

# Study of Online Banking in India

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## ABSTRACT

The digital revolution has significantly transformed the financial services sector, with online banking emerging as a crucial mode of banking in recent years. In India, the adoption of online banking has been propelled by increased internet penetration, smartphone usage, and government initiatives aimed at promoting digital transactions, such as the Digital India campaign. As financial institutions continue to expand their digital offerings, understanding the usage patterns and perceptions of diverse user groups becomes increasingly important.

## INTRODUCTION

This study investigates the adoption and utilization of online banking services in India, focusing on a broad and diverse demographic. The research includes participants across different age groups, genders, geographical locations (urban and rural), and occupational categories. By examining these varied demographic factors, the study aims to uncover the key determinants that influence the acceptance and use of online banking, as well as the challenges and concerns faced by different population segments.

The findings of this study are expected to provide valuable insights into the digital banking behavior of Indian consumers and contribute to the broader academic discourse on financial inclusion, digital literacy, and user-centric banking innovations in emerging economies.

We have used quantitative research study using a descriptive research design as a research method. The study aims to describe the characteristics of a population (online banking users in India) and their opinions, behaviors, and satisfaction related to online banking services. The use of surveys and the presentation of data in percentages and frequencies suggest a quantitative approach.

The absence of any references to external reports, statistical databases, academic papers, or organizational records further supports the conclusion that the data is primary data. Using of google Forms for our survey also reinforces the idea that this is data freshly collected via a direct survey.

Therefore, I have directly interacted with the target population of online banking users (or potential users) in India to gather their specific insights and feedback, making the data generated in this study unequivocally primary.

## Objective of study

1. To examine the level of awareness and adoption of online banking services among different age groups, genders, occupational backgrounds, and geographic locations (urban and rural).
2. To investigate the factors influencing the use of online banking, such as convenience, security, digital literacy, trust in technology, and accessibility.
3. To assess user satisfaction and overall experience with online banking services, with an emphasis on the differences across age, gender, occupation, and location.

## **Literature Review**

Dr. Abha Chandra, (July 2010), has carried out a research on “analytical research on Indian online banking and users’ privacy”, Global Journal of Enterprise Information System, vol.2 issue.1.

An empirical study is conducted to evaluate the existence and format of privacy policies of different banks of India in conducting online banking through their websites. The objective of this paper is to throw some light on the study, methodology, and its results.

The websites disclose personal information of the users to Third Parties, which may or may not have their own privacy policies, is to be counted as one of the reasons for the same.

This study also finds that no Universal Standard format for a Privacy Policy has been designed and declared for banks in India yet. It will be very helpful for net banking consumers if there is an authority to monitor and control the proper format and Points included in the privacy policy for banks.

Connel Fullenkamp and Saleh M. Nsouli, (February 2004), have carried out a research on “six puzzles in electronic money and banking, credit and banking”, IMF Institute, vol. 34, pp 112-123.

This paper presents a set of questions or puzzles whose answers will give a complete picture of electronic money and its impact on the economy. It focuses on six basic puzzles; these puzzles tend to build on each other. And will help us in understanding the concept of online-banking.

Ansari, Seharish J. & Khan, Nisar A. (2017) have tried to analyze the progress and challenges of e-banking in India from 2011 to 2016, also throwing some light on the status of retail electronic payments in the post-demonetization period. Their study shows that the number of internet users has increased from 2,231,957,359 to 3,424,971,237 in 2016, which is around 53.45% increase during the period. Also, the penetration of internet as a ratio of population has increased from 31.8 % in 2011 to 46.1% in 2016. There has been a continuous increase in the number of debit card and credit card users. The number of transactions through credit card increased at a CAGR of 22.25% whereas the number of transactions through debit cards increased at a CAGR of 12.33% during the period of study. Post demonetisation i.e., from November 2016 to May 2017, RTGS (real time gross settlement), NEFT (national electronic fund transfer) and UPI (unified payments interface) increased at a CAGR of 4.72%, 1.95% and 60.50% respectively. Mobile banking declined continuously. Their study also mentions the challenge of increasing number of internet users and the requirement of banks to be able to meet out the expectations of these tech savvy people.

