

Impact on Digital Banking In Sub-Urban Locality

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ABSTRACT

The system of trade through barter is as old as the human civilization. Barter system was practiced as means of payment system in which people sell goods and services in order to pay for the sales made or services obtained. The functioning of a barter economy was nevertheless cumbersome and inconvenient due to twin concurrence of requirements. Difficulties of barter system led to the introduction and development of money. Money deserves to be ranked among the outstanding inventions of the entire history of mankind. The emergence of money came as a multifold blessing to the people. Money has been defined in various ways. Some say, 'Money is what money does'. In other words anything that performs the functions of money is money. So it is confined that the, money has many forms. In the present arena it became from physical form to virtual form. Further economics makes it clear that money plays an important role in the economic system. Hence, in this background an attempt has been made to draw the observations of the customers in sub-urban area i.e. perungalathur area.

KEY WORDS: barter economy, development, customers

INTRODUCTION

In India, the ancient Hindu scriptures refer to the money-lending activities in the Vedic period. During the era of Ramayana and Mahabharata, the banking had become a full-fledged activity. During the Vedic period, the business of banking was largely carried on by the members of vaish community. As the civilization grew with the development of economic systems the improvements in the banking was also inevitable. In this period the banker performed many of the functions which a modern banker performs these days viz. accepting deposits, granting of advances, acting as banker to state and issuing and managing currency of the country.

In olden days the banking activities are confined with accepting deposits and lending loans to the needy persons. This paved the way for the development of paper money, Bills of exchange, cheques and other incidental transactional areas. In addition to receipt of deposits and lending money, the modern banker renders many services. It becomes necessary to attract to customers by providing a wide range of Innovative services to customers. Adam Smith rightly observed, "The earliest banks of Italy where the name began were finance companies to make loans to and float loans for the Government of the cities in which they were formed ... After these banks had been long established, they began to do what we call as banking business, but at first they never thought of it. The growing demand for banking activities and technological advancements gave chances for the birth of Digital Banking.

DIGITAL BANKING

With the advancement of technology the banking activities are offered through Digital channels. Because of this, now banking activities has become more easier, fast, accurate and also time

saving. ATMs, Mobile Banking, SMS Banking, Net Banking, Debit and Credit cards are only the tip of an ice-berg.

ORIGIN OF DIGITAL BANKING

Finland was the first country in the world to have taken a lead in Digital banking. In India, it was ICICI Bank which initiated Digital banking as early as 1997 under the brand name infinity. Digital banking is a genetic term encompassing internet banking, telephone banking, and mobile banking etc., In other words, it is a process of delivery of banking services and products through electronic channels such as telephone, internet, and cell phone. Digital banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The quality, range and price of these electronic services decide the bank's competitive position in the industry. So Digital banking is defined as "the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels." Digital banking is a convenient way to access customer account 24 hours a day, 7 days a week, through the Internet.

Digital banking includes the following banking services. They are

1. **NET BANKING** – Operating and accessing the bank account through internet facilities.
2. **PLASTIC MONEY** - The plastic money generally a credit or debit card with a magnetic strip, many people carry in their wallets or purses. Holders of a valid card have the authorization to purchase goods and services up to a predetermined amount, called a credit limit for credit cards and availability of balances for debit cards.
3. **MOBILE BANKING** – availing banking facilities through phones. Normally this facility is available in smart phones. But now central government has introduced this facilities through ordinary cell phone through some notified application such as BEM, *99# etc.,
4. **PAYMENT WALLETS** – These are electronic applications. The customer can make payments for purchases through these applications such as PAY TM, MOBIVIK, FREECHARGE etc.,

PROBLEMS IN DIGITAL BANKING

All the banking companies, both public sector banks, private sector banks and foreign banks are providing these new age banking facilities. The only question is up to what extent these facilities are affordable to the customers in rural side.

- It is observed that, the availability of ATMs in perungalathur though it is adequate but not working fully.
- The network connectivity is poor.
- The new age payment systems are not accepted widely.

OBJECTIVES OF THE STUDY

The following are the important objectives of the study.

1. To test the awareness and satisfaction level of the respondents about digital banking.
2. To find out the socio-economic profiles of the customers.
3. To explore the various areas of usage.
4. To know the opinion of the respondents about digital banking facilities.

