

CUSTOMER AWARENESS AND PREFERENCES FOR DIGITAL BANKING AND EVALUATING THE ACCEPTANCE RATE OF E-SERVICES

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ABSTRACT

In the banking industry, digital transformation is a continual process that impacts both the external and internal environments by revamping internal procedures and current systems. There are numerous reasons for digital transformation, such as serving remote areas without physical branches, differentiating from competitors, or lowering operating costs. In any event, there are many reservations regarding digital technology's acceptability. In recent years, digitization has engulfed nearly the whole globe. Because e-service quality and consumer loyalty towards e-commerce websites are regarded as the most influential factors in internet marketing, a thorough evaluation of E-service quality and consumer loyalty is required for any type of industry. As a result, the banking industry could not be left behind. Cashless banking is the necessity of the hour, and all institutions must catch up. A private sector leader seeking to provide 'World Class Banking,' has introduced many digital banking services such as online banking, payzapp, chillr, and so on. But, in order to pique the market's attention, it is necessary to develop a strong digital footprint in the market, which is the topic of this research study. This report is based on an empirical investigation to determine people's knowledge and preference for banking products especially e-services.

INTRODUCTION

It is currently shifting towards digital financial services. All that would happen in the Indian financial sector will be centered on digitalized banking. Though it was in the year 1980 to computerize the Indian financial service sector for the goal of increasing customer service in a simple and comfortable manner [1]. The digital banking revolution has barely just begun. We are currently in phase one, in which most conventional banks provide high-quality online and mobile sites/apps to their consumers. Another approach is for digital to become more than just an add-on feature, but rather a fully integrated mobile experience in which customers use their smart phones or tablets to do everything from opening a new account and making payments to

resolving credit-card billing disputes, all without ever leaving their homes[2]. The advent of digital banking has transformed the banking industry and altered the whole process of basic bank transactions. It has aided clients in checking their account data, paying online bills, and transferring money from one account to another in a timelier manner. This has enabled the end user to live a more organized financial life [3].

Digital banking involves the digitization of the conventional operations of bank through ATM machines, debit cards, credit cards, mobile banking, electronic banking, virtual cards and others. With the aid this instruments the consumer performing bill payments, with drawls, transfer of payments etc [4] . we also know about our account data at any time without going bank and any time we transfer money at any location and any other account. The banking business in India increased with the growth of the country, and the contribution of the banking sector to the development of our country is extremely considerable [5]. Websites, Google forms, instant transaction services, and other high-level services are all part of digital banking. Banks in India are transitioning from traditional banking to traditional banking. Indian government also takes a lot of outstanding efforts towards the banking practice [6].

Currently, the country's financial sector is so technologically sophisticated that practically all banking services are offered via electronic platforms. Electronic banking in North Macedonia is still in its early stages of development [7]. Of fact, in its early stages, electronic banking had a tiny client base and a low volume of transactions on these systems [8]. This is owing to their unwillingness, poor internet penetration in local families, or even the e-banking platforms' limited banking development. This article will focus on two major topics: First and foremost, administration of the banking system's digitalization of services and goods [9].

According to the findings, banks must improve the customer experience when employing multiple sales channels. They should actively encourage more widespread use of electronic services by offering more affordable electronic banking services. Consumers should also be kept up to date and educated on how to utilize these services and the hazards associated with the usage of digital technology [10]. According to research, the majority of customers support digitizing financial services since they gain in many ways. Clients will profit from not having to wait in line to complete some work at the bank, not having to alter their personal schedule to the hours when the bank is open, and so on. Our study results also demonstrate that bank customer is satisfied with e-banking [11].

LITERATURE REVIEW

Sadique and Sankar undertook a research to assess the service quality of online banking (e-banking) services in India from the perspective of customers. Several target groups are given a predetermined set of questions with 44 quality items. Based on main component factor analysis, seven quality aspects were identified: dependability, availability, user-friendliness, privacy/security, efficiency, responsiveness, and fulfillment. According to the study's findings,

consumers were happy with the quality of service on dimensions such as dependability, accessibility, privacy/security, responsiveness, and fulfillment, but not on the 'user-friendliness' factor [12].

Ruby and Pankaj investigated the issues and possibilities of E-Banking, concentrating on the benefits and hazards associated with the rise of electronic banking. Utilizing secondary data, the study determined that E-banking provided a greater level of convenience for handling everyone's funds. Yet, it has continued to pose threats to financial security and personal privacy, since many people's account data have been exposed as a result of internet banking [5]. Chandrawati and Pandey performed research to uncover digital banking transformation drivers for Indian banks. E-technology has evolved into a tool that helps banks with their organizational structures, corporate strategy, customer service, and other related operations. The study found, based on exploratory research, that digitization transformed the character of branch banking and that mobile was increasingly being exploited as a key channel of banking. Moreover, the incorporation of social media components as online platforms was a key driver of digital banking revolution [13].

