

# A Study on the Usage of Digital Banking Services Among the Rural Population in Nagaon District, Assam

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**Abstract:** The banking sector plays a vital role in capital accumulation and serves as a key channel for investment, thereby driving economic growth. However, this role can be effectively fulfilled only when individuals are well-informed about savings and actively engage with banking services. Merely promoting financial inclusion is not sufficient if account holders do not utilize their accounts regularly. It is essential not only to open bank accounts but also to ensure their continued activity. The digitization of banking services offers significant potential to enhance account usage, enabling individuals to manage their finances conveniently from their homes. While the adoption of digital services has increased in rural areas, a segment of the population remains unaware or hesitant due to limited knowledge and challenges in operating accounts digitally. This study seeks to examine the adoption of digital banking services and the associated challenges among 100 rural residents of Nagaon district.

**Key Words:** Digital Banking, Digitalisation, Financial Inclusion, Banks

## 1. INTRODUCTION

The advancement of science and technology has significantly influenced the lives of ordinary people in various ways. In particular, the rapid growth of information and communication technology (ICT) has not only affected daily activities but has also brought about substantial changes in global economic activities. The banking sector, a crucial pillar of economic development, has greatly benefited from technological innovations. These advancements have introduced convenient and efficient channels for delivering banking services, making financial transactions easier and more accessible. Digital banking services, made possible by technological progress, have transformed how financial institutions operate. They allow banks to reach underserved and financially excluded populations, particularly in rural and remote areas. These services provide effective,

convenient, and accessible means for individuals to engage with formal banking systems, ultimately supporting inclusive economic growth and development. Financial inclusion has been identified as a key enabler for 7 out of the 17 Sustainable Development Goals (SDGs) under the 2030 Agenda adopted by United Nations member states. Recognising its importance, the World Bank considers financial inclusion a vital component of development and publishes the Global Findex Database to monitor the usage of financial services among adults worldwide. According to the Global Findex 2025, India has made significant progress in this area, with account ownership rising to 89 percent since 2011, along with an increase in the number of adults actively using their accounts. Over the years, to improve the level of financial inclusion in the country, the government has emphasized the role of digital banking services. Affordable and accessible internet service could lead a nation into the way of digital revolution, and this is seen in India in the last five years. Over the years, the Indian banking sector has undergone several transformations, including the expansion of bank branches, liberalization, increasing competition from other financial institutions, changes in rules and regulations, and the implementation of information and communication technology to provide banking services. The development of information and communication technology has made the implementation of digital banking services affordable, and it has become easier to do financial transactions for common people. Digital banking or e-banking services refer to various electronic channels through the use of internet services for the delivery of banking services. Indian banking sector is currently offering various innovative and technology-based products and services (i) Internet Banking, (ii) Debit, credit card services, (iii) Mobile banking, (iv) ATM (Automated Teller Machine), (v) Electronic fund transfer system

(IMPS/NEFT/RTGS), (vi) mobile Wallet, (vii) UPI (Unified Payment Interface), etc.

## 2. REVIEW LITERATURE

- Neog (2019), in his study “Usage of Digital Banking Services by Rural Population: A Study in Sivasagar District of Assam”, examined the adoption of digital banking services among 100 rural residents of Sivasagar district. The study revealed that although digitalization can enhance account activity, adoption in rural areas remains low due to limited knowledge and operational challenges, underscoring the need for greater awareness and skill development to achieve effective financial inclusion.
- Paria I. and Giri A.(2018) in their study “A Literature Review on Impact of Digitalization on Indian Rural Banking System and Rural Economy”, reviewed various studies across India on how digitalization affects rural banking and the rural economy. They highlighted its role in increasing awareness, shaping perceptions, improving rural life, and contributing to a digitally empowered society, aligning with the Indian Government’s mission to create a modern, digitalized economy.
- Poornima and Dharanika (2023), in their study “A Study on Usage of Digital Banking Services by Rural People with Reference to Pudukottai District”, emphasized the banking sector’s role in helping customers adapt to the digital world. Serving the public, government, merchants, and entrepreneurs, digital banking enables a shift from traditional methods, offering instant access and new opportunities. The study focuses on rural customers’ perceptions and the prospects of an increasingly digitalized banking environment.

