

A STUDY ON CUSTOMER EXPERIENCE IN DIGITAL BANKING

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ABSTRACT

The digital revolution is changing the banking industry, and how banks create value and deliver services to their customers. Customer experience becomes the main pillars of digital transformed banks through self- service technologies(SSTs) and the use of artificial intelligence(AI), the research focus of this study is to explore the impact of those modern technologies when dealing with sensitive information and emotional encounters in the banking sector.

INTRODUCTION

Introduction of Banking Industry

A bank may be described as "accepting deposits from the public that can be repaid on demand and withdrawn by check, draft, or otherwise for the purpose of lending or investing."

The processing of monetary transactions, including lending and other forms of financial business, is a core function of the banking sector. Banks provide customers a secure location to keep their excess cash and account balances. They have checking accounts, savings accounts, and certificates of deposit available to customers. These deposits allow banks to provide credit to customers. Mortgages, personal loans, loans for businesses, loans for purchasing gold, and loans for automobiles are all included in this category of loans.

One of the most important components of any economy is its banking sector; generally speaking, the more robust this component is, the more robust the economy will be. Therefore, it is of the utmost significance to study this field in this century, which is focused on technology. (Dr. Viral Bhatt, Farana Kureshi, 2018). Utilizing new and emerging technologies has been a consistent theme across the banking industry's efforts to advance its operations. Because of the rapid development of this technology, banks have developed a variety of systems that enable them to carry out financial transactions in a straightforward and expedient manner. In a growing nation like India, where consumers have a wide variety of requirements and preferences, it is reasonable to expect banks and other

service providers to deliver high-quality assistance in a prompt and effective manner in order to live up to the customers' expectations.

Digital Banking & its Evolution

Digital banking began in 1980s. "Digital" became popular in the late 1980s. Digital banking among young people involves using terminals, keyboards, and TVs (or screens) to access the banking sector through telephone lines. The four major New York City banks—Citibank, Chase Manhattan, Chemical, and Makers Hanover—were the first to provide digital banking using a video text system in 1981. Digital services began. After that, videotext caught popular in France. UK-based Nottingham Building Society (NBS) launched the first digital home banking service in 1983. It uses the UK Prestel system and machines like the BBC Micro or Tandata. It connects to telephone and television networks. This function lets customers pay gas, electricity, phone, and other bank expenses. Stanford Federal Credit Union offered all members internet banking.

Digital banking is utilizing the Internet to distribute offshore financial services. These services may involve account creation and money transfers. Banks, who depend on customer approval, also want this. Online financial services have improved. Digital banking involves a bank building a website to educate clients about its numerous goods and services. At a higher level, this includes account access, remittances, semi-integrated additional processes, and other financial services like investments and insurance Dangerous. Customers benefit from this invention since they can bank without a teller. Internet banking offers tax payments, account access, digital stock trading, digital money transfers, and electronic bill payment.

Current scenario of Digital Banking

Indian banks include twelve public sector banks, twenty-two private sector banks, forty-four foreign banks, forty-three regional rural banks, one thousand four hundred eighty-four urban cooperative banks, ninety-six thousand rural cooperative banks, and ninety-four thousand cooperative credit institutions. As of September 2021, India has 213,145 ATMs, 47.5% of which were in rural and semi-urban areas.

- The RBI reported Rs. 116.8 lakh crore, or \$1.56 trillion USD, in bank credit on December 31, 2021.
- As of February 2022, non-food firms have Rs. 114.10 trillion (US\$1.53 trillion) in credit.
- All bank assets increased between FY18 and FY21. Banks worldwide had \$2.48 trillion in assets at the end of FY21.
- Public banking held \$1,602.65 billion in FY21, while private banking handled \$878.56 billion.

- The Reserve Bank of India (RBI) will create the Public Credit Registry (PCR), an open credit database. The Insolvency and Bankruptcy Code (Amendment Ordinance, 2017 Bill) is expected to strengthen the banking system. Microfinance equity investment rose 42% to Rs. 14,206 crore (US\$ 2.03 billion) in 2018-19.
- NPCI's UPI was the most used digital transaction platform until February. 452.75 crore trades totalled 8.27 lakh crore.
- The NPCI said that February had almost twice as many UPI transactions as the same month the year before. February 2021 had 229.2 billion UPI transactions worth 4.25 billion rupees. UPI monthly usage has nearly doubled over the last year.
- The NPCI reported 212 crore transactions in February for PhonePe, the most popular UPI app. Google Pay followed with 152.4 crore transactions.
- India has the most digital payment systems since 2019. In March 2021, ACI Worldwide reported that India had the highest real-time payments transactions at 2550 crore, followed by China (1570 crore) and South Korea (600 crore). 120 crore transactions placed the US eighth.