IMPORTANCE OF THE STUDY

The ever growing demand for money and banking activities, the present study focuses on the opinion of account holders about digital banking and how far the need of the individual is satisfied with the usage of digital banking.

STUDY AREA

The study area for this survey is Perungalathur panchayat. Because, it is one of the upcoming urban areas, and located near to the mofusil place of outer Chennai. Though this place is located near the metro city, now only it is developing. So, this area is selected for doing this study.

STATEMENT OF PROBLEM:

Indian banking sector is a customer centric one. After economic liberalization the industry have start realizing the customer satisfaction. Thus the question arises whether the customers are really satisfied about digital banking services. Hence with a view to get answer for this question an attempt has been made to analyze whether digital banking services are considered as a opportunity or a threat for the needy people.

LIMITATIONS OF THE STUDY:

The main limitations of the study are as follows:

- The study is based on the opinion of the individuals in the study area.
- The area covered for the study is Perungalathur.
- The respondent’s bias noticed during the survey may slightly influence the findings of the study.

ANALYSIS AND INTERPRETATION:

DISTRIBUTION OF RESPONDENTS ACCORDING TO GENDER AND LEVEL OF IMPORTANCE

VARIABLE	MALE	FEMALE	TOTAL
Vital	65	23	88
Essential	118	33	151
Desirable	39	8	47
Waste of time	3	1	4
No Opinion	1	1	2
Total	226	66	292

This table shows more male respondents consider digital banking to be vital. Only 4 respondents have opinioned that using digital banking is waste of time. Also the table exhibits that, the study area consists more no of male respondents and they consider it is essential.

DISTRIBUTION OF RESPONDENTS ACCORDING TO FREQUENCY OF USAGE AND AGE GROUP

VARIABLE	18-30YEARS	31-45 YEARS	46 YEARS AND ABOVE	TOTAL
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Almost daily	15	9	2	26
6-10 times in month	30	36	10	76
3-5 times in month	36	69	22	127
1-2 time in month	21	21	4	46
Once in a month	2	3	3	8
Occasionally used	5	3	1	9
Total	109	141	42	292

This table shows more than 50percent of the respondents are in the age group of 31-45 years, of which 69 respondents are using 3-5 time in month. The least group are in the age level of more than 46 years. So it is evident that middle age group customers are availing the more banking facilities.

DISTRIBUTION OF RESPONDENTS ACCORDING TO MONTHLY SPENDING AND AGE GROUP

VARIABLE	18-30YEARS	31-45 YEARS	46 YEARS AND ABOVE	TOTAL
< 5000	40	27	9	76
Rs.5001 to Rs.15000	53	77	20	150
Rs.15001 to Rs.30000	14	33	12	59
More that Rs.30000	2	4	1	7
Total	109	141	42	291

This table shows the amount spend through digital banking facilities and age group. It is observed that, more no of respondents are in the age group of 31-45 years and also they are spending the amount in the category of Rs.5001 to Rs.15000. Only 7 respondents are spending more than Rs. 30000 through digital facilities. Hence it is clear that majority are spending only reasonable amount and they are in middle age group.

DISTRIBUTION OF RESPONDENTS ACCORDING TO MISUSE OF FACILITIES AND GENDER

VARIABLE	MALE	FEMALE	TOTAL
Yes	16	3	19
No	210	63	273
Total	226	66	292

This table shows the how many respondents are saying that their digital banking facilities i.e cards, net banking, phone banking facilities are misused. Out of the total respondents’ 16 male respondents and 3 female respondents have opinioned that, their account is misused. In general not even 10 percent of the respondent’s account is misused. So this may be on the reason that, digital banking facilities are not widely used in the study area.

DISTRIBUTION OF RESPONDENTS ACCORDING TO AGE LEGAL SYSTEM

VARIABLE	18-30	31-45 YEARS	46 YEARS AND ABOVE	TOTAL
Agree	45	45	26	116
Disagree	17	34	5	56
No Opinion	47	62	11	120
Total	109	141	42	292

This table shows the level of respondents agreeing that the legal system is confusing and cumbersome. Out of the respondents in the survey 116 respondents have opinioned that the legal

system is confusing and cumbersome. Only 56 respondents have dis-agreed this statement. But at the same time higher amount of respondents i.e.120 respondents have expressed that, they are not

willing to express their opinion. This is so evident because the customers are not fully aware about the legality for digital banking.

