

# Consumer Perception Towards Digital Banking: A Review

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**Abstract:** This specific paper has been carried out to assess the consumer perceptions toward net banking. The banking diligent has emerged as an crucial sub-machine of the monetary zone which caters to banking situations to each public and personal zone banks. It is critical for banking corporations to realize the belief of client toward cashless mode of transactions and this look at will assist in this. This look at is worried with numerous challenges and blessings in the use of virtual transaction. Internet banking or virtual banking lets in the banking transactions which can be accomplished through a secured net utility and they're completely linked together. In the prevailing paper the efforts has been made to look at the delight degree of the clients in addition to consumer's preference, awareness toward on line banking offerings rendered through the private and public sector banks in india.

**Keywords:** Digital banking, Customer satisfaction, Banking industry and Technology, online services.

## INTRODUCTION:

Its growth was faster and the coverage was wider since 1969. The very nature of service marketing requires that the service organization should devote more attention on offering efficient services to the customers. As the services are invisible, they can gain confidence and good will through efficient and prompt customer services only. Among the service organizations banks play an important role in marketing various types of needs of the customers. Banks basically work on the goodwill of the customers. Service quality is the conformance of services to the customer's specifications and expectation. Not only is delivery of quality services essential for survival but also is imperative for growth and prosperity. One reason is the increasing difficulty of competing on the basis of products that are essentially commodities whose features can be easily copied and relevance on price competition is an initiation to steadily declining profit margins.

Economic liberalization and globalization, information technology revolutionary, changing customer requirements and increasing competition have posed a challenge to the existing Indian Banking system. The past few years, the banking sector had witnessed revolutionary changes.. The entry of private and foreign banks has posed a challenge to the monopoly enjoyed by the nationalized banks. Through face-to-face interactions with the customer and looks for a way to make customers feel special. This special feeling can be created through pleasant surprises; unique actions or qualitative approach to service. The essence of service excellence is to glad the customer and exceed his/ her expectation. Service excellence concentrates on listening, empowerment, and innovation and making customers and employees part of the action. Service excellence focuses on making the service and the prods and the surroundings more convenient, easier, neater and unique. Service excellence builds on excitements, relationships and trust.

## Objective of the Study:

- To assess the perception of the customers towards digital banking services rendered by the public sector and private sector banks.
- To evaluate the customer perception and level of satisfaction towards digital banking services.
- To provide the measures to strengthen the digital banking services provided by the Public Sector and private sector banks.

## Review of literature:

Geetha and Malarvizhi (2012) of their look at offered that economic liberalization and generation revolution have allowed the traits of latest and extra green shipping and processing channels in addition to extra progressive services and products in banking industry. In this assessment paper, literature concerning virtual banking and purchaser perceptions has been cautiously and systematically examined. The assessment paper begins off evolved with the short creation approximately virtual banking and covers over the blessings and fine consequences of virtual banking offers. Prior research concerning the improvement of net banking over the time also are evaluated. Moreover, the issues of clients concerning virtual banking inclusive of trust, credibility, protection and privateness also are considered. Though virtual fee has reduced in distinctive key sectors suffering from COVID-19, a lot of different sectors have seen an increase of utilisation like on line retail stores, gaming industry, application fee etc ... Minakshi Dattatray Bhosale and K.M. Nalawade (2012) of their paper diagnosed that E-banking is the supply of banking provider via digital channels and the purchaser can get admission to the records with none time and geographical limitation.

Kalaiarasi and Srividya (2013) of their paper discovered that on line banking, an innovation to standard department banking system, is now used as a channel for handing over economic offerings with the aid of using certainly all banks in India. Online banking offers stepped forward comfort and purchaser provider; but it's miles discovered that Indian banking clients are reluctant to undertake digital banking offers. This look at identifies the elements influencing adoption of on line banking offerings the use of Roger's innovation diffusion theory. The notion of threat is a sizeable influencer of adoption of latest generation which is likewise covered as one of the measurement together with Roger's innovation attributes. The findings of the look at endorse that, the younger customers undertake on line banking whilst it's miles appropriate for his or her way of life and if the internet site is user-friendly. Online banking isn't always perceived as both rather wonderful than different banking channels nor volatile with the aid of using younger customers.

