



CUSTOMER EXPERIENCE IN DIGITAL BANKING SERVICES WITH SPECIAL REFERENCE TO RURAL AREAS IN RANGA REDDY REGION

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ABSTRACT

This article delves into the nuanced landscape of customer experience within the realm of digital banking, with a distinctive focus on rural areas. As technology continues to reshape the financial landscape, understanding the unique challenges and opportunities faced by customers in rural settings becomes imperative. This abstract explores the dynamics of digital banking in these regions, aiming to uncover insights that can guide policymakers, financial institutions, and technologists in enhancing the overall customer experience.

KEYWORDS: Digitisation, Virtual Banking, Internet Banking, Rural Banking, Rural Consumers.

INTRODUCTION

With the introduction of digital platforms, the banking services environment has experienced a significant transition in an era characterised by unparalleled technological developments. The client experience in rural areas is a critical aspect of this transformation that has not received enough attention, despite the fact that metropolitan areas have embraced the convenience of digital banking. This study explores the complex world of digital banking services, paying particular attention to the rural areas of the Ranga Reddy Region. The complex interactions among technology, financial inclusion, and consumer satisfaction make it necessary to analyze the opportunities and problems that these rural environments bring. The goal of this research is to uncover insights that can guide strategies for improving customer experiences and fostering financial inclusiveness in the heart of Ranga Reddy's rural communities by illuminating the unique nuances of digital banking adoption and utilisation in rural contexts.

- Make sure that digital banking services are easily available in remote locations, taking into account things like device compatibility, internet connectivity, and user-friendly interfaces.
- Take steps to improve financial literacy in rural areas so that clients may better comprehend and make use of digital banking services.
- Invest in enhancing rural areas' digital infrastructure to give consumers a dependable and smooth banking experience.

LITERATURE REVIEW

According to **Amudhan, Banerjee, and Poornima (2022)**, switching from traditional to online banking is a crucial part of the digital transformation process. The way banks and other financial institutions obtain information about client involvement and how to best serve their needs is undergoing a noticeable shift. Every industry and business approach the process of embracing digital transformation—which entails integrating digital technology into every aspect of their operations—in a different way.

According to **Vivekanantham & Mekala (2021)**, the Indian economy is heavily reliant on rural areas. As a result, rural bankers are more concerned with serving their rural clientele. With the crucial aid of information and communication technology (ICT), bankers are carefully growing their online services in this era of information and communication, especially in remote expectations of their customers, and bankers are dedicated to branch locations.

According to **Ravi (2018)**, the idea of online banking has gained acceptance over time. Since online banking benefits both banks and clients, the majority of Indian banks have already adopted and implemented its services. While there are many banks that are dealing with problems and difficulties, there are also a lot of opportunities. Numerous financial innovations have occurred, including RTGS, ATMs, credit cards, debit cards, mobile banking, and more

Vinayagamorthy & Ganesan (2015) stated that digital banking is on the rise. Looking at it as another channel of banking,



the modest are its benefits and convenience it provides. However, it integration with other channels, it become a strong tool that improves the satisfaction level of customers as well as increases the opportunity of cross-selling. At the same time, the banking system must keep in mind that all digital channels of banking include internet connections along with its shortfalls that can create critical situations.

According to **Ramrakhiani & Gupta (2021)**, the introduction and execution of digitalization of the financial system can close the investment gap between rural and urban areas since it stimulates a higher level of investment activity. The system's digitization aids in keeping track of client and banker transactions, which may be readily accessed when needed.

In **2020**, **Dr. Ajay Kumar Mishra Banks** are significantly impacted by the needs and tastes of their customers. The population has increased, and so has the demand for banking services. Customers are influenced by a multitude of factors, such as competitiveness, effectiveness, efficiency, speed, and level of service satisfaction.

DHANRAJ et al. (2023), **NASA Technology** has revolutionised banking and added a new facet to the financial sector. Because it's convenient and flexible, online banking has become more and more popular. For rural consumers, this idea and technology are very new; the majority have only used it in the last year.

