



BANKING IN DIGITAL AGE: A STUDY ON ONLINE BANKING SERVICES

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ABSTRACT

Internet banking, often referred to as online, virtual, or e-banking, allows clients of banks and other financial institutions to perform several financial transactions via the financial institution's website. With the use of a mobile device, such as a phone or tablet, mobile banking is a service offered by banks and other financial institutions that enables its clients to do various financial activities remotely. It makes use of software – sometimes called an app – that banks and other financial institutions provide for this purpose. This research article aims to provide a thorough exploration of the online banking services. Focusing on the evolution from traditional banking to digital platforms, the study examines the impact of online banking on customer behavior, challenges faced by them in form of security concerns and opportunities over traditional banking. The findings contribute to the ongoing discourse on the digital transformation of financial services and its implications for the broader economy.

KEYWORDS: Internet Banking, Mobile Banking, online banking services, customer behavior, security concerns.

1. INTRODUCTION

The financial industry is buzzing with activity. It is nearly hard to avoid embracing a digital environment due to evolving client expectations and technological advancements. Working methods now need to incorporate modern solutions, yet problems still need to be solved. Digital technology adoption entails intricate procedures that need for a systematic approach, particularly in the banking industry where large sums of money and considerable risk are involved. But given how the economy is always shifting, the introduction of digital technology has been nothing but beneficial to the banking sector. The global market for digital banking platforms is anticipated to rise at a compound annual growth rate (CAGR) of 11.3% from USD 8.2 billion in 2021 to USD 13.9 billion in 2026, according to a study published by MarketsAndMarkets. There are several reasons for this increase in demand, such as the expanding adoption of digital payments and mobile banking, the need for affordable and efficient banking solutions, and a rising need for personalised banking services.

2. RESEARCH PROBLEM

As the world becomes more and more digitally connected, it is imperative that banks, regulators, lawmakers, and consumers comprehend the subtleties of online banking services. This research may give insight into the shifting needs and preferences of customers through a detailed examination of the dynamics of online banking. This will enable banks to better tailor their services and preserve their competitive advantage in a rapidly evolving industry.

3. REVIEW OF LITERATURE

Digital technology has revolutionized the Indian banking industry, offering innovative products and services, and fostering local and global opportunities. (Sardana, V., & Singhania, S, 2018)

Digital banking is preferred by customers due to its convenience, ubiquitous nature, and instant fund transfer, making it a viable tool for creating customer value in the banking industry (Pavithra, C., 2021)



The study proposes a method to assess the degree of digitalization in banks by analyzing automation, online services, speed, availability, and the range of digital technologies used.(Kirillova et al, 2021)

Digital banking services have transformed the way users manage their financial needs, providing immense benefits and transforming the banking sector. (Gupta, A, 2020)

Digital banking is popular in India, with 83.3 percent of users aged 30 and above using it, but financial illiteracy, technology use, and security measures need improvement for widespread adoption. (Paranjpye, R, 2020)

Digitalization of the banking sector has both positive and negative impacts on banks, with fintech companies becoming main competitors and the pandemic influencing customer choices.(Akymenko, N., & Mamontenko, N.,2021)

In Saurashtra, 35% of young people are fully aware of digital banking, with bank app, debit card, and mobile banking adoption being more prevalent than other services (Bharada, R, 2018)

Internet banking is increasingly popular among customers, offering lower costs, increased control, and transforming the traditional banking system. (Herasym, K., & Marych, M., 2021)

Bank customers adopt digital services first for information-based services, then for transactional services, with diversified use based on awareness of available services and perceived safety.(Carbó-Valverde et al.,2018)

4. RESEARCH OBJECTIVES

- (i) To find out the digital banking usage from survey done by Statista in the year 2020.
- (ii) To examine the elements that affect customer adoption and usage patterns of online banking services, such as technological proficiency, perceived advantages, security and privacy concerns, and demographics.

5. RESEARCH HYPOTHESIS

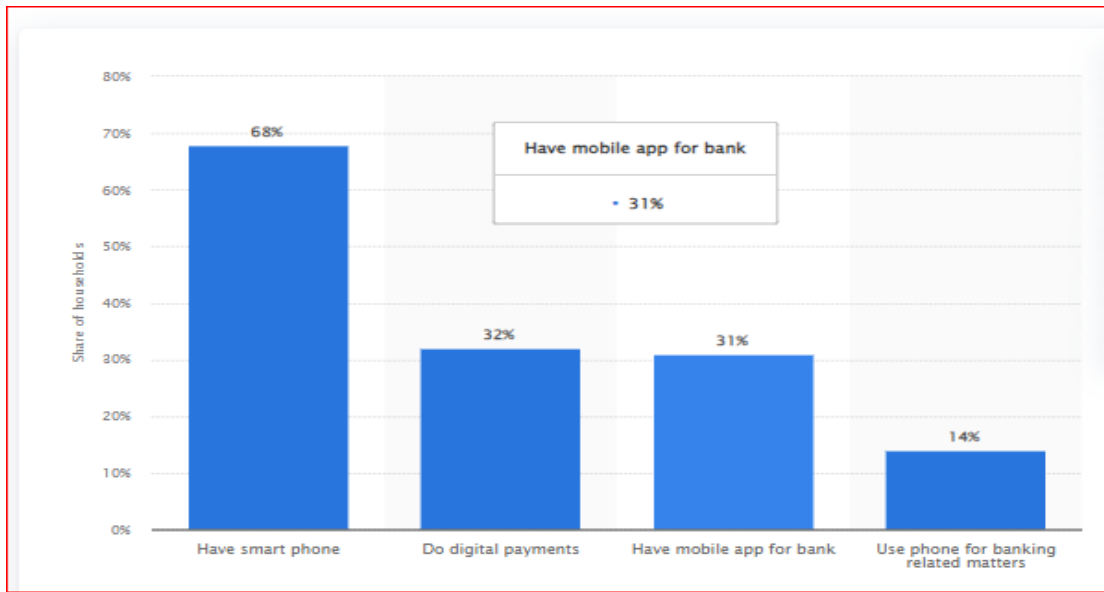
- (i) H1a: There is significant difference between male and female regarding usage of online banking services.
- (ii) H1b: There exists a positive relation between security measure and user trust in (using online banking platforms)