Arpita Khare (2010) of their paper discovered that the research was conducted on customers familiar with online banking in India, and their perceptions about online banking were studied. The findings reveal that customers are using the services but are

skeptical about the financial transactions and service quality dimensions. The younger consumer group offers a huge potential market, as they are more Internet-savvy and susceptible to new technological advancements. They are accustomed to using web-based services and are therefore positive about the Internet banking benefits. The online banking is no longer restricted to major cities of the country but has expanded its reach across the country's cities and regions.

Bander A. Alsajjan and Charles Dennis (2006) discussed about this paper introduces a tentative conceptual framework. Trust will be integrated into the Technology Acceptance Model – TAM - (Davis, 1989). Recent research showed that Trust has a striking influence on user willingness to engage in online exchanges of money and personal sensitive information. Detailed literature about Online Banking and Trust is provided. TAM is discussed in depth; external variables that are suitable for the Online Banking context is suggested. In addition the theoretical justification for the conceptual framework integration is discussed.

Basavarajappa M. T (2013) paper says about enquiry the customer satisfaction towards online banking in Karnataka, what are problems facing by customers. The data used for the study both primary data and secondary data. I conclude that in all respects the customers are satisfied with their internet bank. Major concerns of customers include security and privacy because of the growing number of online frauds, cheating cases and hacking.

Baskar S. and M. Ramesh (2010) the study reveals that the online customers service quality, online information system quality and banking service product quality are significantly and positively influencing the customer satisfaction.

Calisti, M., Rollon, E., Willmo, H. S (2015) describes a prototype agent-based framework providing e-banking services to support various business transactions in software environments. We outline the system developed and discuss some of the issues that need to be considered and solved for an effective deployment of agent based payment services in real applications.

Dan Sare and Howard Marmorstein (2003) paper reports on the first of two studies conducted to investigate the reasons for the mediocre performance. A qualitative consumer study revealed significant differences in attitudes and opinions between early users and those that banks hope will adopt next. Most importantly, future prospects could be characterised as indifferent about online banking; many were not convinced about its benefits and the value it provides. While the potential to expand the market for online banking services exists, banks need to re-examine their marketing approach.

Francis Kofi Andoh-Baidoo, Babajide Osatuyi (2009) In this paper, we use a value network theoretical model to examine the electronic banking services and products provided by banks in Nigeria. We visited the websites of banks and identified the different services they provide using Southard and Siau's (24) framework. We also interviewed operations managers of these banks to validate the data collected from the websites. We discuss the implications of our findings using the value network model as a lens, and suggest appropriate strategies that will enable banks provide competitive products and services, and create value for the banks and their customers.

Geetha K. T. and V. Malarvizhi (2012) This paper investigates the factors which are affecting the acceptance of ebanking services among the customers and also indicates level of concern regarding security and privacy issues in Indian context. Primary data was collected from 200 respondents through a structured questionnaire. Descriptive statistics was used to explain demographic profile of respondents and Factor and Regression analyses were used to know the factors affecting e-banking services among customer in India. The finding depicts many factors like security and privacy and awareness level increased the acceptance of e-banking services among Indian customers. The finding shows that if banks provide them necessary guidance and ensure safety of their accounts, customers are willing to adopt e-banking.

Gail Williams, Robert s. Ware (2021) in this paper discussed about the methods for comparing data from two or more groups are then outlined, including methods for continuous and categorical variables. Analysis of time-to-event data to evaluate survival times is then outlined. The final section of the chapter discusses the application of multivariable models to epidemiological data, including extensions of basic models to more complex data distributions. The chapter concludes by cautioning that increasing ease of access to sophisticated statistical methods may increase the risk of erroneous application. There is little substitute for consulting a qualified statistician, particularly with complex designs.

Helen White and Fotini Nteli (2004) in this paper attempted to identify whether or not specific problem areas exist for UK banks in achieving satisfactory performance on key attributes of service quality, particularly security, as perceived by a sample of UK internet banking customers. Using trade-off analysis to interview 56 internet banking customers, five key service quality attributes were identified and ranked. Cluster analysis was then adopted and revealed two groups of respondents. One group was most concerned about security-related issues while the other group was more interested in the convenience, speed and timeliness of the service. Overall, the internet banks were rated as being good on the five attributes except for the attribute 'product variety/diverse features'. The question that arises from the findings is whether or not good performance by the internet banks on the service quality decision criteria is sufficient in a highly competitive internet environment, not only to attract new customers, but also to retain existing ones.

