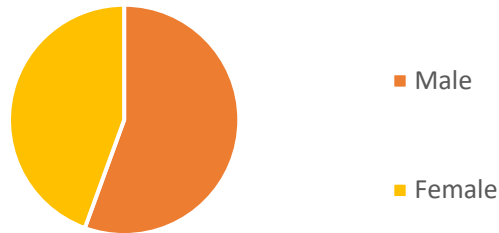
In order to obtain data using the survey approach, respondents are questioned. On a variety of issues pertaining to their intentions, attitudes, awareness, and motives, questions are asked of them. The process of acquiring structured data is made easier by the creation of a formal questionnaire.

In order to produce this study report, the questionnaire created for the project includes questions based on several characteristics, such job age, gender, educational qualification, etc.

Descriptive Data analysis

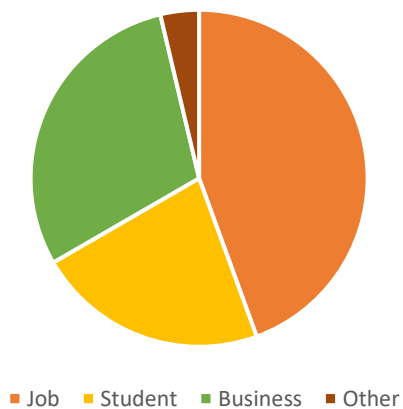
GENDER	NO. OF RESPONSE
MALE	75
FEMALE	60

No. of Responses :- 135



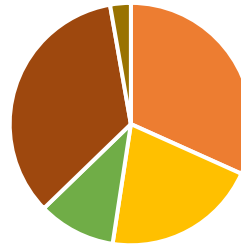
JOB	60
STUDENT	30
BUSINESS	40
OTHER	5

Job Title or occupation
145 Responses



DIPLOMA	46
HIGH SCHOOL	30
POST GRADUATION	15
GRADUATION	50
PROFESSIONAL DERGEE	4

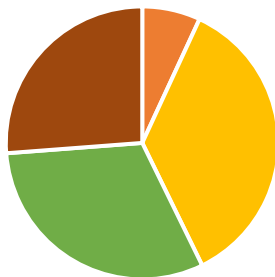
Education Qualification
145 Responses



■ Diploma ■ High School ■ Post Graduation ■ Graduation ■ Degree

BELOW 18	10
18-25	52
25-35	45
35-50	38

How old are You?
145 Responses



■ Below 18 ■ 18-25 ■ 25-35 ■ 35-50

Below one lakh	40
1 lakh -3lakh	38
3lakh- 5 lakh	35
Above five lakh	32

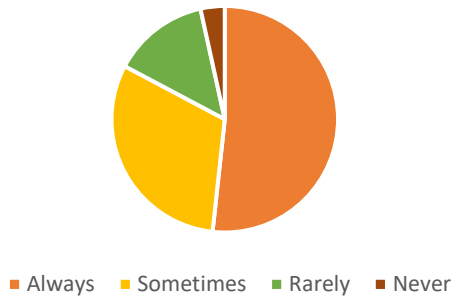
What is your annual Income
145 Responses



■ Below 1 lakh ■ 1 lakh- 3 lakh ■ 3 lakh-5 lakh ■ Above 5 lakh

ALWAYS	75
SOMETIMES	45
RARELY	20
NEVER	5

How often do you prefer digital banking
145 Response

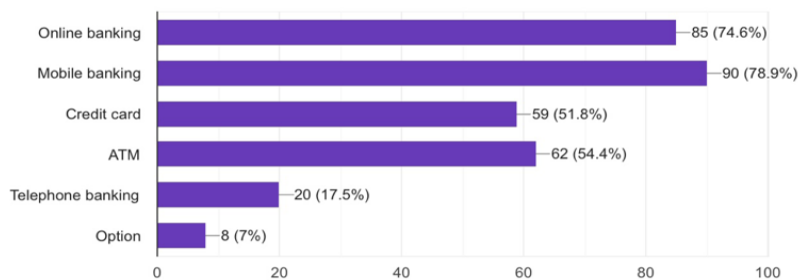


Online banking	85
Mobile banking	90
Credit card	59
ATM	62
Telephone banking	20
Other	8

Which services are provided by your bank?



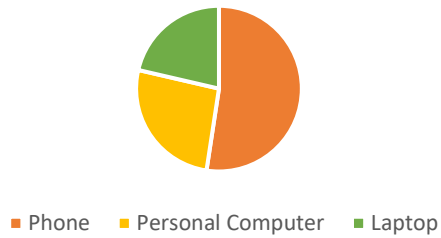
114 responses



Phone	76
Personal computer	38
Laptop	31

Which device do you use for digital banking?