DISTRIBUTION OF RESPONDENTS ACCORDING TO FACTORS INFLUENCING THE CHOICE OF DIGITAL BANKING

S.NO	VARIABLE	RANK	WAM	E VALUE	SIG
1	Convenience	1	11.01	4.37	.014
2	Status Symbol	7	6.48	11.94	0
3	Brand of the Bank	5	7.17	3.08	.048
4	Acceptability	2	9.04	0.81	.0448
5	Charges for various facilities	3	8.20	2.11	.0124
6	Distribution Network	4	7.76	3.51	.032
7	Bank Staff Recommendation	11	4.23	3.73	.026
8	Peer Feed Back	9	4.33	4.49	.012
9	Free Credit Period	6	6.59	0.68	.51
10	Credit Limit	8	4.77	4.96	.008
11	Annual fees	10	4.3	4.55	.012
12	Transaction fees	12	4.14	7.11	.001

This table show the ranking of various variables considered for the study. Out the variables considered Convenience of using digital banking is ranked 1 based on weighted average mean (WAM) of 11.01. This was followed by acceptability of the bank which secures second rank. Among the variables considered less ranked variables include transaction (12), Bank staff recommendation (11) and fees (10).

The ANOVA result indicates that status symbol and transaction fees were statistically significant.

DISTRIBUTION OF RESPONDENTS ACCORDING TO SPENDING PATTERN THROUGH PLASTIC MONEY

S.NO	VARIABLE	RANK	WAM	F VALUE	SIG
1	Groceries	1	5.45	3.46	.033
2	Restaurant bill payment	2	5.4	.51	.6
3	Consumer Durables	5	4.555	.56	.57
4	Electronic	6	4.315	.30	.738
5	Cash Withdrawn through ATM	3	4.965	3.68	.027
6	Hotel accommodation	8	2.94	0.48	.619
7	Airlines/railway tickets	7	3.595	1.07	.344
8	Clothing and Jewelry	4	4.78	.20	.816

This table shows the ranking of variables based on the spending pattern of the respondents in the study area. Even though the shops where possibilities for digital payments are very limited, in spite of that also respondents are willing to avail the facilities of digital payments. Among the

variables considered Groceries is considered as 1st rank. The least ranked responses are Hotel accommodation (8), Travel Ticket booking (7). This is may be because of the opportunity of

Places for using digital payments is restricted. And the important notable point is usage of cards for cash withdrawals through ATMs secured 3rd rank. But only three ATMs are working with cash. All other ATMs are having cash out position on most of the days during the survey period.

MAJOR FINDINGS OF THE STUDY

- The acceptability of new age payment system is not good in the study area. But credit and debit cards are accepted widely.
- The study shows more of male respondents agreed that the digital banking is essential than female respondents.
- The age-wise analysis indicates that out of the total respondents who are using digital banking which comes to 50% (approx) majority were young middle aged lying in the age group 31-45 years. This shows that middle and young aged persons are ready to accept the technological advancement.
- The study further reveals that 127 respondents have opinioned that they are using the digital banking facilities five times in a month. Moreover 69 respondents who are in this category are in the age group of 31-45 years.

CONCLUSION

Digital banking which was considered to be a luxury has become necessary. Because previously these new age facilities are utilized by higher income group customers. These facilities are extended not only to customers in urban areas or cities, but also to customers residing in rural area. Today, with development of banking and trading activity, the fixed income group or salaried classes are also started using these facilities. But still there may be the criticism that, it induces far more purchases or make the people for spendthrift economy. It also questions the security of the digital transactions. This may be so in the initial stage, but when once a customer gets used to avail these modern banking facilities they will know how to use the same in a discretionary and safely manner. On the whole, the paper concludes that, the satisfaction level of the respondents are good even though they are having various problems with respect to digital banking i.e. adequacy in ATM, distribution of network, safety of online transactions etc.

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