

A Study on Exploring Challenges in Digital Banking Transactions in Public and Private Sector Banks at Tirupathi

Dr. G Radhakrishna Murthy¹, Dr. Ashok Kumar Gowda², Dr. B.G.V. Phani Madhav³,
K. Sreenivasulu Reddy⁴, Mr. Bhogyam Charan Teja⁵

¹MBA, Ph.D, Associate Professor, Department of Management Studies, Patel Institute of Science and Management, Bangalore

²A.R, Director, Patel Institute of Science and Management, Bangalore, Karnataka-India

³MBA, M.Sc., Ph.D. (LLB) Associate Professor, Department of Management studies, Zenex Vision School of Business and Technology, Nellore –India

⁴MBA, M.Com., (Ph.D), Assistant Professor, Department of S&H, Geethanjali Institute of Science and Technology, Nellore, Andhra Pradesh

⁵M. Com, M.B.A, UGC-Net, APSET, TPO & Assistant Professor, Department of Management studies, Zenex Vision School of Business and Technology, Nellore –India

ABSTRACT

Digitalization has significantly transformed the banking sector, reshaping customer preferences and expectations. In response, banks in Andhra Pradesh are increasingly embracing digital solutions to cater to these evolving customer demands. According to the contingency theory, for digitalization efforts to succeed, banks must align their digital strategies with various internal and external factors. Numerous elements influence the adoption of technology-driven banking, and it is crucial to consider these variables when examining customer perceptions and behaviour towards digital banking in Andhra Pradesh. Research on digital banking and financial services in India has highlighted that perceived usefulness is among the most critical factors affecting the intention to use online banking services. Therefore, understanding the dynamic relationship between banks and their customers is crucial as they shift towards a digital-centric model. This study seeks to explore the impact of the banking sector's digital focus on customer relations, with an emphasis on electronic banking both broadly and within the Indian context. Electronic banking, with its rapid pace of growth and efficiency, has proven to be transformative for the industry. By examining this shift, the study aims to understand better the factors driving the development of electronic banking services and assess their implications.

(Keywords: Digitalization – Customer preferences – Technology – Customer Perception– Electronic banking services)

INTRODUCTION

The Indian Banking Industry saw a notable increase in its contribution to ICT Technology after the implementation of the LPG (Liberalisation, Privatization, and Globalization) Program. It was amazing to see the shift from manual administration to automated banking circumstances. The IT Act was one measure that introduced electronic banking administrations to the banking Industry. It was approved on October 17, 2000. In India, web banking first appeared in the late 1990's. The Reserve Bank of India assumed control of the Imperial Bank of India's operations from 1936 to 1955 after it was founded as the Nation's national bank 1935. By 1955, Imperial Bank had opened 480 branches across India as part of its financial operations expansion.

The Imperial Bank was officially acknowledged as the State Bank of India by the Act of the Indian Parliament, which went into force on July, 1st 1955. At the moment, technology is altering every aspect of the banking sector. The digital capabilities of this industry are creating new opportunities. Banks started using technology driven methods in their operations to give their customers more enticing and superior services with the new economic policies of the 1990's. ICT – related services have made Banking sector easier and more convenient for Customers. At the moment, all successful banks are enhancing and altering their services procedures and offering a variety of banking services offered. Modern technology has been incorporated into the daily operations of Commercial banks.

The efficiency and profitability of this banking segment have undoubtedly increased due to ICT strategy, but urban Co-operative are also progressively becoming more integrated into the information and communication technology landscape. In order to face numerous challenges and intense competitions, they are waking up to explore the state of the art technological weapons.

They are searching for these answers to reach interesting locations. Because of automation, there is some hope in this sector. It is believed that ICT networking technologies and innovative ideas have revolutionized these cooperative banks that are falling behind in technology.

REVIEW OF LITERATURE

According to Salehi et al. (2018), sound Banking is essential in every nation and can greatly enhance monetary stability through effective money-related administrations.

By Providing ATMs, Master and charge cards, Web banking, Phone banking, and Online products, among other things, Kaleem and Ahmed (2019) concur that traditional banking in India has been adequately replaced by electronic banking in all aspects.

Digital Banking was originally introduced to India by multinational Institutions in the late 1990s. The idea was then embraced by nearby banks, who installed ATM's and change Debit and Credit Cards.

Flexible banking, according to Luo, Li, Zhang, and Shin (2021), is a creative way for Customers to interact with banks to acquire financial services.

