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## Digital Banking Services and Customers' Satisfaction (A Case Study of Tumkur District)

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### Abstract:

Due to the fact that the majority of the population in India resides in rural areas and with the introduction of the Digital India programme by the Government of India, all sectors in the country started integrating technology improvements into their operations. Banking industry is no exception. The digitization of banking services has reduced transaction gap and made financial services accessible in rural and urban areas. Despite the efforts of the government, the banks, and the Fintech companies, the majority of the rural population is still hesitant to adopt digital financial services completely. In this article, we will discuss the usage habits of rural clients, uptake of digital financial services, and challenges. The outcome of this study may provide banks with useful recommendations on how to overcome such impediments and offer better services to their customers.

**Key Words:** Banking industry, Digitization, Financial Services, Rural Clients. Transaction Gap

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### Introduction:

Banks are essential components of any economic system, regardless of its size or development. They are responsible for initiating and executing a variety of economic reforms to help a country's development. India's financial sector is shaking things up big time with the switch to digital banking, and the banking industry is all about going cashless. This will help get rid of black money, stop people from using cash, and stop corruption. The concept of digital banking arose as a result of the traditional banking system's slowness, high transaction costs, and impediment to economic growth. The process of providing banking services and goods using electronic equipment such as ATMs, phones, the internet, and mobile phones is known as digital banking. Banks are able to deliver fundamental financial services to their consumers in a simple and cost-effective manner because to improvements in computer technology such as Cloud Computing, Grid Computing, Mobile Computing, the Internet of Things, Machine Learning, and Artificial Intelligence. Digital banking services enable financial institutions to reach out to the unbanked population, particularly those living in rural and distant areas. The promise of digital banking is in the hands of the customers, and the focus here is on individuals in rural regions because India is a country where the majority of people reside in rural areas.

### Importance of the study:

In terms of embracing new technologies, the banking industry is currently facing robust competition. Banking services are becoming

increasingly digital and online as a result of dramatic improvements in information technology and the banking industry's acceptance of it. Digital banking is progressively gaining customer acceptance and is catching up quickly in India.. People are waking up to the convenience of having access to financial services from the comfort of their homes. Because of this, a lot of people have already adopted digital banking. However, there are also a number of risks associated with digital banking. This research examines the prevalence of digital banking among rural populations and the challenges they face in utilizing digital banking services.

### Review of Literature:

Kaur N., Kiran R. (2014), in their research article state that the study revealed that customers of multinational banks were more content with the quality of services they were provided. Kundu, S., and Datta, S (2015), in their research observed that the study revealed a strong correlation between consumer satisfaction, trust, and e-service quality. The researchers found that trust is significantly affected by the quality of online banking services, with privacy and fulfilment being the primary elements that influence trust in digital banking. Furthermore, they concluded that banks should be more mindful of the confidentiality of each individual customer's transaction. Ameme, B., and Wireko.J.(2016) in their research paper found that technology has a positive relationship with customer satisfaction in today's competitive world. They said that if banks want to stay ahead of the competition, they need to use technology in all aspects of their products and services. They also said that

technological innovation is linked to cost, and as the cost of innovation goes up, customer satisfaction goes down. Anthony Rahul Golden S. (2017) in their research article about digitalization in the Indian banking sector, observed that it's an essential tool for the banking industry in the digital era.

#### Statement of the Problem:

The Indian banking industry is currently in the midst of a technological revolution, with private and foreign banks leading the way in the implementation of technology-based services. The financial reforms of the early 1990s and the implementation of liberalization measures have created a competitive environment for banks, with services and products such as online banking, tele-banking, internet banking, web banking, and e-banking becoming increasingly popular. To address this competition, this study seeks to assess customer satisfaction with online banking services.

#### Objectives of the study:

- To study how tech-savvy the customers are when it comes to online banking.
- To identify the elements that influences the utilization of digital resources by respondents.
- To find out the key challenges that respondents find while utilising digital banking services.

#### Research methodology:

To achieve the research objectives, data was mostly gathered from primary sources through the distribution of a structured questionnaire using Google form. A convenient sampling method was used to pick sample responders. Data was collected from 93 respondents in the Tumkur district of Karnataka. Following that, secondary data was gathered from periodicals, books, internet, and so on. The data was analysed with descriptive statistical tools such as a count, table, percentage, and chart.

#### Demographic Profile of Respondents

Individual Level Variables	Number	Percentage
<b>Gender</b>		
Male	55	59.13
Female	38	40.86
<b>Age</b>		
20-30	62	66.66
31-40	18	19.35
41-50	13	13.97
51 & Above	<b>00</b>	<b>0.00</b>
<b>Occupation</b>		
Students	41	44.08
Salaried	32	34.40
Farmers	13	13.97
Others	13	7.52
<b>Education Level</b>		
SSLC/PUC	12	12.90
Graduates	55	59.13
Post graduates	17	18.27
Un educated	9	<b>9.67</b>
<b>Monthly Income</b>		
Less than 10000	4	04.30
10001-20000	28	30.10
20001-30000	22	23.00
30001 & Above	<b>39</b>	<b>41.93</b>

(Source: Primary data)

#### Data Analysis and Interpretation:

The demographic profile reveals that most respondents are between the ages of 20 and 30, with 66.66% being male, and 44.08% being student, with a monthly income between 30001 and above

#### Access to bank account:

We need to know the respondents' associations with the banking sector to assess the utilisation rate and problems of adopting digital banking services. The study revealed that the

majority of respondents (52.68%) had current bank accounts. The presence of a bank account is not a guarantee of respondents' access to digital financial services; however, it does demonstrate their financial activity and the availability of digital banking services. The table below shows that the majority (51.68%) of respondents had a public sector bank account, while the remainder (47.31%) had a private sector bank account.