Sahu and Kumar investigated the critical elements influencing the successful adoption of a digital payment (e-Payment) system in India. Using a case analysis, a comprehensive literature review, interviews, and expert opinion, 13 success factors, namely Anonymity, Bank Involvement, Drawer, Infrastructure, Mobility, Parties, Popularity, Range of Payment, Risk, Security, Transfer limit, Transfer mode, and Transfer time, were identified as being responsible for the successful implementation of digital payment in India [14].

A significant quantity of studies has been carried out by the experts throughout the globe to assess the influence of digitalization on banking industry. Nonetheless, the research relating to the digital goods of a certain bank are not so much in trend. With the goal of offering 'World Class Banking,' the company has developed a variety of digital banking services such as net banking, mobile banking, payzapp, chillr app, POS machine, and so on. These services have assisted the bank in gaining loyal customers as well as a significant market share in India. As a result, the focus of this study is on the digital banking products provided by banks. This study report is based on the preferences of bank customers on digital banking, as well as an examination of their awareness about the digital facilities provided by the bank [15].

OBJECTIVE

The study's goal is to get a better understanding of client preferences about banking activities, as well as to increase their knowledge of the digital services and facilities supplied by bank and analyzing their Acceptance rate for e-services.

METHODOLOGY

This work has significant implications for company executives who want to expand their consumer electronic product business online. In essence, we can combine our observations about the four components with the method used by consumers to make decisions and the Expectancy disconfirmation with performance model to build a strategic framework for e-service managers in the consumer electronics industry. First, the Ease of use dimension provides the consumer with their first impression of the e-service provider. Security and responsiveness must be strategically formulated in tandem with ease of use, i.e. the website's structure. Together, these three dimensions—ease of use, security, and responsiveness assist the consumer in information search and alternative evaluation, and influence him/her to make a decision.

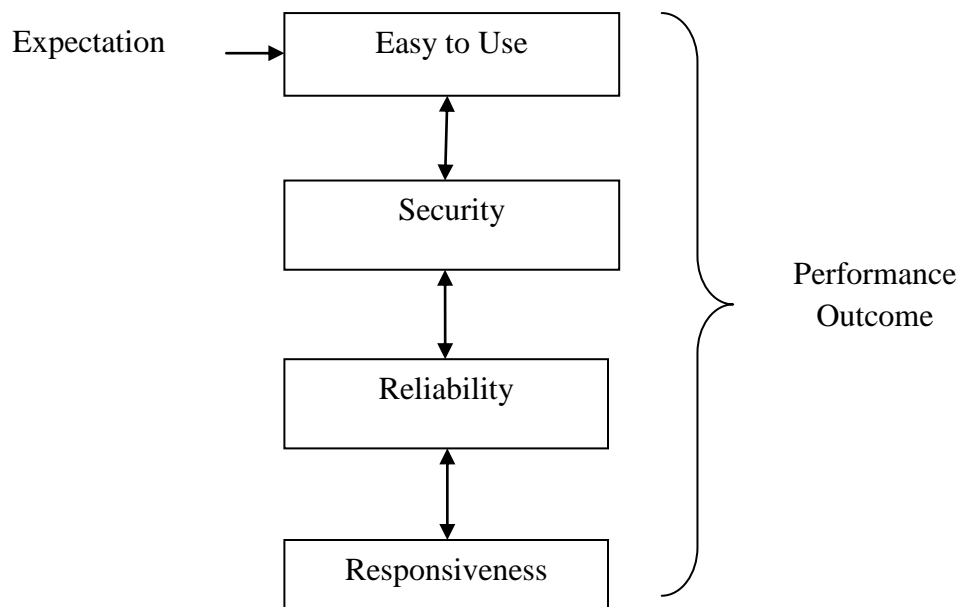


Figure 1: Consumer loyalty strategic model with e-service quality dimensions

Consumers also make decisions about what to expect from a specific e-service provider based on their perceptions of Security and Responsiveness, which have a strong relationship with Ease of use, as shown in the model. After making the decision, on the purchase and post-purchase stage, the e-service provider has to deliver the fourth dimension- Reliability. It is also dependent on the outcome maintaining the expected level of performance. However, all four dimensions must be developed in tandem, with Ease of Use playing a larger role than Security and Responsiveness. Managers can use this model to build and maintain consumer loyalty.

