

A Study on Factors Affected By Consumers While Using Digital Banking In Rural Areas with Special Reference to Erode District

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Abstract: In Modern world every consumers are willing to work done from their hands, by the way Digital Banking plays a vital role in generic term for development of banking services and delivering products through electronic channels, such as the Automated Teller Machines, the telephone, the internet, the mobile phone. Customers are still waiting for new fastest banking services but India is developing in Technology enabled banking service in a revolutionary transformation that will bring many new features, including anytime, anywhere, ultra-fast response times in banking transaction. The overall objectives of this study is to find out the problems faced by consumers in Rural and village areas while using digital banking services, We can also identify the factors to be taken for the development in terms of level of accessibility, adaptability, affordability and efficiency in the usage of digital banking services. The respondents were collected around the rural areas of Erode District, The total samples collected were limited to 60. The study establishes the fact that customers are in the process of getting acclimatised with the notion of digital banking and that despite all the challenges, their perception towards digitalization is fast changing.

Keywords: Digital banking, Factors affecting, Consumers, Rural area.

INTRODUCTION

In the old days, banking used to be a time-consuming business. If you wanted cash, for instance, you had to go to the bank branch, hand over a cheque to a bank employee, get a token and wait until the cashier called your number. In the first week for a month, when there was a scramble for cash among customers, you had to wait a long time indeed. Digital banking involves the digitization of all traditional banking products, processes, and activities to serve customers through online channels. This entails digitization of marketing, customer on boarding, service channels, processes, products and features such as savings and deposits,

loan management, bill payments, and also facilitating digital lifestyle services such ride hailing, e-health, telecoms, media, etc, through ecosystem orchestration and partnerships..Digital Banking has completely changed the way we bank in today's times. With Digital Banking, you can transact with higher speed, ease and convenience.

Digital banking services

Digital banking services include the following operations and activities. All the traditional banking services those are available on mobile phones, computers, and compatible smart devices, without the need for a consumer presence in the bank branch

- Obtaining bank Account Mini statements
- Cash deposits and withdrawals
- Money transfer
- Checking/savings and current account management
- Opening a digital bank account
- Loan management and analysis
- Bill payments
- Cheques management
- Transaction records monitoring

Digital banking software makes all traditional services easier to access, understand and manage.

Factors that are faced by consumers

Changing banking habits to customers

Online banking saw a huge surge during the pandemic and with the ever-growing shift to online digital banking, Banks are left to keep up. Banks are increasing their online banking offerings and making them available to customers in rural areas.

Lack of cyber security

Security is the first thing that one thinks of in matters involving money. There are customers that are not willing to partake in any activity that puts

their hard-earned money at risk. India is yet to have a unified cyber security law. However, there are some strict regulations in place to enforce cyber security like the DPSC security controls that enables customers to securely make digital payments.

Technical challenges

Another challenge to banking is the speed at which new technologies are becoming necessary. Most bank networks have a massive size and scale and it may get difficult to update their technology time and again. It is critical that a bank's security measures are updated quickly to counter constantly changing threats of cyber thieves. This creates a drawback for consumers to update with banking technology.

Lack of human touch

While digital banking is largely a success, still a good portion of people don't trust it. Some people in village do not trust digital banking. This factor can make it difficult for consumers to become 100% digitized.

Changing banking landscape

Digital-only banks and fintech are starting to offer many banking solutions with a seamless banking experience to match with the changing lifestyle requirements of people. Legacy consumers in rural areas faces to adopt in usage of digital transformation for efficient online banking.

low cross-border transactions

Cross-border transactions play a vital role in global trade. Historically, cross-border payments have been incompetent, slow and expensive because of traditional infrastructure and non-uniform development confusing cross-border transactions. Latest technology has to be implemented across banks to quicken cross-border transactions.

Multi-currency and payment methods

The customers use multiple currencies and payment methods like Credit Card, Debit Card, bank transfers in different currencies, which is difficult for banks to deal with. The global e-commerce has aggravated this problem as the digital banking sector has to integrate different e-wallets and mobile payment methods as well.

Lack of awareness in senior citizens

Most senior citizens lack knowledge in using digital technology and can't access the internet easily, this cause them to easily usage of digital banking services at village areas.

Factors that effected consumers using digital banking in rural areas

No bio metric match

In villages most of the people work is depends on hand work like agriculture and steel rod welding work, etc, so this may cause them to damage of their fingerprint due to this situation they are facing un-authentication of their bio metric while opening bank account or withdrawal of amount through AEPS service.