## 3. IMPORTANCE OF THE STUDY

With the rapid advancement of technology, financial institutions are increasingly offering a wide range of digital banking services and products to their

Table 1: socio economic information of respondents

Description	Variables	Frequency	Percentage
Age	18-29	18	18.0
	30-39	28	28.0
	40-49	24	24.0

customers. However, the utilization of these services largely depends on public awareness and access to proper information about them. Despite the availability of such services, their adoption remains significantly lower in rural areas compared to urban regions. One of the key reasons for this disparity is the requirement for basic knowledge of the internet and modern technology, which many rural residents may lack. In some cases, people may be aware of digital banking services but choose not to use them due to hesitation, lack of trust, or unfamiliarity with the process. In other cases, individuals are entirely unaware of the existence of these services. Given this scenario, it becomes essential to study whether digital banking services are contributing effectively to financial inclusion and to what extent they are being adopted by the common people, especially in rural areas

## 4. OBJECTIVES OF THE STUDY

1. To examine the extent of usage of various digital banking services such as mobile banking, internet banking, UPI, ATM, and other digital payment systems.
2. To identify the factors influencing the adoption or non-adoption of digital banking services in rural areas.

## 5. METHODOLOGY OF THE STUDY

The study is basically based on primary data, and for the required information, individuals who were financially included were mainly considered. Required information was collected through a structured questionnaire covering socio-economic and demographic characteristics of sample respondents. The sample consists of 100 respondents from rural areas of Nagaon district of Assam. The study was carried out from Jun to July 2025.

## 6. RESULTS AND DISCUSSION

For socio economic information of the respondents age, gender, educational qualification, income and occupation were mainly considered.

	50-59	17	17.0
	>60	13	13.0
Gender	Male	68	68.0
	Female	32	32.0
Educational Qualification	No formal education	09	9.0
	High school level	15	15.0
	Diploma/intermediate	49	49.0
	Graduate	20	20.0
	Post Graduate and above	7	7.0
Occupation	Salary	25	25.0
	Business	29	29.0
	Agriculture	38	38.0
	Others	8	8.0
Income	<5000	14	14.0
	5001-10000	19	19.0
	10001-20000	51	51.0
	20001-30000	11	11.0
	>30001	5	5.0

Source: Primary Survey

Respondents' socioeconomic information reveals that the majority respondents belong to the age group of 30-39 years, most respondents were male (68 percent), 38 percent of respondents were engaged in agricultural activities, 51 percent of respondents had a monthly income of Rs 10001-20000.

6.1 ACCESS TO BANK ACCOUNT

To study the adoption or usage of digital banking services by the sample respondents, it is important to find out Respondents' association in the banking sector. In this study Respondents were selected based on active banking participation, a bank account is a tool that provides people with the opportunity to come under the formal financial system.

Table 2: Access to bank account

Description	No. of Respondents	Percentage
Public Bank	64	64.0
Private Bank	36	36.0

Source: Primary Survey

Having a bank account doesn't necessarily refer to the usage of digital financial services but implies that respondents are financially included and have the opportunity to utilize various digital services and products provided by a financial institution. Table 2 shows that 64 percent of respondents have accounts

with public sector banks and 36 percent of respondents have accounts with private sector banks.

6.2 USAGE OF DIGITAL BANKING SERVICES

Nowadays, types of attractive and innovative digital products and services are offered by financial institutions, which enable individuals to make financial transactions easily. Effective use of digital services helps customers to a great extent.

Table 3: Usage of digital products and services

Description	No. of respondents
Debit Card	63
Internet Banking	49
NEFT/RTGS	07
Mobile wallet	28
UPI	76

Source: Primary Survey

Table 3 shows different types of services that are used by sample respondents. The study found that not all the respondents were inclined towards digital banking products and services. Banking services have become so much easier today with UPI (Unified Payment Interface) and different mobile applications. In this study area, majority of respondents i.e. 76 respondents used UPI & these services have gained popularity. 49 respondents used internet banking facilities, and 63 respondents used debit card & 28 respondents have used the services of mobile wallets.