Subrahmanyam, N., and others (2021), The banking industry has undergone tremendous change in recent years, with digital banking becoming increasingly popular as more and more people want to conduct basic financial transactions online. Digital banking offers more ease to banks and customers alike.

ESHETE & SISAY (2021), Digital banking via phone, internet, and mobile devices is becoming more and more important for banks' service marketing due to the increase in the use of digital devices and the rising demand for financial services from customers. The changing nature of the banking sector means that banks can no longer survive only on branch sales.

Dr. K. Kanniammal and K. Geetha (2019), The development of finance has been a major driver of economic expansion, especially in developing countries with little resources like India. To end poverty and promote inclusive economic growth in the country, it is essential that the poor have access to financial services

OBJECTIVES OF STUDY

- To study the impact of demographic factors affecting digital banking services provided by banks in rural areas.
- To analyze the factors influencing the hindrance of digital banking services in rural areas.
- To give suggestions, if possible, based on the study taken up.

RESEARCH METHODOLOGY

The "Customer Experience in Digital Banking Services with Special Reference to Rural Areas" research methodology employs a methodical approach to data collection, analysis, and interpretation. With an emphasis on the whole customer experience, this study attempts to investigate the special opportunities and problems associated with providing digital banking services to rural consumers. The technique will include quantitative analysis of pertinent indicators along with methods of data collection such as surveys, interviews, and observation. Furthermore, a comparison study comparing digital banking experiences in urban and rural areas will be carried out to derive significant conclusions and suggestions for raising customer satisfaction in rural areas.

HYPOTHESIS

- H0 (1): There is no significant impact of Demographic factors of customer's digital banking service utilization in rural areas.
- H0(2): There is no significant impact of Customization of digital banking services in utilizing banking services in rural areas.
- H0(3): There is no significant impact of Infrastructure facility's availability in utilizing digital banking facilities in rural areas.

Cronbach Alpha

Variables	Numbers of Items	Cronbach Alpha
Core Banking	6	.861
Infrastructure	6	.893
Customization	8	.917
Digital Banking	6	.880
Economics Development	9	.937

(Table -1: Reliability Analysis of Variables)

The reliability or internal consistency of the scales used to measure various variables is indicated by the Cronbach's Alpha values. Greater values within those variables, like Customization's.917 and Economic Development's.937, indicate