Internet banking, according to Dixit and Datta (2022), is frequently used to describe how a bank improves a website to offer basic details about its offerings. Now "Web banking incorporates giving administrations, for example, access to accounts, move reserves, and the buy of monetary items or administrations on the Web.

Capgemini (December 2023) examined the "Top 10 trends in Banking -2017" report in order to comprehend and examines the patterns that are relied upon to propel the components of the financial biological system as soon as possible. The increasing tendency of banks emphasizing advancement through the use of new technology was covered in this research.

Aruna R. Shet's (2023) analysis of "Mechanical Innovations in Indian Banking Sector" concentrated on advancements that have enhanced Indian banking and came to the conclusion that the growth of innovation in banking services and goods "Change in outlook in Taxation, Accounting, Finance and Insurance" is the title of the international conference. According to a detailed analysis of market dynamics, competitive trends and consumer preferences, low-cost innovation is the key. conference.

RESEARCH GAP

Lack of Research Following a comprehensive review of many articles, it was found that although a significant amount of study has been conducted on the effects of digital banks, much of it has been conducted outside of India, and there has been little to no research conducted in India, and at Nellore district in Andhra Pradesh State specifically on the topic. Finding out how satisfied customers are with the digital banking system is crucial because the success of any new technology is directly related to how well end users or customers embrace it.

Need for Study

Banking customers can access their records more quickly while earning money online. The foundation of Electronic Banking and this kind of money transfer and money keeping system is less and it offers more advantages than the Conventional account management setup.

Objectives of the Study

The Primary objective of the study is to examine the evolution and emergence of the digital banking system. It will draw attention to the main ways that the Digital Banking system affects banking services generally. Therefore, the study's main objectives are as follows:

1. To get awareness, acceptance, and use of Digital Banking Systems (such ATMs, Credit Cards, Mobile banking and Online Banking Services in Banking sector at Tirupathi district in Andhra Pradesh,
2. To analyse the factors that influence electronic banking customers adoption in digital banking system.
3. To investigate the benefits and challenges that bank clients face when utilizing online banking services.

SCOPE OF THE STUDY

Increased competition, a changing business environment, globalization, and the advancement of information and communication technology are the main forces being the Banking and financial services need to adopt or implement. The need for banking and financial services has increased significantly. Customers behaviour around these services is evolving in tandem with them.

As traditional banking gives way to digital banking, banks are introducing new banking technology and new working system techniques in order to adapt to the changing financial environment. To attract new customers and retain existing ones, they need to implement creative modification in Andhra Pradesh banking services.

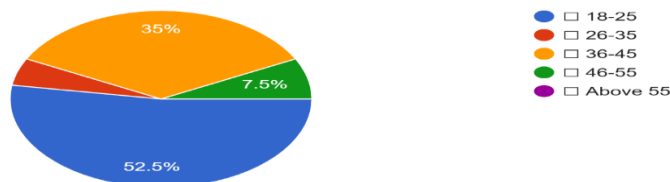
DATA ANALYSIS

A survey study was employed as the data collection approach. Respondents are both the public and private sector banks at Nellore district in Andhra Pradesh and sample is limited to 40 and applied random sampling method or convenience sampling method is applied to collect the data base.

1. Age:

Sl. No.	Description	Responses	Percentile
1	18-25	21	52.5%
2	26-35	14	35%
3	36-45	3	7.5%
4	46-55	2	5%
5	Above 55	0	0%
	Total	40	100

1. Age:
40 responses

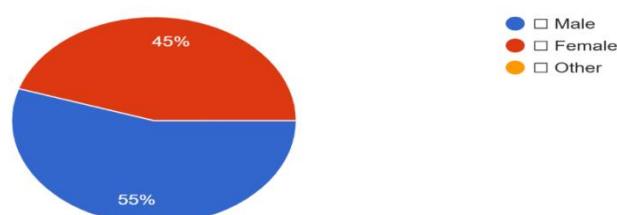


Inference: This above table depicts the age wise usage of Digital banking in public and private sector banking services 18-25 age level the responses is 21, 26-35 age level responses 14, 36-45 age level responses is 3, the age level between 46=55 the responses are 2, and above the age level of 55 the responses are 0 in the total size of the sample is 40.

2. Gender

Sl. No.	Description	Responses	Percentile
1	Male	18	45%
2	Female	22	55%
3	Other	0	0%
	Total	40	100

2. Gender:
40 responses



Inferences: The above table denotes that the Gender wise usage of Digital banking transactions in Public and Private banking sector the category of Male is 45%, the category of Female is 55% and others 0% in the total size of the sample size is 40.