## **Research Methodology**

The sample size for this research is 70 unique responses. This number represents the total count of individuals who participated in the survey and provided their input on various aspects of online banking services.

The primary tool used for data collection in this research was a structured questionnaire, likely administered through an online survey platform. This conclusion is drawn from the consistent format of the data presentation, which includes specific questions, predefined response options, and graphical representations of the collected data.

## **RESULTS AND DISCUSSION**

### **4.1. Descriptive Analysis**

This report undertakes a meticulous data analysis and interpretation of a survey focusing on user perceptions and interactions with online banking platforms. Comprising responses from 70 participants, the survey explores a broad spectrum of user characteristics and experiences, encompassing demographics such as age, gender, and occupation, alongside their adoption rates, frequency of use, and preferred online banking services. Crucially, the

survey delves into subjective aspects like user satisfaction with platform ease of use, security expectations and practices, and the fundamental motivations driving online banking adoption. Through this comprehensive examination, the report aims to distill actionable insights into the contemporary landscape of digital banking.

The analytical insights derived from this survey data are of paramount significance for a multitude of stakeholders within the financial technology ecosystem. For commercial banks and financial service providers, understanding the dominant age groups utilizing online banking (e.g., 50% falling in the 46-60 age bracket and 17.1% in the 18-25 bracket) and the nearly equal gender distribution (58.6% Male, 41.4% Female) allows for targeted product development and marketing campaigns. The overwhelming 95.7% adoption rate of online banking services and the high frequency of daily usage (62.9%) underscore the critical importance of robust and reliable online platforms.

Furthermore, the data explicitly highlights user priorities regarding security measures, with "Two-Factor Authentication" and "End-to-End Encryption" being highly expected or important. This directly informs financial institutions on critical areas for investment in cybersecurity infrastructure and user education. The revelation that "Convenience" (58.6%)

and "Speed of transactions" (30%) are the primary reasons for using online banking provides a clear mandate for optimizing user interfaces and transaction processing times. Similarly, the identification of popular services like "Fund transfers" (72.9%) and "Bill Payments" (62.9%) guides development efforts towards enhancing these core functionalities.

Insights into user satisfaction with ease of use (50% "Satisfied", 44.3% "Very Satisfied"), coupled with suggestions for "More intuitive and user-friendly interfaces" and "Enhanced security features", offer a direct feedback loop for continuous improvement and innovation. Moreover, understanding how users perceive security (65.7% "Secure", 20% "Very Secure") and the measures they take for secure online banking, such as using "Strong Passwords" (35.7%) and "Two-factor authentication" (47.1%), can inform public awareness campaigns on digital safety. In essence, this detailed data analysis serves as an invaluable resource for strategic decision-making, enabling financial institutions to cultivate more secure, efficient, and user-centric online banking experiences that align with contemporary consumer demands and expectations.

## CONCLUSION

Online banking study in India concludes financial digital services have particular acceptance and integration into the daily lives of users or consumers special in urban areas with the percentage of 95.7% of people actively using online banking platform and services.

The research reflects the impact of increasing in digital form, smartphones invasion, and also government initiatives programs such as Digital India Jan Dhan Yojana. Among the all surfaces, fun transfer and bill payments users actively dominate or use it, indicating that Indian citizens have become comfortable with using digital platforms and their tools for routine financial work of daily lives. Further, the major majority people, respondent use online banking services daily on an average of 62.9% and show high level of comfort and satisfaction with both the use of platform and security feature offered by banking applications. This shows that banks have successfully constructed and usability into their platforms. The emphasis placed by users on features like two factor, authentication and codes like end-to-end encryptions also user demand for strong and advance transparent security system.

Moreover, the research shows or reveal areas needing attention like apps faces technical issues or crashes and slows down. The processing time are common complaints showing that reliability and app performance must remain key priority for services provider and additionally urban adoption is high and ruler participation is still slow, pointing towards on Digital divide which must be addressed for overall growth of economy.

In summary, while digital banking in India has gained magnificent transactions and continuous investment in user education, infrastructure, rural, out of reach and security is essential for sustainable or overall digital financial services and inclusion.

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