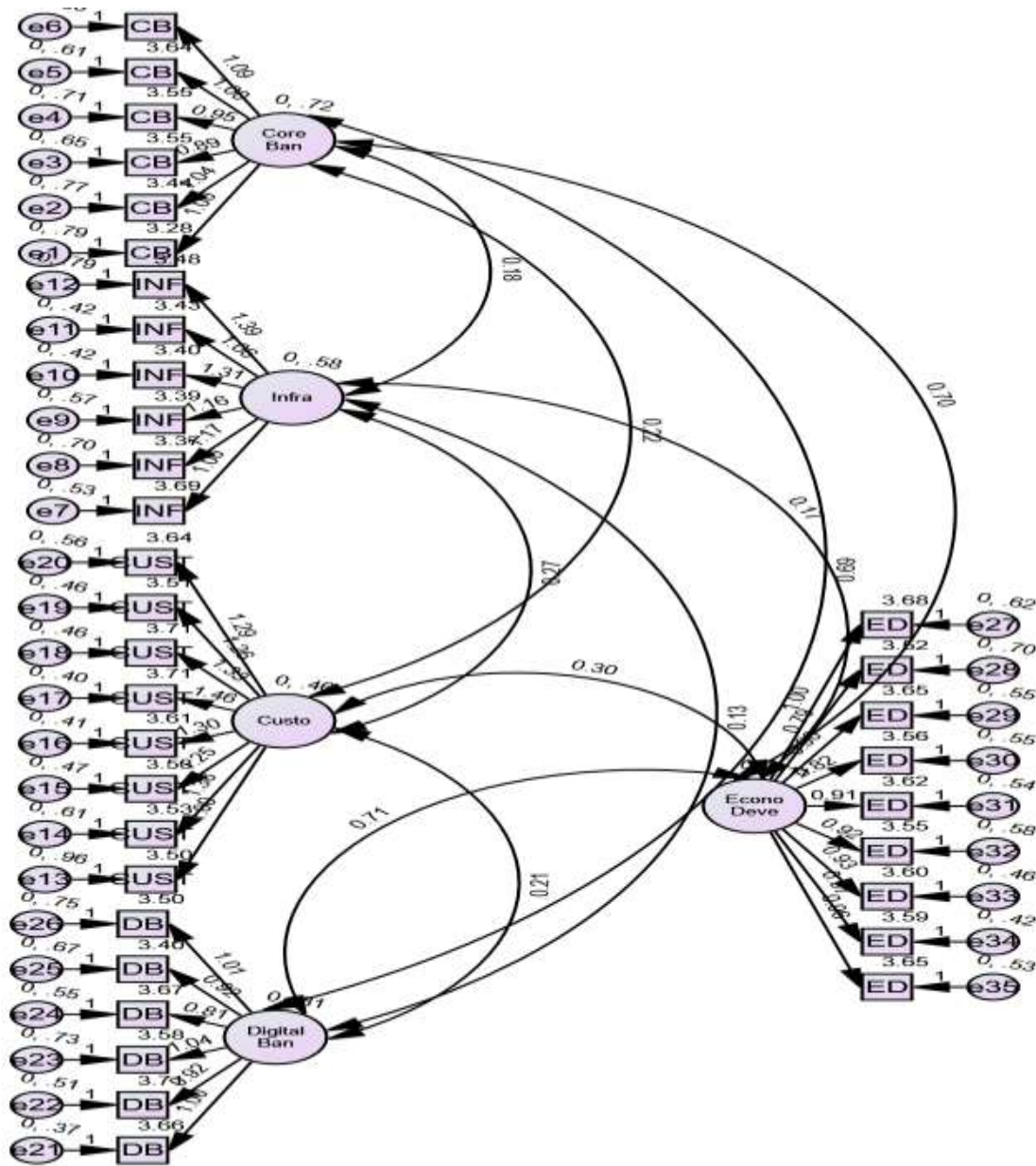
higher internal consistency between the items. Reliable scales for Core Banking, Infrastructure, Digital Banking, Customisation, and Economic Development are generally regarded as values greater than 7.



Confirmatory Factor Analysis

Fit Indices	Recommended	Observed
CMIN	Greater than 5 Terrible, Greater than 3 Acceptable, Greater than 1 Excellent	1.747
CFI	Less than 0.90 Terrible, Less than 0.95 Acceptable, Greater than 0.95 Excellent	.944
TLI	Greater than 0.9	.921
PNFI	Greater than 0.5	.616
RMSEA	Greater than 0.08 Terrible, Greater than 0.06 Acceptable, Greater than 0.05 Excellent	.078