3. Occupation

Sl.No.	Description	Responses	Percentile
1	Student	20	50%
2	Self-employed	1	47.5%
3	Salaried Employee	19	2.5%
4	Business Owner	0	0%
5	Retired	0	0%
6	Other	0	0%
	Total	40	100

3. Occupation:
40 responses

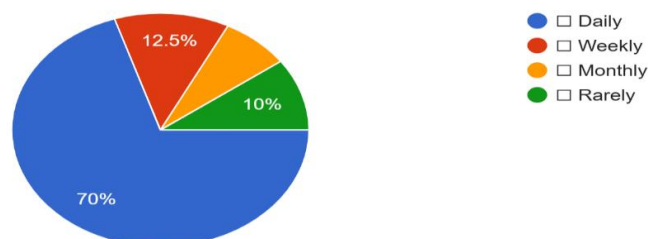


Inference: This above table depicts the occupation wise usage of Digital banking in public and private sector banking services Student category level the responses is 20, Self-employed category level responses 1, The category of Salaried Employees level responses is 19, the Categories of Business Owners, Retired and Others the responses are 0, in the total size of the sample is 40.

4. How frequently do you use electronic banking services?

Sl.No.	Description	Responses	Percentile
1	Daily	28	70 %
2	Weekly	5	12.5 %
3	Monthly	4	10 %
4	Rarely	3	2.5 %
	Total	40	100

4. How frequently do you use electronic banking services?
40 responses



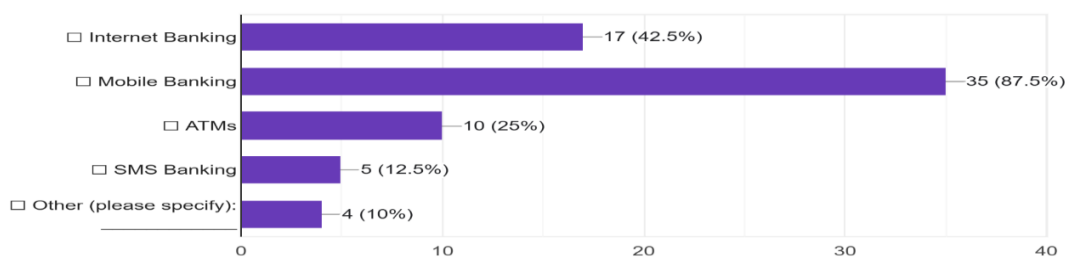
Inferences: The above table denotes that the frequent usage of Digital banking transactions in Public and Private banking sector the category of Daily is 70%, the category of Weekly is 12.5%, The category of Monthly is 10%, and the category of Rarely is 2.5% in the total size of the sample size is 40 at 100%.

5. Usage of Online Banking Services which of the following electronic banking services do use? (Select all they apply?)

Sl. No.	Description	Responses	Percentile
1	Internet Banking	17	42.5%
2	Mobile Banking	35	87.5%
3	ATMs	10	25%
4	SMS Banking	5	12.5%
5	Other (please specify):	4	10%

5. Usage of Electronic Banking Services Which of the following electronic banking services do you use? (Select all that apply)

40 responses



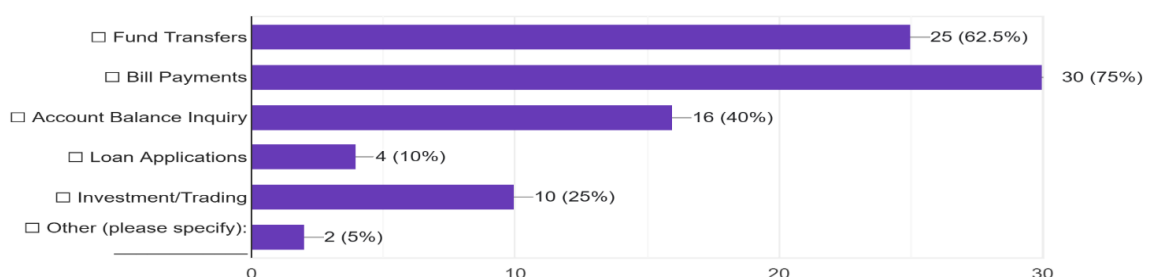
Inference: This above table depicts that the Usage of Electronic Banking Services (select all apply) wise usage of Digital banking in public and private sector banking services Internet Banking category level the responses is 17, Mobile Banking category level responses 35, The category of ATMs level responses is 10, the Categories of SMS Banking is 5, and Others the responses are 4, in the total size of the sample is 40.