**Table-2:** Access to bank account

Type of Bank	Frequency	Percentage
Public sector banks	49	52.68
Private sector banks	44	47.31
<b>TOTAL</b>	<b>93</b>	<b>100.00</b>

(Source: Primary data)

**Respondents' awareness of digital banking services.****Table -3:** Respondents' awareness of digital banking services.

Level of Awareness	Frequency	Percentage
Aware	93	100.00
Not aware	0	0.00
<b>TOTAL</b>	<b>93</b>	<b>100.00</b>

(Source: Primary data)

**Usage of digital banking products & services;**

In modern times, financial institutions offer a diverse selection of appealing and innovative digital products and services to their consumers, allowing them to conduct financial transactions with ease. Customers profit greatly from the effective

implementation of digital services. Table 4 depicts the many sorts of digital services used by respondents. Because UPI payments are well known and accepted, 56 respondents utilise them. 12 people use mobile wallets, and 18 people use debit cards. In this field of study, UPI is highly popular.

**Table -4:** Usage of digital banking services

Description	No.Of Respodents
Debit/ credit card	18
Internet banking	4
NEFT/RTGS	3
Mobile wallets	12
UPI	56
<b>Total</b>	<b>93</b>

(Source: Primary data)

**Purpose of using digital banking services**

Nowadays, financial institutions offer a variety of digital banking services, each of which

can be utilised for a variety of purposes. The respondents' reasons for choosing digital banking services are detailed further below.

**Table -5:** Purpose of using digital banking services

Description	No. Of Respodents
Online shopping & payments	32
Fund transfer	19
Utility payment	40
Others	2
<b>Total</b>	<b>93</b>

(Source: Primary data)

The digitalization of the financial sector provides a wide range of services to its customers. According to the report, 34.40 % of rural youth utilise digital banking for online purchases and payments, as well as utility payments such as energy, water, telephone bills/mobile recharge, and so on.

**Use frequency of digital banking services.**

Even today, a lot of people, youngsters included, do not know how to fill out a bank application form or draw/deposit slip. However, as technology advances, individuals are preferring digital banking systems over traditional banking systems for reasons such as ease of use, convenience, and cheaper transaction costs.

**Table -6:** Use frequency of digital banking service

Description	No of Respodents	Percentage
Frequently	58	62.36
Once in a week	24	25.80
Once in a month	4	04.30
Very rarely	7	07.52
<b>Total</b>	<b>93</b>	<b>100</b>

(Source: Primary data)

In this study, 68.36% of respondents indicated they use digital banking for one or more purposes on a regular basis, and the majority of them said they use UPI as their digital banking service.

#### Issues in digital banking services:

Digital banking has made it easy for people to access banking services without having to go to the bank. However, many people will refuse to accept digital banking for several reasons.

**Table -6: Issues in digital banking services:**

Description	No of Respodents	Percentage
Security risk	30	32.25
Lack of knowledge	15	16.12
Technical issues	35	37.63
Threat to privacy	13	13.97
<b>Total</b>	<b>93</b>	<b>100</b>

(Source: Primary data)

According to the report, 37.63 % of respondents have technical issues when utilising digital banking services. Another key concern for those utilising digital services is security risk, since online banking frauds and incidences of personal data loss are on the rise. And only a few people stated that they are unfamiliar with digital banking.

#### Findings, Suggestions and Conclusions:

##### a. Findings:

This study has revealed that the satisfaction of customers who are using online banking is influenced by a variety of factors, such as prompt responses, security measures, website design and ease of use, reliability and confidence, and competency and efficiency. The study found that the majority of customers are satisfied with the website design and its easy usage, and that the sample banks are providing reliable online banking services and gaining the customer's confidence. Additionally, the study revealed that the majority of the sample banks' websites are more efficient in providing online banking services.

##### b. Suggestions:

The study suggests that banks should ensure regular communication with customers regarding security measures and the details of the most recent transactions in order to avoid the potential for the unauthorized disclosure of customer data. Additionally, banks should prioritize the information and navigation steps of their web portals to ensure a smooth transaction. Furthermore, banks should understand the needs of their customers and tailor their products and services to meet the needs of all demographics. Finally, banks should adopt the most up-to-date technology to facilitate virtual banking, and should focus on providing suitable content and navigation elements not only for banking, but also for other financial services, in order to provide better service to their customers.

##### c. Conclusions:

This study conducted on the level of customer satisfaction associated with online banking services in the Tumkur was limited to ----- publicly-owned banks This study shows that banks

websites and technology platforms need to provide various knowledge features about financial services with the help of other financial institutions and to use up-to-date information and technologies for communication to improve customer satisfaction. The scope of the study is limited to examining customer satisfaction on internet banking services offered by sample banks. In order to retain existing customers, banks need to conduct regular surveys on customer satisfaction, study trends of banking on a regular basis and communicate information for customer usage and know the changes of customer profiles for effective customer satisfaction. In the future, the focus of the study can be on mobile banking and telephone banking as well as support services offered by banks and private banks for exploring.

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