Other than the suggested model, other potential implications for managers are listed below.

1. Managers can use this research to improve their online service delivery strategy in order to gain more loyal customers by improving key e-service quality considerations.
2. Managers must pay close attention to the organization of the website, as consumers place a high value on this factor.

3. Managers must reduce the risk of monetary fraud or mistakes. Nothing will tarnish an e-commerce company's reputation more than a money-laundering scam.
4. Managers must continuously assess the dimensions of e-service quality to ensure that they are up to date with technological advancements and that their e-commerce store does not lose its competitive edge.

E-SERVICE QUALITY

Despite the fact that service quality has been a hot topic in marketing academia for the last three decades, the application of these models to e-commerce providers is relatively new. By combining the concepts of internet marketing and service quality measurement in traditional providers, e-service quality can be defined as the excellence and quality of eservice offerings in the virtual marketplace as assessed and justified by consumers overall. The web environment is fundamentally distinct from real-world situations. Thus, when evaluating the quality of an e-service, consumers are more likely to evaluate each sub-process in detail because the virtual environment allows them to spend as much time as they want. Furthermore, the lack of a service representative forces them to complete the entire process on their own. As a result, customers are more likely to perceive the e-service as a whole process and result.

CONSUMER LOYALTY

In an online environment, consumer loyalty is inevitably generated by a higher evaluation of the service quality provided by the e-services. Therefore, service is of highest emphasis for e-commerce service providers. A well-designed website can not only capture the attention of online consumers, but it can also raise awareness in the offline community. With the capabilities of modern technologies, e-service quality can influence consumers to participate in the product development process through customization and feedback, resulting in stronger consumer relationships. The customer's engagement and evaluation of the e-service quality determine the customer's actions.

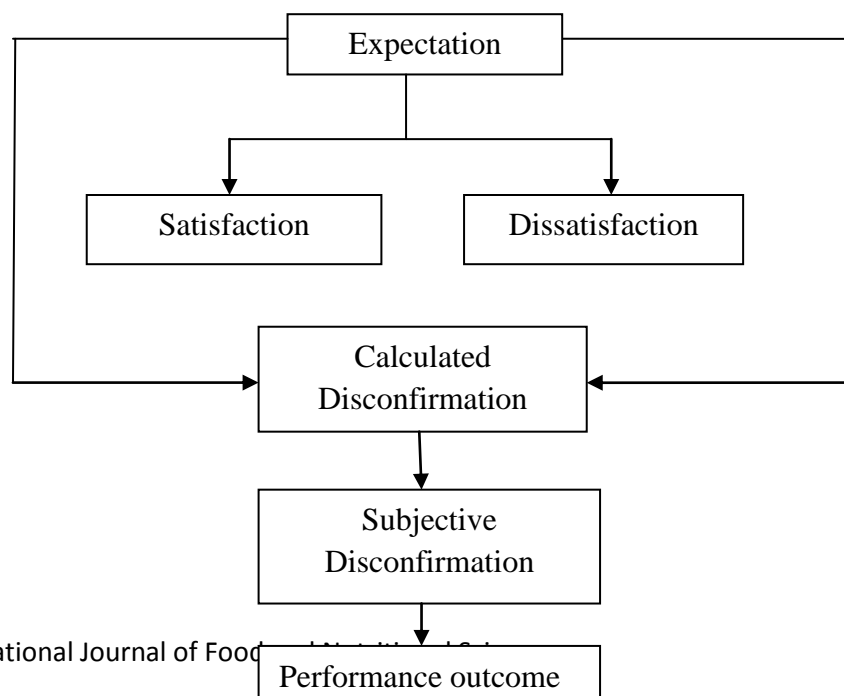


Figure 2: The Model of Outcome Expectations with Performance

RESULT AND DISCUSSIONS

The respondents were asked if they were aware of Bank's digital banking services. Net banking, mobile banking, credit card, debit card, chillr, payzapp, smartbuy, and POS machine were among the services available. The following is an analysis of the same:

Debit card, chillr and payz app:

All bank customers are aware of the bank's debit card service, which is used by 88.61 percent of them. 59.4% of respondents use debit cards, and 36.1% are aware of this option. In terms of the use of Chillr and payz apps, 63.29 percent and 56.96 percent of actual customers, respectively, are unaware of these products. Customers use the chillr and payz apps at a rate of 17.72% and 20.25%, respectively. The table also shows that the majority of non- bank customers (79.63%) and Payz app (83.33%) are unaware of Chillr. It means that the bank must work hard to raise public awareness of innovative products such as the chillr and payz app.