Objectives of the study

- The financial services sector contributes significantly to the overall economy of the nation. In this article, I intended to investigate whether electronic banking services had the potential to influence the expansion of the banking sector.
- People have a greater propensity to place their faith in public banks as opposed to private banks. This survey's objective is to determine which financial institutions provide their clientele with superior electronic banking services.
- The services offered by financial institutions are used by almost everyone. The first question that must be investigated is likely to concern the percentage of the population that makes use of electronic banking services. I was also curious about people's attitudes on using Digital banking services, so I conducted some research on that front.

LITERATURE REVIEW

Literature Review

The internet is the foundation of modern society. E-marketing has revolutionized the market and the minds of the consumers, since they may browse the internet to source information for anything they want, whenever they want. since a result, it is difficult for customers to remember their lives before the internet. This is because e-marketing has revolutionized the market and the minds of consumers. The motto of today's global marketplace is "the customer is not the king but they are the soul mate," and companies all around the globe have finally come to terms with this concept. (C. S. Shruthi, S. Sahayaselvi, 2015)

The reaction of a consumer after making use of a product or service has traditionally been seen as the traditional definition of customer experience. Repeat purchases are one way to gauge how satisfied a customer is with a company's products or services. When a consumer is satisfied with a product or service, there is a greater likelihood that they will purchase that product or service again. Researchers have been interested in the topic of customer experience in the banking business for several years now, and studies have been carried out on a variety of areas of banking services all over the globe. (Wan Nur Syafinas Jaafar, 2020)

The human capacity for seeing the world around them is underpinned by the social character of attitudes. It is an enduring framework that one's beliefs, feelings, and patterns of behavior tend to take on. The extension of measurement that is used to place respondents on a continuum is referred to as scaling. (Dr. A. S. LAKSHMIRANI, Ms.B.SHANMUGAPRIYA, 2021)

The components that make up an attitude are as follows: (a) a knowing or cognitive component, (b) a feeling and affect component, and (c) a behavioral and cognitive component. The attitude of the customer leads to a perceived risk reduction, which in turn develops confidence and has a significant impact on the user's readiness to participate in online exchanges of money and personally sensitive information, which ultimately results in the adoption of internet banking. In addition, the self-service channels that allow users to access banking services through public wireless Internet provide consumers more autonomy in terms of both the amount of time they spend and the ease with which they may do it. (Deepanjali Shrestha, 2020)

The happiness of one's customers is the single most crucial factor in the success of any form of commercial endeavor. A greater degree of customer experience with current consumers can aid in maintaining them as well as recruiting new clients to the business. The maintenance of existing customers and their contentment are absolutely necessary for the prosperity of any bank. A high level of customer experience is dependent on a number of different service aspects, including the training of workers and the handling of complaints. Core features and relational features are equally vital when bank management seeks to boost customer experience 23; but, when management focuses on client retention, core items become more important, including improved issue resolutions. According to Dr. Viral Bhatt and Ishan Harshadbhai Patel (2018).

Researchers investigate the elements that influence postgraduate students' use of digital banking services and come to the conclusion that some of those who do not utilize these services do so for reasons related to security, a lack of understanding, and difficulties caused by technology. The vast majority of consumers are quite satisfied with the level of convenience and quality provided by the service. (Dr. A. S. Lakshmirani, B. Shanmugapriya, 2021)

The findings of an investigation into the influence of consumers' perceptions of how interactive mobile commerce experiences are on consumer trust and their intentions to make purchases led the researchers to the conclusion that consumer trust does, in fact, play a substantial part in deciding consumers' intentions to make purchases. (Hiteshi Ajmera, Dr. Viral Bhatt, 2020)

In their paper, the researchers highlight the implications of demonetization on electronic banking services by using primary data. They come to the conclusion that, despite the initial hiccups and disruptions in the system, eventually this change will be well assimilated, and in the long run, it will prove beneficial for the economy. Those that hoard black money will almost certainly come out on the losing end, which will ultimately be beneficial to the legitimate economy in the long term. It's possible that those in the middle class may gain from the short-term drop in real estate prices. This action taken by the government, in conjunction with the introduction of a new currency

RESEARCH METHODOLOGY

Research Methodology

Doing research entails discovering something new or coming up with a solution to a problem that already exists. As a result of the quick changes in people's requirements, preferences, and anticipations, research day is becoming a more significant event in today's society. People have a constant need for novel experiences.