#### 6.4 REASON FOR USING DIGITAL BANKING SERVICES

Today, financial institutions offer a broad array of products and services. The advantages of digital banking can only be fully realized when individuals understand the various services available, as simply having a single bank account may not significantly enhance their financial well-being. Digital banking services provide numerous benefits, and different services can be used for different purposes. Below, we discuss the reasons and intentions behind the use of digital services by the respondents in our sample.

Table 4: Purpose of using digital services

Description	No. of Respondents
Cash withdrawal	68
Online Shopping and Payments	46
Fund Transfer	28
Utility Payments	29
Others	19

Source: Primary Survey

Digitization in the banking system provides numerous services to customers. However, the study revealed that many respondents were not fully aware of all the available services. When referring to digitization, many people primarily mentioned the use of ATMs, which were utilized by 68 respondents. Besides cash withdrawals, the most commonly used services included online shopping and digital payments, particularly among younger respondents. Only 28 individuals reported using NEFT/RTGS for fund transfers, while 29 respondents used digital services for utility payments, such as electricity bills and mobile recharges. Although these tasks can easily be completed at home without the need to travel, many people prefer the more complicated approach, opting not to seek out knowledge on how to operate these digital services from home.

#### 6.5 FREQUENCY OF DIGITAL BANKING SERVICES USAGE

While significant emphasis has been placed on the digitalization of banking services, some account holders still struggle with how to fill out withdrawal or deposit forms. Although digitalization appears straightforward, it can be quite challenging.

Interestingly, younger generations may be aware of digital services, yet they often do not know how to use them effectively. As a result, many prefer traditional banking methods. Consequently, digital services are frequently underutilized.

Table 5: Frequency of using digital banking services

Description	No. of Respondents	Percentage
Once in a week	14	14.0
Once in a month	26	26.0
Once in three months	18	18.0
Frequently	19	19.0
Not Fixed	23	23.0

Source: Primary Survey

In this study, it was found that the frequency of using digital banking services once in a week was just 14 percent. In a month, 26 percent of respondents reported using these services, while 23 percent indicated that their usage of digital services was inconsistent. Only 19 percent of respondents stated that they used these services frequently. The majority of those who reported using digital services did so through ATMs (using debit cards). There were also issues related to digital banking services reported by participants.

#### 6.6 ISSUE RELATING DIGITAL BANKING SERVICES

Financial institutions today offer a wide range of digital products and services, making it convenient for individuals to access these services without having to travel or visit a bank. Despite the many benefits of digital banking, many people still hesitate to use these services. In this study, respondents expressed various concerns regarding digital services.

Table 6: Respondents' Concern about digital banking services

Description	No. of Respondents	Percentage
Privacy threat	62	62.0
Security Risk	68	68.0
Technical Issue	72	72.0
Complex Procedure	26	26.0
Others	28	28.0

Source: Primary Survey

The result reveals that key challenges faced by respondents in using digital banking services. Among the participants, technical issues emerged as the most reported concern (72 respondents), followed closely by security risks (68 respondents) and privacy threats (62 respondents). A smaller proportion cited other issues (28 respondents) and complex procedures (26 respondents) as barriers. These findings suggest that while procedural complexity affects some users, technical reliability, security, and privacy remain the primary factors influencing user confidence and adoption of digital banking services.

## 7. CONCLUSION

Advancements in technology have played a pivotal role in fostering economic growth, with digital banking emerging as a key driver for both financial institutions and consumers. In India, government initiatives promoting digitization—particularly post-demonetization—have accelerated the transition towards a less cash-dependent economy. Nevertheless, a considerable segment of the rural population continues to prefer cash transactions. The present study found that the use of digital banking services, particularly UPI, has grown significantly over the past three to five years, reflecting positive progress in the nation's digitalization efforts and the government's push for cashless transactions. Despite this growth, some financially stable individuals consciously choose not to adopt these services, citing personal preferences or operational challenges. Concerns regarding privacy, security risks, and incidents of fraudulent activities remain major barriers to broader adoption. To foster greater trust and participation, banking authorities should strengthen security frameworks, ensure prompt resolution of customer grievances, and intensify awareness initiatives in rural areas. Effectively addressing these issues will be vital in narrowing the digital divide and promoting inclusive growth within India's financial ecosystem.

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