Ihab Ali El-Qirem (2013) in this paper primary purpose of this current research is to conduct an investigation into the factors affecting the acceptance of E-Banking by clients who have access to the internet and elicit the opinion of non-internet users about E-Banking. To develop a theoretical framework model for the current study, a literature review relating to the technology acceptance model (TAM) and its various adaptations is being undertaken. The EBanking has been chosen as an innovative service, whose possible adoption by customers will be investigated. It is believed that the successful adoption of E-Banking will be cost and convenience beneficial for all stakeholders in the financial sector. The current research model purposes an extension to the technology acceptance/ adoption models that account essential factor influence E-Banking services adoption in the Jordanian commercial banks.

Joaquín Aldás-Manzano, Carlos Lassala-Navarré, Carla Ruiz-Mafé, Silvia SanzBlas(2009) in this study findings show managers that web contents and design are key tools to increase internet banking services adoption. Practical recommendations to increase web usefulness and trust, and guidelines to reduce perceived risk dimensions are also provided. Originality/value – Despite the importance of trust issues and risk perceptions for internet banking adoption, only limited work has been done to identify trust

and risk dimensions in an online banking context. We have evaluated the impact of each risk dimension instead of treating risk as a whole. Furthermore, risk has been measured as a formative construct because there is no reason to expect that risk dimensions in online financial services are correlated.

Kalaiaarasi, H., V. Srividya(2013) in this study identifies the factors influencing adoption of online banking services using Roger's innovation diffusion theory. The perception of risk is a significant influencer of adoption of new technology which is also included as one of the dimension along with Roger's innovation attributes. The findings of the study suggest that, the young users adopt online banking when it is suitable for their lifestyle and if the website is userfriendly. Online banking is not perceived as either relatively advantageous than other banking channels nor risky by young users.

Mavri, M. and Ioannou, G. (2006) a series of new factors, such as the difficulties of using the Internet, are shown to play a crucial role in the consumer's attitude – adoption or rejection – of this new alternative channel. We examine consumer behaviour by modelling multivariate categorical response data using a generalized linear model. Our choice model is based on the assumption that an individual's decision to use electronic services depends on a number of explanatory variables, and we try to estimate the factors that affect an individual's decision to use online services.

Kumar, R. (2021) this paper focused on secondary data published in their annual reports and accounts by nationalized banks. The key objective of the analysis is to know the status, financial power, liquidity, financial performance and the operation of the banking industry in relation to the total capital of the company of two selected bank units.

Menon, G, Dileep., Phanse, A, A.,(2018) In this study, we analyze the financial soundness of 19 nationalized banks in India for a period of 12 years from 2005 to 2016. For this, we use one of the most popular methods of efficiency analysis i. e. CAMELS. CAMELS is been operated in various countries like Romania, United States etc. For the purpose of doing the study, we have used the data on banks statistics published by RBI. Each parameter of CAMELS:

Capital Adequacy, Asset Quality, Management capability, Earnings, Liquidity, and sensitivity has been evaluated using ratio analysis and an overall composite index has been developed as to which banks are financially sound and those which needs improvement. We find that the top five banks which are financially sound and doing extremely well are Canara Bank, Andhra Bank, Bank of Baroda, Allahabad Bank and Corporation bank and the five major banks which are financially unstable and needs extreme improvements are Indian Overseas Bank (IOB), Bank of Maharashtra (BOM), Punjab and Sind Bank, United Bank of India (UBI) and Dena bank. We further try to explain the INROADS efficiency measurement system which is newly adopted by RBI for measuring the efficiency of banks in India. INROADS takes into account the risk elements of banking which are a very critical characteristic of the banking industry.

Pandian, S, K., (2020) The present study provides a comparative analysis of the performance of merged nationalized banks in India pre- and post-merger between the time period 2000 to 2010 on different parameters like net profit ratio, return on equity, return on assets, earnings per share, and profit per employee. The banks considered for the study included Bank of Baroda, State Bank of India, and IDBI Bank. With the help of paired t-test, it was found that there was a negative impact of the merger on net profit ratio, return on equity, and return on assets, while there was a positive impact of the merger on earnings per share, and profit per employee.

Mitra, S, Chatterjee, A (2019) With the rapid progression in information technology, online banking has introduced new methods and systems for banking institutions to deliver their services to potential customers. Hence, it is imperative for the banks to align their prophetic strategies in response to the changing customer requirements with new technological developments. This study was conducted to investigate the Indian customer's perceptions towards online banking transaction which is expected to be helpful for banking sectors to compete in reactive banking marketplace. Further, this paper aims to identify the significant factors that affect a customer's decision whether to use online services.