Research Objectives

- 1) To investigate the many varieties of digital banking services. What kinds of services do customers expect from their financial institutions? Through the research, even minute differences can be identified, which can lead to improved expansion in the banking sector.
- 2) To conduct research on the many aspects that influences the level of client experience with electronic banking services. Through the research, it will be possible to determine which factors have the greatest influence on the degree to which customers are satisfied.
- 3) To investigate the impact that a variety of demographic parameters have on the performance of electronic banking services. The demographic factors play a vital part in determining the degree of experience provided by electronic banking services.

Research Design

Research Design is described as the comprehensive blueprint of the study that contributes to the accomplishment of the research goals and choices linked to the research process and the data collecting techniques that are used. (Dr. Viral Bhatt, Dhawal. S. Jadhav, Dr. Keyur Nayak, 2021)

Data Collection

Sources of Data

Primary Data

Primary data are data that have been generated particularly for the purpose of a research project by the researcher conducting the study. The main data is often gathered via several forms of market research. The study questions

are asked in the form of a structured questionnaire, which is how the data is gathered. (Hiral Vora, Viral Bhatt, and Dhawal Jadhav, 2020). Because it is compiled firsthand by researchers for the purpose of a specific investigation, primary data, which also goes by the name raw data, possesses a unique set of qualities. To put it another way, this is the very first time a researcher has made use of it. There are a variety of approaches one may use to get primary data for study. The researchers invested effort into the development of the questionnaire. Your familiarity with digital banking services will be tested throughout the quiz. In order to accomplish the aforementioned goals, an empirical research was carried out to investigate the nature of the interaction between the various constructs. a well-organized questionnaire that takes into account the findings of prior research in this field. The questionnaire was divided into two sections when it was prepared. The first section of the survey collected data and information pertinent to the respondents' demographics, including age, educational qualification, occupation, monthly income, and so on. This was the first section of the survey. In the second part of this analysis, the important factors are investigated by means of a comprehensive literature study. (Dhawal S. Jadhav, Neha Upadhyay, Dr. Viral Bhatt, 2021)

Secondary data:

Secondary data, which were gathered for the research from business reports of the individual banks, data from the reserve bank of India, publications of the Indian Banks Association, magazines, magazines, papers, and other published material (Bindiya Baxi Chhaya, Dr. Viral Bhatt), form the basis of the investigation. The researcher also relied on secondary data in order to get further insight. The secondary data came from the following sources:

1. Journals
2. Articles
3. Websites

A VARIETY OF TOOLS AND TECHNIQUES

The following is a list of the instruments and methods that were used in the research: -

1. Microsoft Excel
2. The IBM SPSS version 25

The following is a list of the numerous statistical tools that may be found in SPSS: -

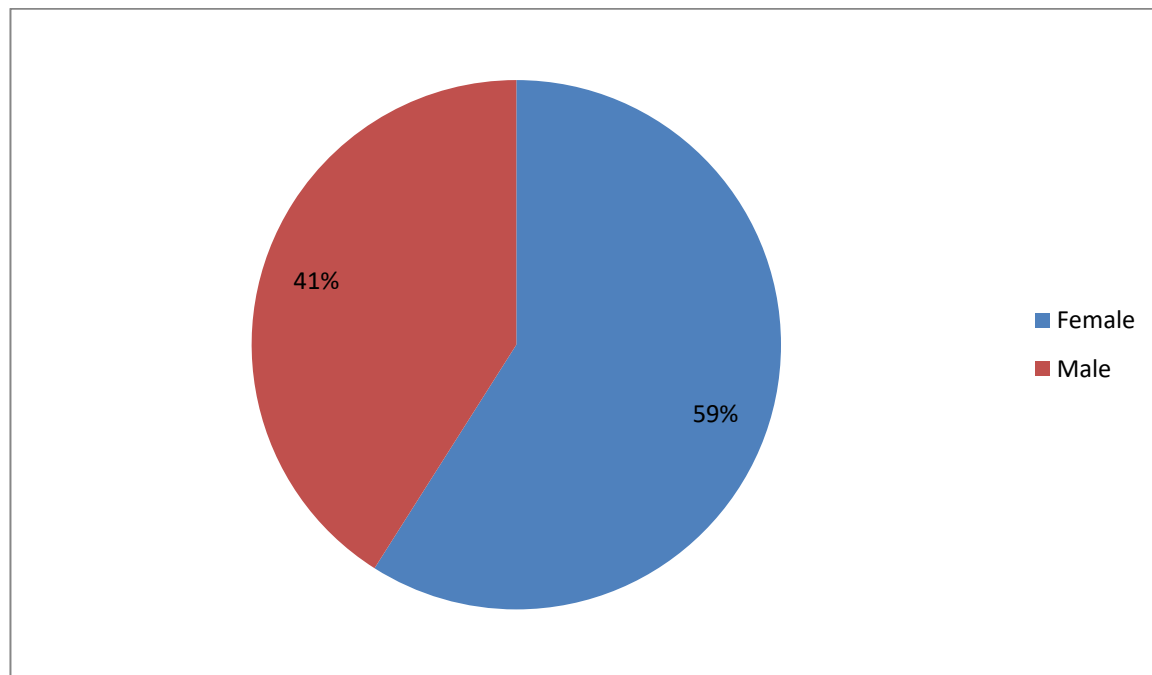
1. Crosstabs
2. Chi- square
3. Diagrammatic: Pie chart