Net banking, mobile banking and credit card:

Respondents' knowledge of bank's net banking, mobile banking, and credit card services. Net banking is used by 63.29% of customers, while 36.71% are unaware of the service. This means that none of bank's customers are aware of the bank's net banking service. However, 24.07 percent of non-customers, as a representative of potential bank customers, are unaware of net banking. 56.96% of Bank customers use mobile banking, while 35.44% are aware of the service but do not use it. 7.59 percent of people are unaware of the bank's offering. Out of 54 non-customers, 22.22% are unaware of the bank's mobile banking service. In terms of the credit card facility, all customers either use it or are well aware of it as a product offered by bank. Credit cards are used by 30.8% of respondents, and 60.2% are aware of this option. Only 12 of the 133 respondents, or 9%, are unaware of credit cards. However, 22.22 percent of people in the no-customer category are unaware of this facility provided by the bank. In a nutshell, people are well aware of bank's net banking, mobile banking, and credit card services.

Important Variables of E-Service Quality for Consumer Loyalty

The most important factors regarding consumer loyalty through eservice quality. A high mean value indicates a high level of significance. The mean value necessitates a significant difference, and standard deviation conveys whether or not the data points are very close to the mean. According to the table, the e-service quality of security mean is 2.88 and the standard deviation

| | Descriptive Statistics | | | | |
|----------------|------------------------|---------|---------|------|----------------|
| | No | Minimum | Maximum | Mean | Std. Deviation |
| Reliability | 250 | 1 | 4 | 2.77 | 1.065 |
| Responsiveness | 250 | 1 | 4 | 2.45 | 0.999 |
| Security | 250 | 1 | 4 | 2.88 | 1.135 |
| Ease of use | 250 | 1 | 4 | 2.05 | 1.109 |

is 1.135, making it the highest variable when compared to the other three variables for consumer loyalty. To compare three other variables for consumer loyalty, ease of use is the least important variable, with a mean of 2.05 and a standard deviation of 1.109.

Table 1 : E-Service Quality for Consumer Loyalty

Purpose of using E-banking:

The primary reason for using e-banking is to check their account balance, pay their bills, and obtain their account statement. Brick and mortar banking is shrinking over time, as evidenced by the study, with most people visiting their branches less than once a month. The main reasons for visiting the branch were cash deposits and investment advice.

Table 2 : Purpose of using E-banking

| Purpose | Responses | |
|-------------------------|-----------|-------------|
| | No | Percent (%) |
| Check balance | 40 | 14.10% |
| Account statement | 68 | 24.00% |
| Cheque status | 21 | 7.10% |
| Request cheque book, DD | 12 | 4.20% |
| Tax e-filling | 16 | 5.70% |
| Bill payments | 67 | 23.70% |

| | | |
|-----------------|-----------|-------|
| Mutual funds | 7 | 2.50% |
| Demat account | 6 | 2.10% |
| Avail discounts | 16 | 5.70% |
| Open FD or RD | 17 | 6.00% |

Relationship between factors as a reason for opening E- account

The outcome of various factors such as convenience, accessibility, ease of use, security, and so on is important reasons for opening an internet bank account. Based on this analysis, there is a significant relationship between the reason for opening a bank account and transaction security, ease of use, accessibility, bank service online shopping, and customer relations.