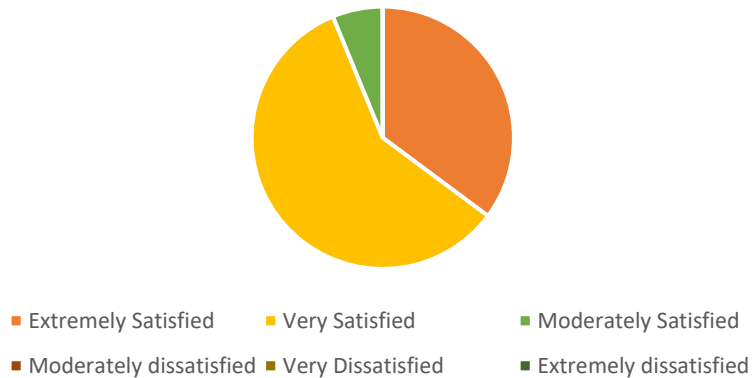
145 Responses



Extremely satisfied	51
Very satisfied	85
Moderately satisfied	9
Moderately dissatisfied	0
Very dissatisfied	0
Extremely dissatisfied	0

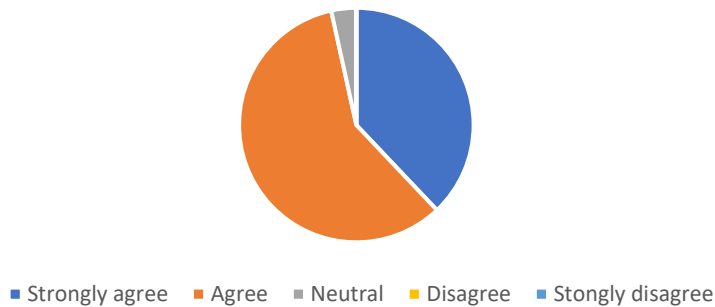
Are you satisfied with Site

145 Responses



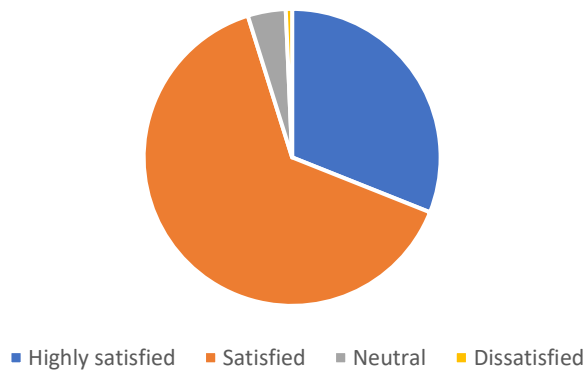
Strongly agree	55
Agree	85
Neutral	5
Disagree	0
Strongly disagree	0

The transactions which are processed online are accurate
145 Responses



Highly satisfied	45
Satisfied	93
Neutral	6
Dissatisfied	1

What is your satisfaction level?
145 Responses



CONCLUSION

The six elements of this study are: presentation and strategy; writing survey; sketch of banking sector; patterns and investors' impressions of online banking administrations; data analysis and translation; and, lastly, determination of the conclusions and recommendations. It offers Internet banking users and recipients a fresh viewpoint. Internet banking is very similar to traditional banking—with one important exception. Because you don't need to visit the bank to swap items, the consumer is happier. In general, you have access to your record whenever you want, not only when the bank is open, and from any location on the planet. Given the data above, it is logical to draw the conclusion that the Internet and innovation have significantly impacted the bank. According to the survey, more than 75% of Indians are satisfied with the services provided by Internet banking, however some groups require additional education in order to conduct online banking activities. We also learn that in India, those aged 25 to 35 make up more than 50% of those utilising Internet banking services. We also cannot ignore the fact that the banking industry is lagging behind in some areas due to the lack of education among the populace, which prevents them from effectively using or comprehending Internet banking, leading them to choose for non-Internet banking services. The bankers in India should run a training programme for those who want to comprehend and utilise Internet banking services in order to increase public awareness and usage.

RECOMMENDATION

The following suggestions have been made in light of the findings, and if they are put into practise, they will increase the effectiveness of the cashless system's aim.

- It's important to ensure that ATMs work properly. To ensure proper operation, certain banks should be in charge of a specific number of ATMs and should assign instructors or trainers to each machine.
- By eliminating fees for cashless transfers, promoting the opening of bank accounts, and facilitating debit and credit card transactions, the government should promote cashless transactions.
- Local merchants and traders can contribute significantly to the establishment of a cashless rural India if they are driven to encourage clients to embrace cashless methods. To do this, small business owners must be given incentives to conduct business without cash.
- Banks, educational institutions, and financial organisations should hold specialised training sessions and orientations to promote financial literacy, including familiarity with cashless transactions, in order to address the issue of illiteracy.
- The regulatory system must be properly followed, and the organisations that employ it need to have staff members who can recognise security-related flaws right away. These suggestions are all intended to inform customers about bank policies and help them use money more effectively..

REERENCES:

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- articles of Massilamany & Nadarajan(2017) ,
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- OBappaditya Mukhopadhyay Y (2016),
- Pardhasaradhi Madasu (2015), Miss K. Sumathi (2013),
- Muhammad Rana (2012), G Sivkrishna (2011),
- Berndt et al (2010), Darlington,
- L (1999) all the above gentleman mans have research and made there articles on the Internet banking there uses and the advantages and lacking areas.
- And all the articles are available on google and chrome.
- Retrieved information from https://www.accenture.com/gb-en/_acnmedia/PDF-78/Accenture-Banking-Technology-Vision-2018.pdf
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