DATA ANALYSIS

Data Analysis & Interpretation

1) Gender

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	177	59.0	59.0	59.0
	Male	123	41.0	41.0	100.0
	Total	300	100.0	100.0	

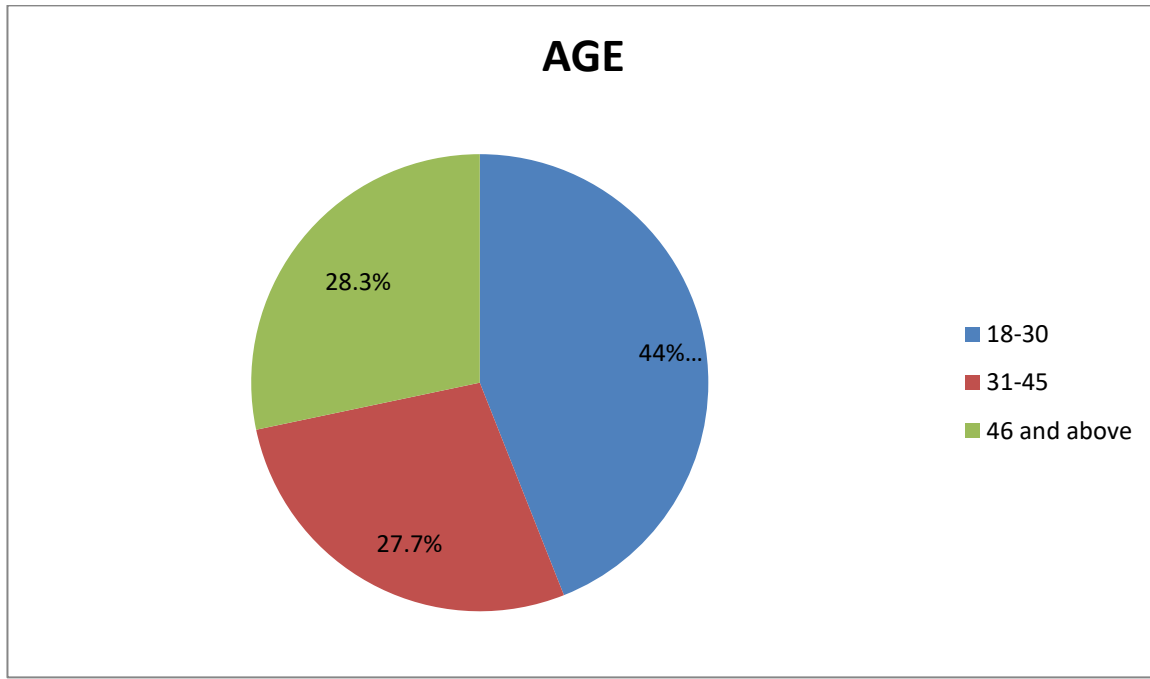


Interpretation

The above graph illustrates that out of the data gathered from 300 respondents, 177 respondents are male, accounting for 59% of the total, and the remaining 123 respondents, accounting for 41% of the total. It is clear from this data that the percentage of female respondents is much higher than that of male respondents. This is likely due to the fact that women are more likely to have a sense of social duty, which motivates them to utilize digital banking services.

2) Age

			AGE		
Frequency			Percent	Valid Percent	Cumulative Percent
Valid	18-30	132	44.0	44.0	44.0
	31-45	83	27.7	27.7	71.7
	46 and above	85	28.3	28.3	100.0
	Total	300	100.0	100.0	