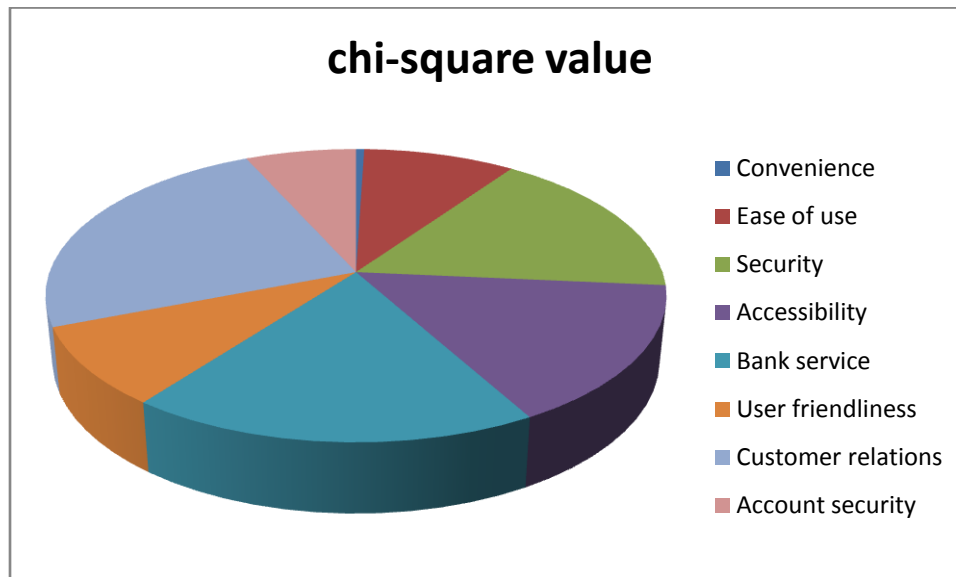


Figure 3: Reason for opening E- account

The Reasons for not Using of E-banking

The majority of consumers chose not to use digital banking because they were 'not interested,' with 27.5%, followed by 'don't have time,' with 25%, and difficult to access, with 20%.

Table 3 : Reasons for not Using of E-banking

| Reasons for not using digital banking | Frequency | Percent | Cumulative Percent |
|---------------------------------------|-----------|---------|--------------------|
| not aware about it | 7 | 17.5 | 17.5 |
| concerned about security | 2 | 5.0 | 22.5 |
| difficult to access | 8 | 20.0 | 42.5 |
| Don't get time | 10 | 25.0 | 67.5 |
| no computer related knowledge | 2 | 5.0 | 72.5 |
| not interested | 11 | 27.5 | 100.0 |

Age Group Preference on E-Banking Facilities of Banks:

As a result, 80% of respondents aged 20 to 25 preferred ATMs and online banking for their financial transactions. The 26-35 age group preferred ATM and mobile banking. 30% of respondents aged 36-45 preferred ATM. The remaining 46-60 age group and those over 60 prefer ATMs, SMS banking, telephone banking, and other similar services.

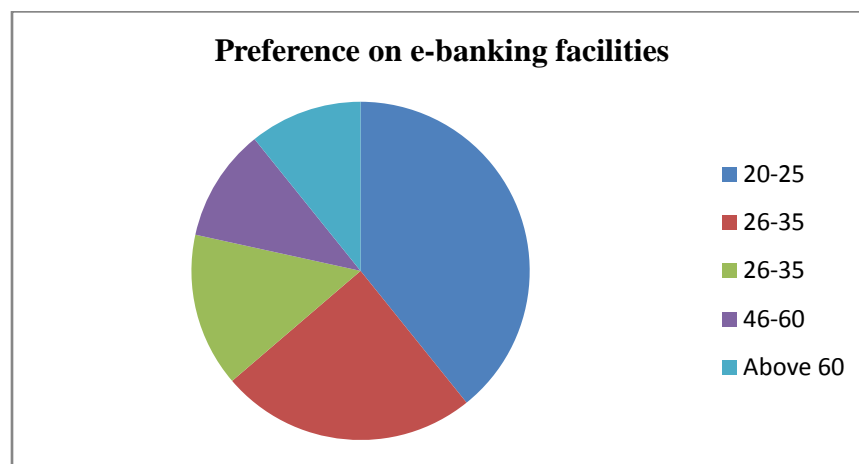


Figure 4 : Preference on E-Banking Facilities of Banks

FINDINGS

- There are 1850 men and 650 women among the 2500 persons. That is to say, the man has a better understanding of the transactions and the services offered by banks.
- Only working women and high school and college students are aware of this service. The majority of respondents aged 20 to 30 use digital banking services.
- Most people are familiar with mobile banking, debit cards, the Unified Payment System (UPI), and automated teller machines (ATMs).
- When it comes to digital banking services, most customers choose excellent service, Quick transfer, and adequate security.

CONCLUSION

Thus examining an e-banking services customer's comments on their banking experiences, this study tried to determine essential quality aspects of online banking services. The outcomes of this study reveal that, despite the numerous benefits of internet banking. Many still think of it as an option for studying their financial information. Although every bank nowadays offers internet banking, most customers only utilize it once a month. This is due to the fact that in the case of internet banking, direct engagement with consumers is rarely feasible. The identification and measurement of client expectations of online banking services give a frame of reference as well as their associated quality dimension. The major elements that motivate consumers to utilize online banking are comfort and convenience, and the facility that most appeals to them are quality and quantity of data. As a result, the execution of quality initiatives should begin with determining client needs and preferences, as well as the quality dimensions that go with them. There is still more work to be done in the banking system to reform it and teach clients to use the internet for their financial accounts. According to the report, the biggest issue is that customers still have a fear of account hacking and hence do not use internet banking. Banks are doing their best to provide the finest security alternatives to their consumers, but there are a number of problems that prevent a customer from obtaining an internet bank account.

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