6. For what purposes do you generally use electronic banking? (Select all that apply)

Sl. No.	Description	Responses	Percentile
1	Fund Transfers	25	62.5%
2	Bill Payments	30	75%
3	Account Balance Inquiry	16	40%
4	Loan Applications	4	10%
5	Investment/Trading	10	25%
6	Other (please specify):	2	5%

6. For what purposes do you generally use electronic banking? (Select all that apply)

40 responses



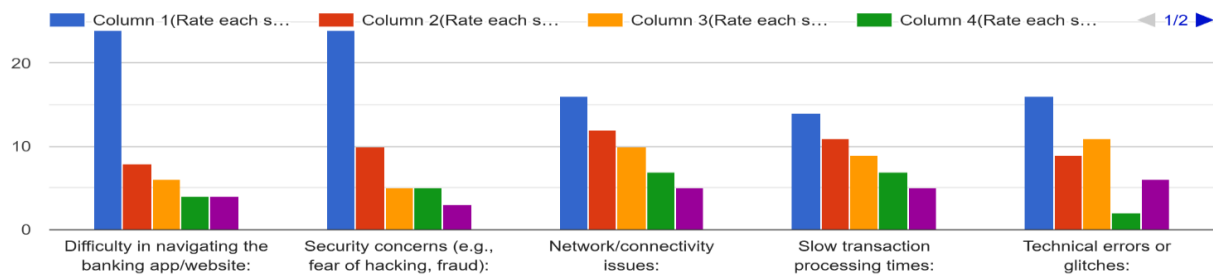
Inference: This above table depicts that the Purpose of Usage of Electronic Banking Services (select all apply) wise usage of in public and private sector banking services Funds transfer category level the responses are 25 (62.5%), Bill Payments category level responses 30 (75%), The category of Account Balance enquiry level responses are 16 (40%) ,

the Categories of Loan Banking are 4 (10%) , the categories of Investment/Trading level responses are 10 (25%) and Other 2 (5%).

7. Challenges Faced in Electronic Banking

Have you experienced any of the following issues while using electronic banking services?
(Rate each statement as: 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, 5 = Always)

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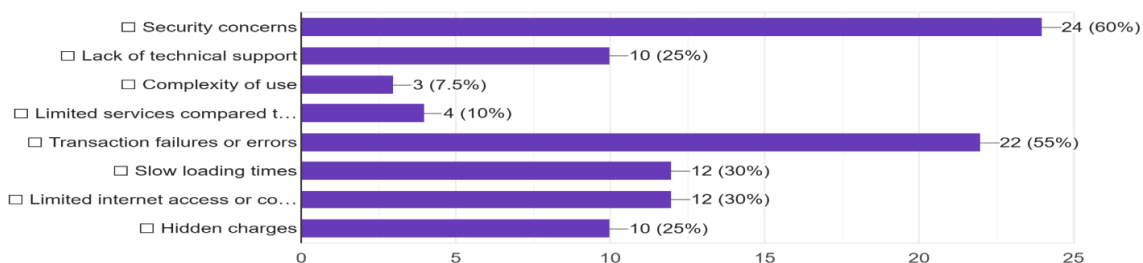
Inference: In this above table describes 1) Difficulty in navigating the banking app/ website is comes to maximum customers face this challenge, 2) Security concerns EX:- hacking, limited no of customers face this issues, 3) Network/Connectivity issues most of the clients faces. 4) Slow transactions processing times another major problem the customers are facing in Public and Private sector banking services and 5) Technical errors or glitches is the another highlighted challenges were faced by the customers while using of digital banking transactions.

8. What do you find most challenging about using electronic banking? (Please select up to three options)

Sl. No.	Description	Responses	Percentile
1	Security Concerns	24	60%
2	Lack of Technical support	10	25%
3	Complexity of Use	3	7.5%
4	Limited services compared	4	10%
5	Transactions failure or errors	22	55%
6	Slow loading time	12	30%
7	Limited Internet access	12	30%
8	Hidden charges`	10	20%

8. What do you find most challenging about using electronic banking? (Please select up to three options)

40 responses



Inference: This above table depicts that the most challenging while Usage of Electronic Banking Services (select all apply) wise usage of in public and private sector banking services Security Concerns category level the responses are 24 (60%), Lack of Technical Support level responses 10 (25%), The category of Complexity of Usage level responses are 3 (7.5%) , the Categories of Limited Services compared are 4 (10%) , the categories of Transaction failure errors level responses are 22 (55%), The category of Slow loading time level responses are 12 (30%), the category of Limited Internet access level responses are 12 (30%), and the last category of Hidden charges category responses are 10 (20%).