Interpretation

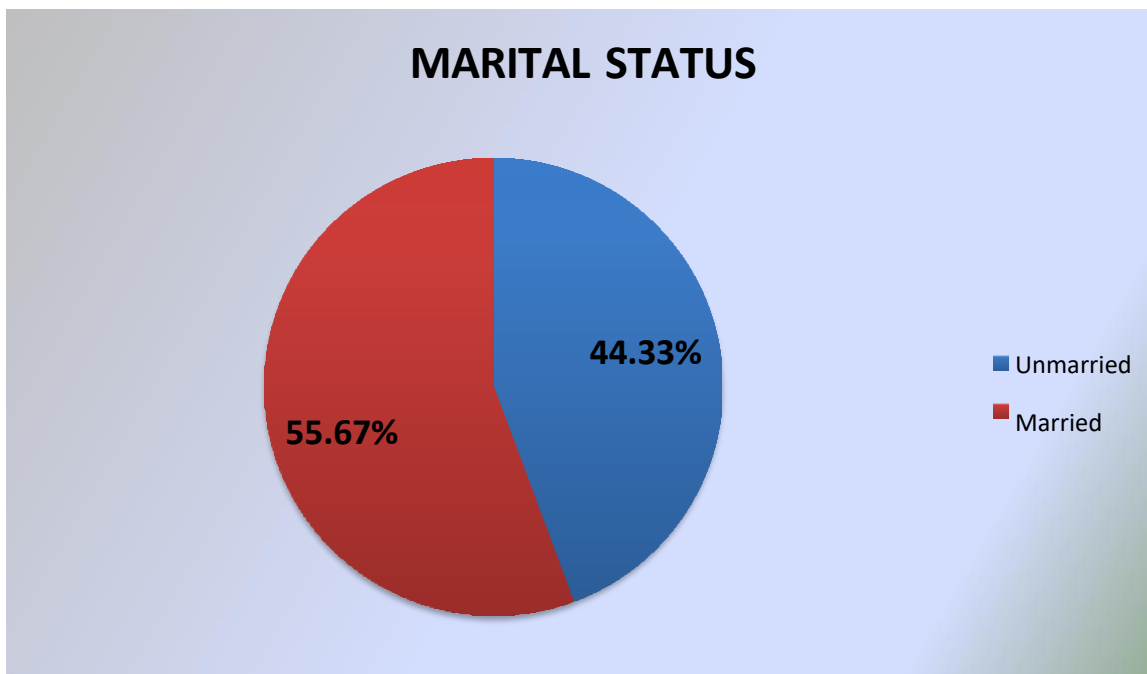
According to the chart that was just shown, out of the total of 300 respondents, 132 of them (or 44%) fall into the age range of 18-30, another 83 (or 27.7%) belong to the age range of 31-45, and the remaining 85 (or 28.3%) are from the 46 and above age group. From this, we may deduce that the vast majority of the responders fall somewhere between the age range of 18 to 30. We can make the generalization that younger people have a higher rate of digitalization adoption when compared to older age groups.

3) Marital Status

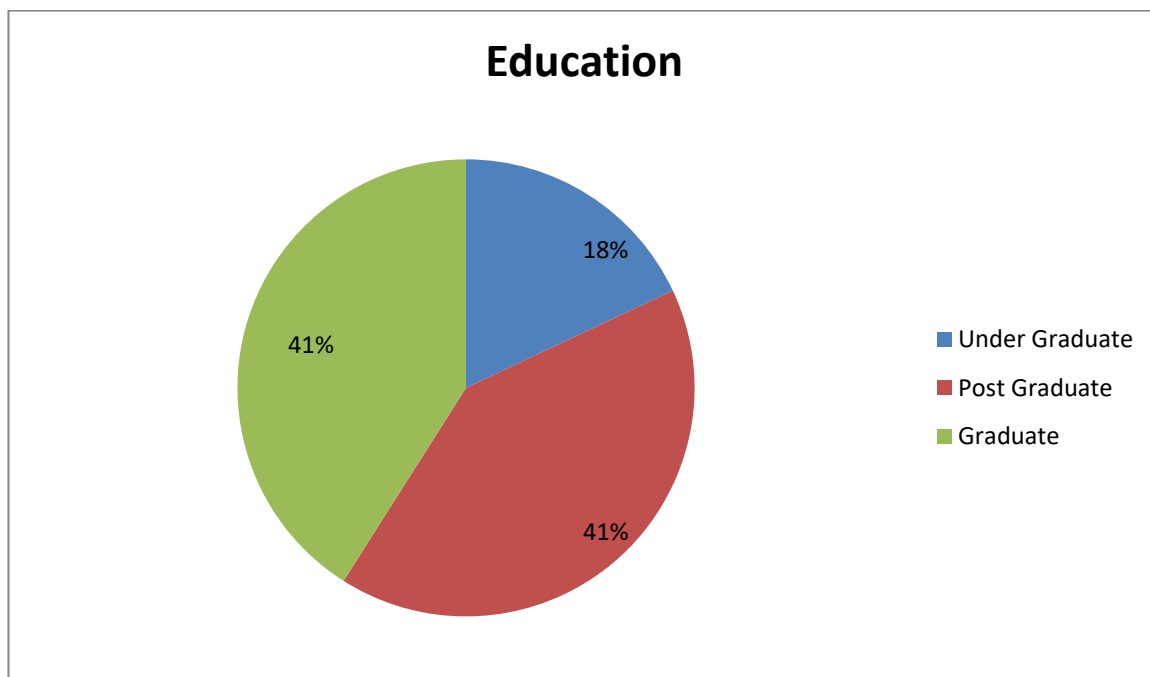
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	unmarried	133	44.3	44.3	44.3
	married	167	55.7	55.7	100.0
	Total	300	100.0	100.0	

