Customer Attitude towards Digital Banking Usage in Tamilnadu

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Abstract

Technological stride has changed the way banking is done in the present scenario. Digital bankinghas become a convenient and common phenomenon with increased and easy access of digital over smart phones,tablets and computers. Introduction of 3G and 4G network has enabled more and more people to go for digitalbanking for banking facilities. Furthermore, demonetization and remonitization of currency by hon'ble Prime Ministerhas necessitated the usage of digital banking in a sense. It is seen as a revolution in banking industry in termsof working culture, customer services and growth of banks. Even after the advent to secured digital banking facilitiesand easy access to digital there are several psychological and behavioral aspects affect usage of digital banking.The present is an attempt to explore the behavioural and psychological aspects of consumers to reveal underlyingconcerns of digital banking.

Keywords: Digital banking, Network security, Customer Attitude

Introduction

Banking today is re-defined and re-engineered with the use of information technology and it is sure that the future of banking will offer more sophisticatedservices to the customers with continuous product and process innovations. So, there is a paradigm shift from the seller's market to buyer's market in the industry and finally it impacts at the bankers' level to change their approach from conventional banking to convenience banking and mass banking to class banking. The shift has also increased the degree of accessibility of a common man to bank for his variety of needs and requirements. Banks have traditionallybeen in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and

telecommunication networks for delivering awide range of value-added products and services. The delivery channels include direct dial-up connections, private networks, public networks and the personal computers including theautomated teller machines. With the popularity of personal computers, easy access to digital and world wide web (www), digital is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. The use of digital in banking is generally referred to as Digital Banking.

According to Standard Bank, "Digital Banking is a remote home and/or office banking service that is offered to a bank's personal customers, to perform routine banking transactions through the digital".Digital Banking has changed the faceof the entire banking system. It helps thecustomers to carry out their financial transactions using a secure website or web portal. It serves as a single point of contact for the customers and offers them with a widerange of facilities right from allowing them to access their bank accounts to advanced value-added services like paying bills, buying and selling goods and services. This is a powerful 'value-added' tool to the banking system which is used to attract new customers and retain the existing ones. It helps them to acquiremore business from the existing customers. In other words, Digital Banking opens a new channel for banks to reach their customers and serve them better.

Statement of the problem

In the globalized era, financial sector reforms have significantly deregulated the markets. The nationalized banks are not an exception. There are somany new private sector banks flourishing into the market. The service providers are adopting so many customer-oriented practices, to attract new customers and to retain the existing customers. Before the technological innovation, the functioning of all banks was manual for all the services including data handling, maintaining and processing the accounts, receiving the customers and fulfillment of their needs. Customers had to pay their time, patience in banks to carry out their transactions completely. They had to face the multiple occurrences of unnecessary requirementswithin limited timeperiod and tosuffer by the lack of proper information to complete their financial desires. As a result of this growing dissatisfaction amongst thecustomers, there was an imperativeneed to automate this sector so as to remove all these problems.   In the 1980s, the developmentsin ITwith the advancement inpersonal computer (PC) and emerging networkingmade the transactions automatic by computerization in the banks. Thecustomers could use error free services due to the development of information and communication technology (ICT).   With this automation, customer retention ratiowent up as customers were very satisfied with the modernisation of the set up.   In this background, the researcher has aimed to study the customer attitude towards Digital Banking Usage in Tamilnadu.

Objectives of the Study
1. To analyse the customers' attitude towards the Digital Banking usage in Tamilnadu.
2. To determine the factors influencing the customers' attitude towards the Digital Banking usage.

Methodology and Sampling

This research is based on empirical and nature of the study. The primary data were collected from 250 Bank customers from Tamilnaduthrough an interview schedule under the Convenient Sampling Method.

Customers' attitude towards the Digital Banking Usage in Tamilnadu

To measure the Customers' attitude towards the Digital Banking Usagehas been analyzed through Likert's five points scaling as stated below:

SA – Strongly Agree – 5 points
A – Agree – 4 points
NO – No Opinion – 3 points
DA – Disagree – 2 points.
SDA – Strongly Disagree – 1 point

TheCustomers' attitude towards the Digital Banking of the sample respondents with 10 statements were measured through five-point scale. The total scores obtained by the respondents were computed by adding the scores for all the statements. Similarly, the scores obtained by all the respondents were computed.

In order to check the difference between the various group of respondents (age, marital status, educational qualification, Occupation and Monthly Income,). One-way Analysis of Variance and 'T' test and 'F' Test was conducted.

1.1. Analysis of Demographic Profile and Customers' attitude towards the Digital Banking Usage in Tamilnadu

A test of significance of differences on the fivegroups based on the age, marital status, educational qualification, Occupation and Monthly Incomeof the respondents was conducted through "f" test.

H_0: There is no significant difference between the age, marital status, educational qualification, Monthly Income and Occupation of the respondents and customers' awareness about the Digital Banking usage in Tamilnadu.

Table 1

Analysis of Demographic Profile and Customers' attitude towards the Digital Banking Usage in Tamilnadu

Factors	Sources of variance	Sum of squares	Degrees of freedom	Means square	"f" value	Sig.
Age	Between Groups	16.379	19	.862	1.073	.380
	Within Groups	184.805	230	.804		
	Total	201.184	249	**Insignificant**		
Marital Status	Between Groups	26.884	19	1.415	1.110	.342
	Within Groups	293.216	230	1.275		
	Total	320.100	249	**Insignificant**		

Educational Qualification	Between Groups	5.610	19	.295	.839	.658
	Within Groups	80.906	230	.352		
	Total	86.516	249	**Insignificant**		
Occupation	Between Groups	20.333	19	1.070	1.098	.354
	Within Groups	224.167	230	.975		
	Total	244.500	249	**Insignificant**		
Monthly Income	Between Groups	20.555	19	1.082	1.179	.277
	Within Groups	211.045	230	.918		
	Total	231.600	249	**Insignificant**		

Source: Computed Data

Table 1 indicates that the 'P' value is greater than the 0.05 (5% level of significance) and hence the null hypothesis is accepted. Thus, there is no significant difference between the age, marital status, educational qualification, occupation and Monthlyincome of the respondents and customers' attitude towards digital banking usage in Tamilnadu.