Structural Equation Model: Path Diagram1





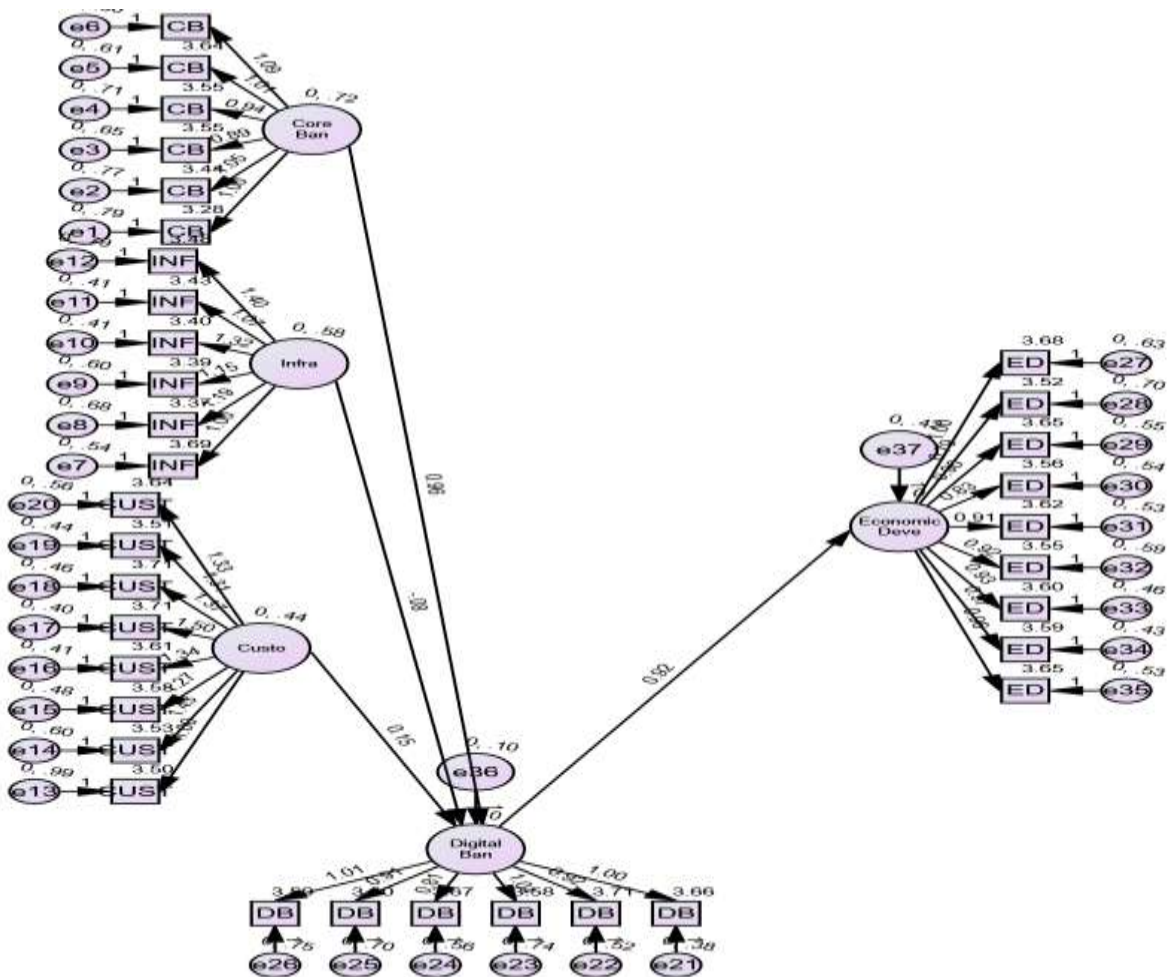
The appropriateness of the suggested model in fitting the observed data is evaluated using the Confirmatory Factor Analysis (CFA) fit indices. Tucker-Lewis Index (TLI) at .921 and Comparative Fit Index (CFI) at .944 are also near suggested thresholds. These numbers point to a reasonably good fit between the model and the data, suggesting that the model explains the observed correlations between the variables. But the Parsimony Normed Fit Index (PNFI) is less than the suggested cutoff of 0.5,

indicating possible problems with the model's complexity. With an RMSEA = .078, the Root Mean Square Error of Approximation is the goal of this research is to uncover insights that can guide strategies for improving customer experiences and fostering financial inclusiveness in the heart of Ranga Reddy's rural communities by illuminating the unique nuances of digital banking adoption and utilisation in rural contexts.

Structure Equation Model

Fit Indices	Recommended	Observed
CMIN	Greater than 5 Terrible, Greater than 3 Acceptable, Greater than 1 Excellent	1.820
CFI	Less than 0.90 Terrible, less than 0.95 Acceptable, Greater than 0.95 Excellent	.927
TLI	Greater than 0.9	.903
PNFI	Greater than 0.5	.608
RMSEA	Greater than 0.08 Terrible, Greater than 0.06 Acceptable, Greater than 0.05 Excellent	.077

Structural Equation Model: Path Diagram2





The fit indices of the structural equation model are crucial in determining how well the model fits the observed data. For example, the Comparative Fit Index (CFI), which compares the model to a null model, has a value of 0.927 that is within the acceptable range (0.95 being excellent). The Tucker-Lewis Index (TLI) is also within the acceptable range at 0.903, although it is slightly below the recommended threshold of 0.90. Finally, the Parsimonious Normed Fit Index (PNFI) at