Interpretation:-According to the data shown in the preceding graph, out of the total of 300 respondents, 133(44.3%) respondents do not have a marital status, while the remaining 167(55.7%) respondents do. People, who are married because they have greater financial responsibilities than their single counterparts, are increasing their use of digital banking services.

3) Education



Frequency			Percent	Valid Percent	Cumulative Percent
Valid	under graduate	54	18.0	18.0	18.0
	post graduate	123	41.0	41.0	59.0
	Graduate	123	41.0	41.0	100.0
	Total	300	100.0	100.0	

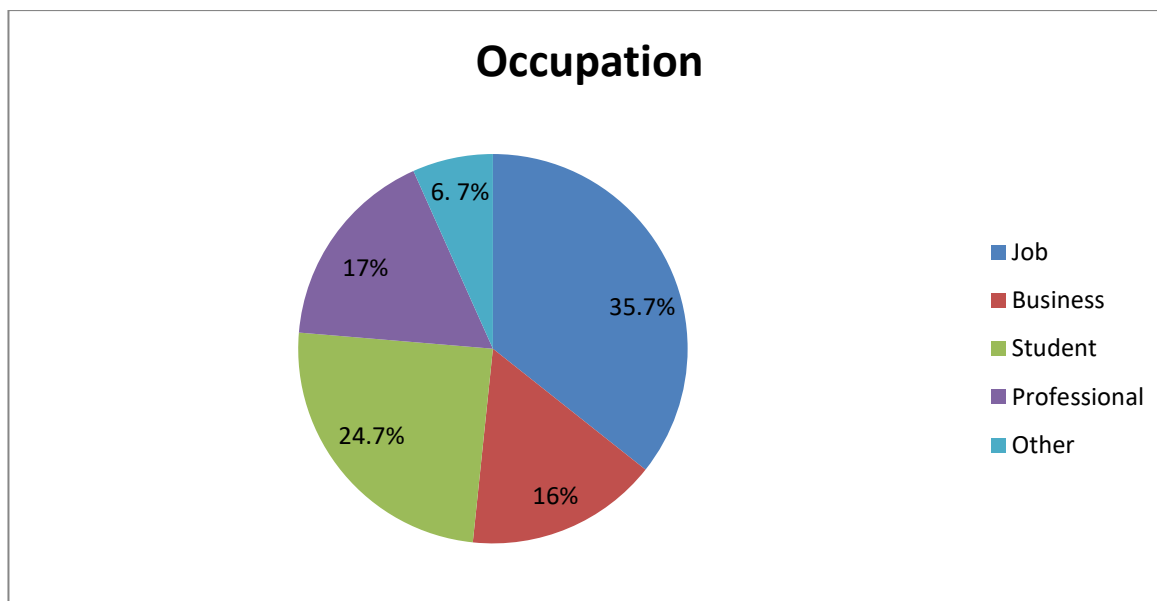


Interpretation

According to the information shown above, out of the total of 300 responses, 54 (18%) are undergraduate students and 123 (41%) are postgraduate students. Because education plays such an important part in adjusting to new developments, we have gathered this data from people who have completed their degrees as well as post-graduate work.

4) Occupation

Frequency			Percent	Valid Percent	Cumulative Percent
Valid	Job	107	35.7	35.7	35.7
	Business	48	16.0	16.0	51.7
	Student	74	24.7	24.7	76.3
	professional	51	17.0	17.0	93.3
	Other	20	6.7	6.7	100.0
	Total	300	100.0	100.0	



