



## **CUSTOMER'S UTILITY TOWARDS THE DIGITAL MODES OF SERVICES IN PUBLIC AND PRIVATE SECTOR BANKS IN KANYAKUMARI DISTRICT.**

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### **Abstract**

*The digital age is transforming India and its people at an exceptional rate. Technology is providing ample opportunities to empower individuals each day and grows endlessly. Not a single sector has been left untouched by the technological revolution. Digitalization plays a vital role in the bank's strategy through which banks are migrating from paper-based transactions to paper less transactions. The present study has adopted proportionate random sampling design. This is the method of sampling in which the researcher divides a finite population into subpopulations and then applies random sampling techniques to each sub-population. Proportional sampling is similar to proportional allocation in finite population sampling. 57 The study focused on the digital modes of services of Public and Private Sector Banks in Kanyakumari district. Technological revolution is influencing almost every sector in the country and the Banking sector is not an exemption to it. Government of India has taken a lot of initiatives in promoting digital economy and one among the significant initiative is the 'Digital India program' which focuses on cashless and paperless economy.*

### **1.1 Introduction**

The digital age is transforming India and its people at an exceptional rate. Technology is providing ample opportunities to empower individuals each day and grows endlessly. Not a single sector has been left untouched by the technological revolution. The banking industry in India and around the world is going through changing times with major technological shifts, digitalizing the entire banking process and redefining the way business is done.

Adoption of digitalization is very important for the banking sector. By embracing digitalization, banks can provide enhanced customer services. This provides convenience to customers and helps in saving valuable time. Digitalization has transformed manual processes, transactions and activities into digital services. Across all verticals, customer needs have been met in entirely innovative ways, disrupting existing enterprise value chains. Digitalization reduces human error and thus builds customer loyalty.

### **1.2 Statement of the problem**

Digitalization plays a vital role in the bank's strategy through which banks are migrating from paper-based transactions to paper less transactions. Technological innovation has a positive impact on increasing the operational efficiency as well as productivity of the banks. A paradigm shift has been done in the banking sector due to the adoption of new technologies, branchless banking is being carried now a days. Customers do most of the transaction at their home or work place at their convenience and they do not feel to go to branch for their banking. Technology acts as catalyst and business driver for the banks. The growth of the telecommunication technology has added a dimension to the banking and is being leveraged in acquiring customers, enabling automation and increasing the process efficiency. Over the last decade almost all the banks have emphasized on core banking solutions and had completed the transformation to technology driven banks.

Various Digital Modes of Banking Services that are provided by banks in India include Internet Banking, Mobile Wallets, Digital Payment Applications, Unified Payments Interface (UPI) Service,

Aadhar Enabled Payment Systems, Unstructured Supplementary Service Data (USSD), Mobile Banking and the like. Customers prefer Digital Modes of Banking Services because of their 24X7 availability, convenience, less time consumption, “Anytime Anywhere banking”, absence of long waiting hours and the like.

### 1.3 Objectives of the study

1. To study the origin and growth of digital modes of services in Indian banking sectors.
2. To identify the Socio-Economic profile of the customers of Digital Modes of Banking Services of Public and Private Sector Banks in the Kanyakumari district.
3. To examine the factors influencing the customers towards the usage of Digital Modes of Banking Services of Public and Private Sector Banks in the Kanyakumari district .

### 1.4 review of literature

A review of literature is of immense help to the researcher in gaining an insight into the selected problem. It helps in gaining good background knowledge of the area under study. In the area of the research study related to customer’s utility towards Digital Modes of Banking Services several studies, research papers, articles, dissertations have been reviewed by the researcher and are presented as follows;

Aladwani A. M. (2001), in the study titled as “Online Banking: A Field Study of Drivers, Development Challenges, and Expectations”, presents the findings of a quantitative study of bank executive and IT managers and potential customers perspectives of online banking's drivers, development hurdles, and expectations. The findings are beneficial to both scholars and practitioners interested in learning more about the difficulties with tool line banking.

Mittal and Rajeev (2001) studied E-CRM in Indian Banks. The study emphasized the importance of E-CRM, its current state, the methodologies utilized by Indian banks, and its future prospects. Customers cannot rely solely on e-banking for high-end products, while customers prefer to visit their conventional brick and mortar branches for social connections. The establishment of a solid and adaptable infrastructure, e-commerce capabilities, and cost reduction through improved productivity, lower complexity, and automation of administrative operations are all critical to the success of e-CRM.

### 1.5 methodology and design of the study

The methodology of the present study has been described as under;

#### 1.5.1 Research Design

Descriptive research design is adopted by the researcher. This design is used to describe characteristics of a population or phenomenon that is being studied. In this study, the researcher has made an attempt to describe about the customer’s utility towards digital modes of services in Public and Private Sector Banks in Kanyakumari District.

#### 1.5.2 Sampling Design

The present study has adopted proportionate random sampling design. This is the method of sampling in which the researcher divides a finite population into subpopulations and then applies random sampling techniques to each sub-population. Proportional sampling is similar to proportional allocation in finite population sampling. 57 The study focused on the digital modes of services of Public and Private Sector Banks in Kanyakumari district. For this purpose, the researcher has selected top six Public and Private

Sector Banks of Kanyakumari district respectively, based on the number of branches they operate in the study area.

### 1.6 Prospects for using digital modes of banking services

The researcher has identified twenty Variables related to the prospects of the Digital Modes of Banking Services offered by the Public and Private Sector Banks in the study area. Suggestions of the customers regarding the Digital Modes of Banking Services to be added in the future years to come has been asked in the form of t test. The analyses of the prospects of Digital Modes of Banking Services by the customers are presented in **Table 1.6**.