9. Have you ever faced any security issues (e.g., unauthorized transactions, phishing scams) while using electronic banking?)

Sl. No.	Description	Responses	Percentile
1	Yes	26	65%
2	No	13	32.5%
3	If yes, please describe briefly:	1	2.5%
	Total	40	100

9. Have you ever faced any security issues (e.g., unauthorized transactions, phishing scams) while using electronic banking?

40 responses

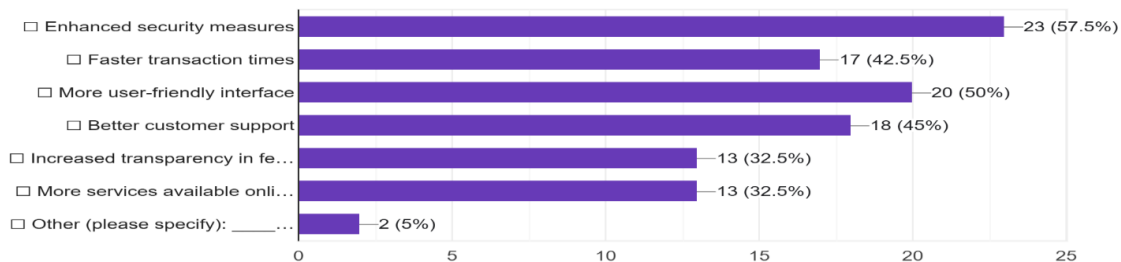


Inference: This above table depicts that the you ever faced any security issues ((e.g., unauthorized transactions, phishing scams) while using electronic banking?) Security issues Category wise usage in Digital banking in public and private sector banking services i.e. unauthorised tractions, phishing scams) Yes category level the responses are 26, No category level responses 13, The category of If yes, please describe briefly is 1.

10. What improvements would you like to see in electronic banking services? (Please select all that apply)

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40 responses



Inference: This above table depicts that the improvements would you like to see in Electronic Banking Services (select all apply) wise usage of in public and private sector banking services Enhance Security measures category level the responses are 23 (57.5%), Faster transaction times level responses 17 (42.5%), The category of More user friendly interface of Usage level responses are 20 (50%) , the Categories of Better Customer support are 18 (45%) , the categories of Increased transparency level responses are 13 (32.5%), The category of More services are available level responses are 13 (32.5%), the category of others level responses are 2 (5%).

FINDINGS OF THE STUDY

- ✓ The age wise usage of Digital banking in public and private sector banking services 18-25 age level the responses is 21, 26-35 age level responses 14, 36-45 age level responses is 3, the age level between 46=55 the responses are 2, and above the age level of 55 the responses are 0 in the total size of the sample is 40.
- ✓ The Gender wise usage of Digital banking transactions in Public and Private banking sector the category of Male is 45%, the category of Female is 55% and others 0% in the total size of the sample size is 40.
- ✓ The occupation wise usage of Digital banking in public and private sector banking services Student category level the responses is 20, Self-employed category level responses 1, The category of Salaried Employees level

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- ✓ The frequent usage of Digital banking transactions in Public and Private banking sector the category of Daily is 70%, the category of Weekly is 12.5%, The category of Monthly is 10%, and the category of Rarely is 2.5% in the total size of the sample size is 40 at 100%.
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- ✓ The Purpose of Usage of Electronic Banking Services (select all apply) wise usage of in public and private sector banking services Funds transfer category level the responses are 25 (62.5%), Bill Payments category level responses 30 (75%), The category of Account Balance enquiry level responses are 16 (40%) , the Categories of Loan Banking are 4 (10%) , the categories of Investment/Trading level responses are 10 (25%) and Other 2 (5%).
- ✓ This study describes the challenges are commonly faced by customers of Banking in Digital transactions. 1) Difficulty in navigating the banking app/ website is comes to maximum customers face this challenge, 2) Security concerns EX: - hacking, limited no of customers face these issues, 3) Network/Connectivity issues most of the clients faces. 4) Slow transactions processing times another major problem the customers are facing in Public and Private sector banking services and 5) Technical errors or glitches is another highlighted challenge were faced by the customers while using of digital banking transactions
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CONCLUSION

Conclusion of my study now a days majority are banking customers in Public and Private banking sector were attracting towards Electronic or Digital banking transactions it provides better comfort instead of waiting in long queues for hours and with reaching the physical locations these digital transactions providing better comfort similarly common few challenges faced by the customers in electronic banking when it over come it attract huge number of customer base to the online banking system.

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