6. RESEARCH METHODOLOGY

This article uses primary data as well as secondary data. Secondary data is used from sources like Statista and some literature reviews to find the digital banking usage. The primary data is collected using convenience sampling method from 130 respondents using structured questionnaire. The collected data is analysed using frequency and percentage analysis, t test and correlation.

7. DATA ANALYSIS AND DISCUSSION

- 1. Digital banking usage



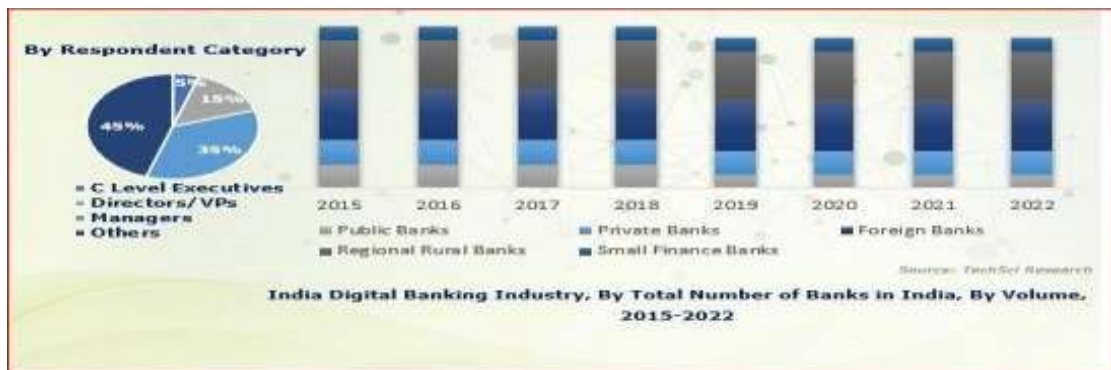
Source: Statista

Region India Survey time 2020

Number of respondents 5,314 households, Special properties across 25 states

The survey covered households over 25 states with person "mostly doing banking and payment related work for the household".

7.2 Digital banking industry in India 2015-2022



Source: TechSci Research



7.3 Demographic profile of the Respondents

Demographic Variables	Categories	Frequencies	Percentages
Gender	Male	63	48%
	Female	67	52%
	Total	130	100%
Age Group (in years)	15-24	53	41%
	25-34	33	25%
	35-44	25	19%
	45-54	14	11%
	55 and above	5	4%
	Total	130	100%
Preference of Digital Banking	Always	46	35%
	Often	37	28%
	Sometimes	27	21%
	Rare	16	12%
	Never	4	3%
	Total	130	100%
Digital Banking Devices	PC/Laptop	23	18%
	Smartphones	62	48%
	Both equally	45	35%
	Total	130	100%
Satisfaction Level	Highly Satisfied	44	34%
	Satisfied	73	56%
	Neutral	13	10%
	Total	130	100%

7.4 t test for finding significant difference between male and female regarding usage of online banking services.

	Male	Female
Sample size	63	67
Sample Mean	3.46	3.56
Sample SD	0.56	0.49

$$df = 128$$

p value for the above sample mean, sample SD, sample size is 0.2799 which is greater than 0.05 at 5% significance level and hence null hypothesis cannot be rejected.

There is no significant difference between male and female regarding usage of online banking services.

7.5 Correlation between security measure and user trust in (using online banking platforms)

	Security measure	User trust
Security measure	1	
User trust	0.697853	1

The p value for correlation coefficient $r = 0.70$ is 0.00001 which is less than 0.05 at 5% level of significance and hence the result is significant, null hypothesis is rejected and it is concluded that there is a significant correlation between security measure and user trust in (using online banking platforms)

8. FINDINGS

Following are the findings from the data analysis and interpretation.

- i) From the secondary data it can be concluded that the usage of digital banking in India is quite



satisfactory.

- ii) 48% male and 52% female have participated in survey.
- iii) There is no significant difference between male and female regarding usage of online banking services.
- iv) There is a significant correlation between security measure and user trust in (using online banking platforms)

9. LIMITATIONS

This research study is limited to respondents of certain part of Bangalore city as data is collected using convenience sampling and hence the findings cannot be generalized.

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