0.608 surpasses the minimum criterion of 0.5, demonstrating a suitable fit. Though it is still within an acceptable range (0.06), the Root Mean Square Error of Approximation (RMSEA) at 0.077 is just above the excellent fit criteria (0.05). Ultimately, a good match is shown by the Chi-Square test (CMIN) at 1.820, which is much below the recommended acceptance level of 5. Overall, the model shows an acceptable fit to the observed data, however, there is potential for improvement in certain indices

Hypothesis Testing

Hypothesis	P-Value	Result
H1: Core banking & Digital Banking	0.00	Significant
H2: Infrastructure & Digital Banking	.285	Not Significant
H3: Customization & Digital Banking	.082	Not Significant
Digital Banking & Economics Development	0.00	Significant

- The p-value for H1 (Digital and Core Banking) is 0.00, showing statistical significance. As a result, the theory that Core banking and Digital Banking are related is supported by data.
- The p-value for H2 (Infrastructure & Digital Banking) is .285, above the usual significance level of 0.05. H2 is therefore seen as not important, indicating that there is not much proof of a connection between infrastructure and digital banking.
- The p-value for H3 (Customisation & Digital Banking) is .082, which is higher than the typical significance level. As a result, H3 is considered to be not significant, suggesting that there is insufficient data to establish the link between customisation and digital banking.
- With a p-value of 0.00, the association between digital banking and economic development is statistically significant. Therefore, the idea that digital banking and economic development are closely tied is supported by data.

STUDY'S FINDINGS

The below table is about the general details of respondents which shows that 57.3% and 42.7% are female participants. Regarding the age of the respondents, 63.6% are between 18 to 25years, 12.7% are 26 to 35 years, 11.8% are 36 to 45years of age, 8.2% are 46 to 55years and above 55years of age is 3.6%. About Regions, Rural regions are 29.48%, Semi-urban regions are 35.56%, and urban regions are 34.96%.

Details of Participants

Variable	Participants	%Age
Gender		
Male	63	57.3
Female	47	42.7
Total	110	100
Age in Years		
18-25	70	63.6
26-35	14	12.7
36-45	13	11.8
46-55	9	8.2
55 & above	4	3.6
Tota	110	100
Regions		
Rural Regions	25	29.48
Semi-Urban Regions	45	35.56
Urban Regions	40	34.96
Total	110	100



CONCLUSION

In conclusion, there is a lot of room for improvement and financial inclusion in Ranga Reddy Rural District when it comes to the digital banking customer experience. Even with persistent hurdles like digital literacy and connectivity, the customer experience can be improved by utilising user-friendly interfaces, customised educational programmes, and localised assistance. In order to build trust, encourage adoption, and make sure that the advantages of digital banking extend to even the most remote areas of Hyderabad's rural terrain, it is imperative that these issues be addressed.

LIMITATIONS

- Limited digital infrastructure in the Ranga Reddy Region's rural areas may make it more difficult for customers to have a seamless online experience and to access digital banking services.
- The inability of the rural populace to adjust to digital platforms may hinder their capacity to use and navigate digital financial services.
- In remote locations, there might not be enough physical banking services available, which makes it difficult for users to get the help they need or fix problems with digital banking services.
- The limited customisation choices in digital banking services may not adequately cater to the distinct financial demands and preferences of rural customers, hence potentially affecting their overall happiness and engagement levels.

Scope For Future Research: Examine ways to raise the level of digital literacy among the Ranga Reddy Region's rural residents so they may better comprehend and make use of digital banking services. In order to provide smooth access to digital banking services, investigate and suggest ways to enhance internet connectivity in rural areas while addressing infrastructural issues. Examine the wider socioeconomic implications of greater access to digital finance in rural regions, taking into account the consequences on societal development, economic empowerment, and means of subsistence. Establish systems for gathering ongoing feedback from rural clients, and evaluate how well feedback loops work to advance and enhance digital banking services in the Ranga Reddy Region. Future studies might provide important insights to improve and optimise the client experience in digital banking services by examining these possibilities, especially when considering rural locations in the Ranga Reddy Region.

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