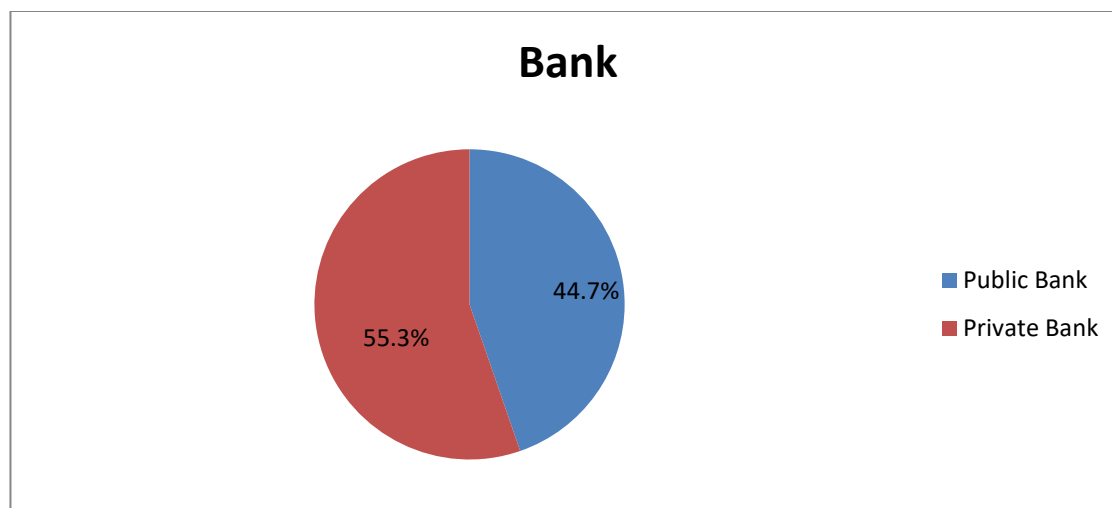
Interpretation

According to the chart that was just shown, out of the total of 300 respondents, 107 (35.7%) are employed, 48 (16%) respondents are running their own company, 74 (24.7%) respondents are students, 51 (17%) respondents are professionals, and the remaining 20 (6.7%) respondents fall into one of the other groups. It is clear from this

that the majority of respondents are employed, since they are the ones who make the most use of digital banking services compared to the other groups. The category of work being performed People have set schedules, which is why it is difficult for them to go to bank branches and complete transactions. On the other hand, businesspeople often have a greater number of transactions, which is why they prefer using digital banking services to traditional offline transactions.

5) In which bank do you have an account?

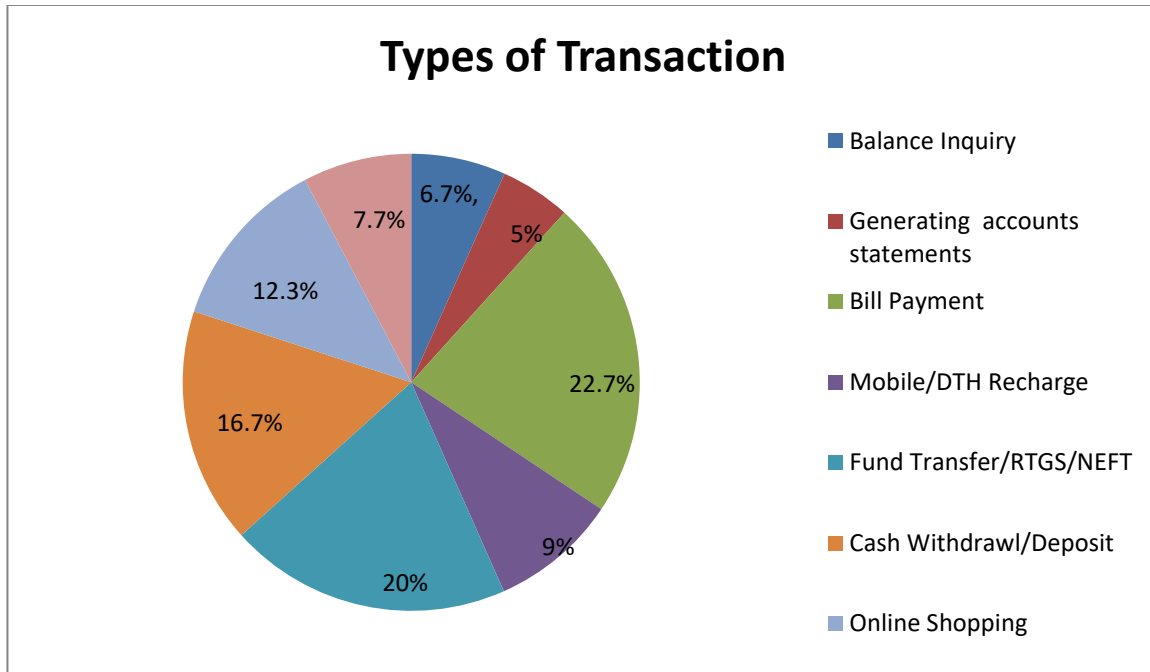
Frequency			Percent	Valid Percent	Cumulative Percent
Valid	public bank	134	44.7	44.7	44.7
	private bank	166	55.3	55.3	100.0
	Total	300	100.0	100.0	