- Ho: Customer Expectations of Digital Modes of Banking Services do not influence customer utility .  
 Ha: Customer Expectations of Digital Modes of Banking Services influences customer utility.

**Table 1. Prospe CTS for using digital modes of banking services**

particulars	MEAN score		Mean Difference	TStatistics
	Public sector bank	Private sector Bank		
Advanced Applications for Enhanced Digital Services	1.6762	1.4089	0.26730	4.073**
Awareness to Merchants for usage of Digital Services	2.1238	1.9467	0.17714	2.786**
Data Safeguard for Customers	2.2362	2.2089	0.02730	0.379NS
Offering Basic Digital Modes of Banking Services at low cost and Exploration for More Differentiated Offerings	2.1981	2.2667	-0.06857	-0.914NS
Enhanced Customer Friendly Practices	2.1867	2.2178	-0.03111	-0.392NS
Adoption of Customer Based Value Services	2.3981	2.1067	0.29143	3.956**
Increased Personalization in Digital Services	2.2114	2.1822	0.02921	0.359NS
Improvised Virtual Banking Facilities	1.8190	1.4578	0.36127	4.911**P
Wearable Technologies	2.0914	1.8133.	0.27810	4.071**
Adoption of Smart Chat Box Technology	2.1581	2.0622	0.09587	1.323NS
Ensure Seamless and Superior Digital Services	2.1752	2.0978	0.07746	1.063NS
Leveraging Technologies for Each and Every Customer	2.1676	2.1250	0.04262	0.540NS
Creation of Interactive Voice Response	2.1410	2.1111	0.02984	0.400NS
Enhancement of Augmented Reality Technologies	2.1448	2.2533	-0.10857	-1.455NS
Focus more on Secured Digital Modes of Banking Services	2.1905	2.0356	0.15492	2.101*
Unified Database of Customers and Instant Access to Customers Accounts	2.2133	2.0089	2.0089	2.660**
Adoption of No- Card Transaction Facilities	2.2229	2.0756	0.14730	1.905*
Adoption of Voice – Assisted Banking	2.2686	2.1600	0.10857	1.365NS

Provision of Information to Customers about Rate of Charges and Technologies Used	2.2114	2.0978	0.11365	1.557NS
Building Trust and Customer Engagement	2.1619	2.1067	0.05524	0.663*

Source: Primary Data

\*\* Significant at one per cent level

\* Significant at five per cent level N.S – Not Significant

Table 1.1 exhibits that the important suggestions among the customers of Public Sector Banks are Adoption of Customer based Value Services, Adoption of Voice Assisted Banking and Adoption of Cradles Transaction Facilities, since the respective mean score are 2.3981, 2.2686 and 2.2229. Whereas among the customers of Private Sector Banks, the suggestions are Exploration for More Differentiated Offerings, Enhancement of Augmented Reality Technologies and Adoption of More Customer Friendly Practices. Since the respective mean score are 2.2667, 2.2533 and 2.2178.

Regarding the perception on various suggestions, the significant difference among the Public Sector and Private Sector Banks customers were noticed in twenty Variables. Since, the respective T-Statistics are significant either at 1 per cent or 5 214 per cent level. P values of the Variables namely Advanced Applications for Enhanced Digital Services, Awareness to Merchants for Usage of Digital Services, Customer Based Value Services, Virtual Banking Facilities, Wearable Technologies and Unified Customer Database for Instant Access are found to be highly significant at 1% level of significance. Also, Variables such as Secured Modes of Digital Services, Adoption of No-Card Transactions and Building Trust for Customer Engagement are significant at 5% level of Significance.

Hence the null hypothesis is rejected and inferred that the Suggestions/ expectations for Digital Modes of Banking Services influence the customer utility.

It also revealed that, P values of the Variables namely Smart Chat Box Technology, Seamless and Superior Services, Leverage Technologies for Integration, Interactive Voice Response System, Augmented Reality Technology and Well-Informed Customers about Digital Modes of Banking Services are more than 0.05 at 5% level of significance.

Hence the null hypothesis is accepted and showed that that Suggestions/ expectations for Digital Modes of Banking Services are not influencing the customer utility.

### Suggestions

Most of the bank customers are not availing the Digital Modes of Banking Services such as Electronic Cash Management System, online Issue of Demand Draft, Online Closure of Loan Account, Cheque Truncation System and the like. Hence the bank authorities must take necessary steps to make the customers to avail these Digital Modes of Banking Services too. Cash backs, redemption of reward points, discounts and offers are given when transactions are done through E-wallets such as PAYTM, Google Pay, PhonePe and the like. Banks should also extend these benefits to the online or mobile banking customers too and encourage them to avail all the digital modes of services more frequently.



## Conclusion

Technological revolution is influencing almost every sector in the country and the Banking sector is not an exemption to it. Government of India has taken a lot of initiatives in promoting digital economy and one among the significant initiative is the 'Digital India program' which focuses on cashless and paperless economy. At present banking sectors play a vital role in adopting digitalization and offer all the banking services to the customers through digital mode.

Public and Private Sector Banks provide a lot of digital mode of banking services to the customers in Kanyakumari district of Tamilnadu but the customers of the banks in the study area availed few services frequently such as Immediate Payment Services (IMPS) and National Electronic Fund Transfer (NEFT) and rarely availing other digital mode of banking service. Hence, the Public and Private Sectors Banks must encourage the customers to avail various Digital Modes of Banking Services 287 offered by the bankers through different type of promotional tools and techniques in order to develop the country's economy in near future.

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