Server down

Mobile networks in rural areas are very slow so people facing in using the internet banking transfer of money from their bank to bank is difficult due to network problems, sometimes people use Ethernet but bank server may down cause them to use at difficult conditions

No physical cash

Not all the people use mobile banking in villages some of the vendors and agriculturist use. The old age peoples need of physical cash for their local shop purchase at the time all amount transfers are in digitalized they can't use it ta purpose

Government funding scheme

In every Village post office provides the service of Electronical money order (EMO) and Old Age Pension (OAP) and other Government scheme funds from working Time of morning 10.00 Am to 3.00 Pm. After that the peoples in villages facing issues of getting cash in their hand

REVIEW OF LITERATURE

- Arunangshu (2018) studied the digitization of India's rural banking sector. The potential for the digital banking system to alter the financial landscape is huge. The study discovered that digital banking's low-cost, user-friendly characteristics could hasten the integration of the cash-less economy.
- Anthony Rahul Golden S. (2017) discussed an overview of digitalization in the Indian banking sector. Banks are not merely a part of our lives; also they play an important role in our daily life. As a result, banks are constantly striving to implement cutting-edge technology in order to improve the client experience. According to the survey, as a result of the implementation of

digitization, the financial sectors in India are experiencing significant changes as well as challenges. The survey also discovered that in the digital age, it is impossible to prevent growth and services such as digital banking.

- Rajeshwari (2017) customers' expectations of banks are rising as a result of digital banking. They conclude from their analysis of secondary data that digital banking marks an important turning point for the Indian banking system. The development of Indian banking is aided by it. It demonstrates how swiftly banks' operating expenses have been decreased as a result of digital banking. Banks will profit more if their operating costs are lower. He believes that virtual banks have the potential to alter the way that banks are organized.
- Sharma (2015) stated that digital banking will be a watershed moment in the Indian economy. The study is analytical in nature and is based on secondary data. According to her, digital banking has an impact on the Indian economy. The economy is changing as a result of advances in financial technology. It can deliver better services to their customers. It is acceptable in the market because of their rapid expansion. After analyzing the benefits of digital banking, everyone in the market desired it for overall expansion and success.

OBJECTIVES OF THE STUDY

- To study about usage of Digital banking by customers in rural areas.
- To understand the problems faced by the digital banking.
- To find out the factors influencing the customer.

Source of Data

Primary data is used in the study. It is original data for the purpose of collection of primary data, e-questionnaire were filled by the respondents. The e-questionnaire comprises of close ended. The secondary data was collected from various possible records like books, magazines, periodicals and websites.

Sampling technique

The sampling technique used in this study was convenient sampling.

Sample size

The study was conducted with a sample size of 60 respondents.

Area of study

The study was undertaken in Erode district.

Research Tools for Analysis

- Simple percentage method
- Likert scale analysis
- Ranking Analysis

Limitations

- Sample size restricted to 60 customers.
- The study was focused on the Rural areas of Erode district.
- Findings of the study purely depends upon the responses given by respondents

Data Analysis and Interpretation

The chapter deals with analysis and interpretation of the study “A study on factors affected by consumers while using digital banking in rural areas with special reference to Erode district”. Based on the data collected, the collected data have been analyzed using the following statistical tools.

1.Simple Percentage Analysis

Which digital banking service do you prefer At Most

Factors	No. Of Respondents	Percentage
AEPS	24	40
ATMs	7	12
Mobile banking apps	13	22
UPI QR Code	16	26
Total	60	100

Source: Primary Data

From the above table states, 40% of the respondents in rural areas use AEPS (Aadhaar Enabled Payment System) as their digital banking services at most, 26% of the respondents use UPI QR Code services , 22% of the respondents use Mobile banking apps and only 12% of the people use ATMs as their digital banking services in rural areas.

Majority 40% of the respondents use AEPS (Aadhaar Enabled Payment System) as their digital banking services in rural areas.

2. Likert Scale Analysis

Satisfaction level of using digital banking in rural areas

Factors	No. of Respondents	Percentage
Highly Satisfied	5	8
Satisfied	21	35
Neutral	26	43
Dissatisfied	3	6
Highly Dissatisfied	5	8
Total	60	100

Source: primary data

From the above table it states that, 8% of the respondents were highly satisfied, 35% of the respondents were satisfied, 43% of the respondents were neutral, 6% of the respondents are dissatisfied and only 8% of the respondents were highly dissatisfied

Here the majority 43% of the respondents were neutrally satisfied by using digital banking services.

3. Ranking Analysis

Factors affected by using digital banking in rural areas

Factors	Score of the Respondents	Rank
Slow transaction speed	293	II
Low network & Server down	358	I
Application not convenient to use	65	IV
Without knowledge about online fraud	157	III
High transaction charges	27	V

Source: Primary Data

It is highlighted from the above table, The factor “Low network and server down” was ranked First with a score of 358 points. It was followed by “Slow transaction speed” which carries second rank with a score of 293 points. “Without knowledge about online fraud” occupies third rank with a score of 157 points. The factor “application not convenient to use” was ranked in fourth place with a score of 65

and the fifth factor “high transaction charges” with a score of 27 points.

It is concluded that from the above analysis, majority of the respondents face “Low network & Server down” as their main problems while using digital banking in rural areas.

CONCLUSION

Digital banking has been one of the most crucial developments in the finance industry. However, along with its many benefits, we also have many key challenges to deal with. Changing consumer habits as well as continuous technical up gradations are some of the major challenges banks must address to succeed in digital banking in rural areas.

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