Interpretation

According to the chart that was just shown, out of the total of 300 respondents, 134 (44.7% of respondents) have a bank account in a public bank, while the remaining 166 (55.3% of respondents) have bank accounts in private banks. It is clear from this information that the vast majority of respondents are customers of private financial institutions for their banking needs. **What types of transactions do you do through Digital banking?**

Frequency			Percent	Valid Percent	Cumulative Percent
Valid	balance inquiry	20	6.7	6.7	6.7
	generating account statement	15	5.0	5.0	11.7
	bill payment	68	22.7	22.7	34.3
	mobile / DTH recharge	27	9.0	9.0	43.3
	fund transfer / RTGS / NEFT	60	20.0	20.0	63.3
	cash Withdrawal / Deposit	50	16.7	16.7	80.0
	Online Shopping	37	12.3	12.3	92.3
	Online tax / payments	23	7.7	7.7	100.0
	Total	300	100.0	100.0	



Interpretation

Out of a total of 300 people surveyed, we can see that 20 (6.7%) use digital banking services to check their balance, 15 (5%) use them to generate account statements, 68 (22.7%) use them to pay their bills, 27 (9%) use them to top off their phones or televisions), 60 (20%) use them for fund transfer / RTGS / NEFT, 50 (16.7%) use them for cash withdrawal / deposit, and 37 (12.3%) use them for other financial transactions.

LIMITATIONS & FUTURE RESEARCH DIRECTIONS

Future Scope

In the future, researchers may choose to use some other theories or an expanded model that incorporates some new variables, and the model may be replicated in other domains. (2022, Darshil Shah and Dr. Viral Bhatt)

The results of this study may be used as a reference point by any researcher in the future, and they can serve as a springboard for further study in the field of electronic banking. There are certain things that can be made better, and there are also some new discoveries that can be produced.

Limitations

- Despite the fact that the survey covers a wide range of behavioral components of customers' experience with digital banking services, it does have a few shortcomings.
 - This is an intellectual endeavor, and as such, it is constrained in terms of both expense and time.
 - The city of Ahmedabad served as the location for the research project. It is probable that clients in various parts of the world have unique perspectives on the degree of happiness they get from using digital banking services.
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FINDINGS & CONCLUSIONS

Findings

- There were 300 responders in all, with 177 men representing 59% of the sample and 123 women representing 41%. It's clear that more women than men are using digital banking services nowadays because of the social obligation that comes along with doing so.
- Of the total 300 respondents, 132 (44%) are between the ages of 18 and 30, another 83 (27.7%) are between the ages of 31 and 45, and the remaining 85 (28.3%) are 46 and up.
- From the data shown above, we can infer that 167 (55.7%) of the 300 respondents are married while 133 (44.3%) are single.
- Only 54 (18%) of the 300 respondents are undergraduates, while 123 (41%) are graduate students.
- Among the 300 respondents, 107 are employed (35.7%), 48 own a business (16.0%), 74 are students (24.7%), 51 are professionals (17.0%), and the remaining 20 (6.7%) are in some other category.
- The monthly family income of 86 respondents (28.7%) is between \$0 and \$25,000, that of 82 (27.3%) is between \$25,000 and \$50,000, that of 104 (37.7%) is between \$50,000 and \$100,000, and that of the remaining 28 (9.3%) is above \$100,000. There were 300 respondents.
- Among the total sample size of 300 people, 134 (44.7%) have bank accounts at public banks and the remaining 166 (55.3%) have bank accounts at private banks.
- There were 300 respondents, with 20 (6.7%) using digital banking for checking their balance, 15 (5%) for creating account statements, 68 (22.7%) for paying bills, 27 (9%) for mobile/DTH recharge, 60 (20%) for fund transfer/RTGS/NEFT, 50 (16.7%) for cash withdrawal/deposit, 37 (12.3%) for online shopping, and the remaining 2 using digital banking for something else entirely.

Conclusion

In order to explore the characteristics that contribute to client experience with electronic banking services, we looked at eight distinct areas. This study takes into account a variety of different factors, including accessibility, support, and competency, in addition to specialized aspects like connection and security. The study has also made a contribution to different demographics, in which it was sought to understand the various demographic disparities in the behaviour of consumers who use electronic banking. According to the concept, the provision of high-quality services should take precedence, and the provision of support to consumers by financial institutions at any time they find it necessary will make them happy.

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