Factors Influencing the customer attitude towards Digital Banking Usage in Tamilnadu

The technique adapted to analysis the factors influencingthe customer attitude towards Digital Banking Usage in Tamilnadu. There are several methods available for factor analysis. But the principle component method with Kaisers Varimax Rotation is mostly used and widely available in the factor analysis computer program. One of the final outcomes of the factor is called rotated and the factors that have been prepared. The sum of squares of the factor loading of a variable is called commonalities (H2).

The commonalities of a factor are common factor variance. The factors whose loading is 1.00 or greater are considered significant factors. This limit is chosen because it had been judged that factors with less than 100% common variance with the rotated factor pattern are too weak to report. In the present study, the principle analysis factor with the KMO and Bartlett's and rotated component Varimax Rotation is used to identify the significance of different variables of the factors influencingcustomers' attitude towards digital banking usage in Tamilnadu. The estimated results are given in Table No.2.

Table No. 2

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.604
Approx. Chi-Square		2508.423
Bartlett's Test of Sphericity	Degrees of freedom	66
	Sig.	.000

Table No. 3

Sl. No.	Variables	Component			
		1	**2**	**3**	**H^2**
1	Digital Banking facilitates online cash payment.	**0.943**	0.053	0.203	0.934
2	Cash deposit through Digital Banking is familiar to me.	**0.008**	0.039	0.819	0.672
3	Quick view of balance enquiry is possible throughDigital Banking.	**0.721**	0.507	0.362	0.908
4	Request for demand draft easily made through Digital Banking.	**0.594**	0.057	0.220	0.404
5	Request for cheque book is possible through Digital Banking.	0.814	**0.076**	0.091	0.677
6	Digital Banking provides fund transfer from one a/c to another a/c.	0.915	**0.091**	0.172	0.874
7	Payments of bills for insurance premium, E-ticket booking and recharge of mobile phones.	0.101	**0.902**	0.141	0.843
8	One can easily access their account through Digital Banking.	0.349	**0.735**	0.309	0.759
9	Options for payment of various Government taxes through Digital Banking.	0.629	0.171	**0.092**	0.434
10	Operation through Digital Banking is more secure.	0.533	0.100	**0.643**	0.708
11	It feels comfortable to use Digital Banking facilities.	0.425	0.631	**0.003**	0.579
12	Easy to avail information fromDigital Banking.	0.423	0.076	**0.669**	0.632

The above Table1.3exhibits that, the matrix of common factor coefficient or factor loadings. The number of factors extracted was three. The rotation, which has the highest loading (>1.00) in each factor are grouped, that is, the ratios which are more closely related to a particular group are boxed. The final column in the table is "communality" (H2) that is, the variance explained by the gene. In the next segment, these solutions have been read by examining the significant loading for ratio clustering on each component carefully.

Factor I (F1)

The first factor variables are Digital Banking facilitates online cash payment(0.943), Cash deposit through digital Banking is familiar to me. (0.008), Quick view of balance enquiry is possible throughDigital Banking (0.721) and Request for demand draft easily made through Digital Banking (0.594). Out of these variables Digital Banking facilitates online cash payment have the highest significant positive loadings.

Factor II (F2)

The second factor consists of the variables, namely, Digital Banking provides fund transfer from one a/c to another a/c (0.076), Digital Banking provides fund transfer from one a/c to other a/c (0.091), Payments of bills for insurance premium, E-ticket booking and recharge of mobile phones (0.902), and One can easily access their account through Digital Banking (0.735) are all the variables in factor II named. Out of these variables Payments of bills for insurance premium, E-ticket booking and recharge of mobile phoneshave the highest significant positive loadings.

Factor III (F3)

The third factor consists of the variables, namely; Options for payment of various Government taxes through Digital Banking (0.092), Operation through Digital Banking is more secure (0.643), It feels comfortable to use Digital Banking facilities (0.003), and Easy to avail information fromDigital Banking (0.669) are all the variables in Factor III. Out of these variables Easy to avail information fromDigital Banking have the highest significant positive loadings.

Conclusion

Banking today is re-defined and re-engineered with the use of Information Technology and it is sure that the future of bankingwill offermore sophisticated services to the customers with continuous product and process innovations. Thus, there is a paradigm shift from the seller's market to the buyer's market in the industry and finally it affected at the banker's level to change their approach from"conventional banking to convenience banking" and "mass banking to class banking".

This study has attempted to identify the attitudes of customers who are using Digital Banking byanalyzing the services provided by different banks and the customers' observationson their banking experience. The main factors which persuade people to use online banking are comfort and convenience and the facility which attracts themmost is quality and quantity of information. Therefore, implementation of quality initiatives should begin with defining customers' need and preferences and their related quality dimensions. There is still a lot of need for the banking system tomake reformsand train their customers in using digital to operate their banking account.In future, the availability of technology to ensure safety and privacy of Digital Banking transactions and the RBI guidelines on various aspects of Digital Banking willdefinitely help in rapid growth of DigitalBanking in India and to develop a high level of attitude among Digital Banking customers.

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