#### **Findings:**

Introduction of GST, Digital India, demonetization and other schemes have helped digitization and digital payment to developed over the last decade. Advantages and Disadvantage of digital payment-convenience, ease of use and cost effective are the advantages Whereas privacy and infrastructure issues are drawbacks. The prime preference of consumer are efficiency, safety, cost effective and ease of use. The third party payment are influenced, convenience of transaction, and also security and privacy issues are also concerned. Challenges in digital banking system are ability to handle transaction and acceptability of digital payment methods. cost was found to be the important factor for adopting digital wallet. Personal technical factors and environment were found to influence mobile payment. The findings show the awareness and usage of online banking transactions by the customers and the easy accessibility it offers. Regarding trust and risk involved in the banking transactions, customers were not very comfortable with it being a secure medium for financial transactions. This may be attributed to slow diffusion of technology in India, many people desist from using online modes of transaction as it is more convenient for them to visit the bank and have face-to-face transactions. However, in most banks, there are long queues and customers have to wait for many hours for their transactions. Even for withdrawing money, making payments or updating their passbooks, customers have to wait for a few hours. The bricks and mortar environment may be more secure, but it does imply wastage of time for customers. Banks could increase online banking awareness through organizing training courses. A perception of service quality will increase banks image of good service, accuracy and effectiveness.

The INROADS efficiency measurement system which is newly adopted by RBI for measuring the efficiency of banks in India. INROADS takes into account the risk elements of banking which are a very critical characteristic of the banking industry.

Mergers are considered a useful tool for growth and expansion in the banking system of India. It helps in the survival of weak banks by consolidating them with healthy banks. In this study, the evaluation has been done on the banking mergers and impact of mergers are shown in the Indian banking system and also over the concerned banks. The most important factors are to generate higher net profits in post-merger so that the decision taken by the management for the merger is justified to the shareholders. However, the results obtained in this study offered some important considerations to the marketing and banking practitioners with regards to the

strategic implementation of the online banking services. Nonetheless, this study made a significant step in that direction because it investigated the direct influence on convenience and safety which in turn showed relevant relationships with the perceptions towards the online banking services.

**Conclusion:** As more banks succeed online and more customers use their sites, fully functional online banking likely will become as commonplace as automated teller machines. Online banking services have revolutionized the functioning of the entire banking sector. It has not only increased the ease of bank transactions, but also has reduced time and cost of these transactions. The success of digital banking depends on a bank's ability to get customers to switch to online banking. This ultimately increases the needs and expectations of the consumers. Though there are few limitations when it comes to privacy and security. The main limitation of the digital payment system can be used by the educated and those who have the ability to do it. Over 287 million people in India are illiterate, and this amounts to 37% of the global total. Digital payment transactions have grown up with several first time digital payment users. Lack of trust is another limitation many people still don't trust digital payments and transparency is known that every transaction made online is recorded. As cash transactions can't be tracked easily and cash is accepted everywhere. The Government is deliberately moving people to accept digital payment at present, if it has been mandatory before, with social distancing and the COVID-19 crises. The offline-to-online payments has been increased during the pandemic time and lock down time, there has been an increase in user number in digital payment and banking systems. NPCI encouraged and urged customers and all service providers of critical services to move to digital payment systems in order to remain secure. The customers may be aware of online banking, but they are still not very comfortable with using it regularly. They use it as an alternative to the regular banking. The bias of customers is more evident for the financial security in transactions.

TAM suggests that users adopt technology primarily because of its functions and of the easiness of benefiting from those functions. Trust plays an important role in increasing the usability under the online banking environment. Trust should be considered in addition to PU and PEOU where sensitive information is manipulated. Integrating Trust as a set of beliefs into TAM should result in a model that offers better prediction of Online Banking acceptance. The contribution of this article comes from extending TAM by integrating Trust as a social construct and considering the characteristics of the online banking environment. Banks should use latest versions of software or upgrade existing software which gives better security & control to remove bugs and loopholes. The online banking helps to build and maintain close relationship with their customers and reduces the operating and fixed cost to the bank; and also the opportunity cost to their customers. Hence, in order to reveal the benefits; the service providers are advised to provide online banking services at par with their customers expectations.

The most important factors are to generate higher net profits in post-merger so that the decision taken by the management for the merger is justified to the shareholders.

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