DIGITAL BANKING EFFECTS OF CUSTOMER IN THOOTHUKUDI CITY

M. Keerthana and P. Jayamary

PG and Research Department of Commerce, St. Mary's College (Autonomous), Thoothukudi

Affiliated to Manonmanium Sundaranar University, Tirunelveli, Tamil Nadu.

ABSTRACT

Digital banking commonly referred to as online banking or internet banking is the delivery of banking services via digital channels such as websites, mobile applications, and other electronic delivery methods. The objectives of the study are to investigate the preferences of customers regarding digital banking services, to measure the influence of digital banking on customers saving and spending habits, to analyse the impact of digital banking on customer perception, convenience and accessibility, to evaluate the challenges and barriers faced by customer in adopting digital banking, and to assess how digital banking influences customers financial decision making. Convenience sampling was employed to survey 120 customers in Thoothukudi City regarding the digital banking effects of customer. Primary and Secondary data were used in this study to collect the information. It is suggested to keep a strict data protection laws and disclose privacy rules in an open manner. To identify and stop suspicious activity, put advanced fraud detection algorithms and monitoring systems into place. To conclude the digital banking effects of customers are multifaceted and transformative. Through this study, it has been revealed that digital banking has significantly impacted the banking behaviors and preferences of customers.

Keywords: Digital banking, Mobile banking, Internet banking, Digital wallets, Unified Payments Interface, Point of sale

INTRODUCTION

Digital banking commonly referred to as online banking or internet banking is the delivery of banking services via digital channels such as websites, mobile applications, and other electronic delivery methods. This unique banking method has altered how individuals and organizations handle their funds by providing unprecedented simplicity, accessibility, and efficiency. Rapid technological breakthroughs, particularly in information technology and telecommunications, have contributed to the rise of digital banking. These improvements have enabled banks to transition from traditional brick-and-mortar branches to virtual platforms, radically changing the banking experience for customers. This study will look into the elements that influence the adoption of digital banking in Thoothukudi inhabitants, such as technology literacy, infrastructure availability, and cultural attitudes towards online transactions. Furthermore, it will look into the impact of digital banking on consumer satisfaction, financial management methods and the connection between banks and their customers. By explaining the digital banking landscape in Thoothukudi, this study hopes to give insights for policymakers, financial institutions, and scholars working to create inclusive financial ecosystems and harness technology to improve banking services in emerging economies.

STATEMENT OF THE PROBLEM

The digital banking landscape in Thoothukudi City faces several challenges. Customers experience a lack of personal interaction, raising concerns about security and privacy. Inadequate customer support and technical glitches further exacerbate the situation, while limited functionality compared to traditional banking adds to dissatisfaction. Fear of making errors during transactions and concerns over transaction limits and fees also hinder adoption. Understanding how these factors influence customer behaviour and satisfaction is crucial for both banking institutions and policymakers to address any potential issues and enhance the overall digital banking experience for customers in Thoothukudi City."

OBJECTIVES OF THE STUDY

- To investigate the preferences of customers regarding digital banking services.
- To measure the influence of digital banking on customers saving and spending habits.
- To analyse the impact of digital banking on customer perception, convenience and accessibility.
- To evaluate the challenges and barriers faced by customer in adopting digital banking.
- To assess how digital banking influences customers financial decision making.

RESEARCH METHODLOGY

The study focuses on the digital banking effects of customer was conducted in the area of Thoothukudi City. Convenience sampling was employed to survey 120 customers in Thoothukudi City regarding the digital banking effects of customer. Primary data were collected from the respondents through questionnaire. Secondary data were collected from website, newspapers, magazines, brochures, articles, published and unpublished and the like.

REVIEW OF LITERATURE

Fadalan, (2024), made an investigation on the title "The Effect of Digital Banking Services on Customer Satisfaction at Pt Bank Negara Indonesia (Persero) Tbk Tasikmalaya Branch Office". This investigation was driven by the widespread fraud that still happens, particularly in Islamic finance. Both internal and foreign actors are involved in the current fraud cases. The aim of this research is to gather empirical data on the impact of internal control, strong corporate governance, and a whistleblower system on fraud in Islamic banks that are registered with the Financial Services Authority (OJK) between 2018 and 2020. The quantitative study employs secondary data from the 2018–2020 annual reports of Islamic banking institutions. Purposive sampling was used to gather the data for this sample of 14 businesses. The findings suggest that there is a relationship between fraud and excellent corporate governance. Fraud is impacted by internal control, good company governance, and the whistleblower programme all at once. The findings of this study have consequences for how Islamic banking is managed in order to reinforce the use of GCG to lower the incidence of fraud in Islamic banking.

Bharat Kumar Meher, (2021) made a study on the topic "The impact of digital banking on the growth of Micro, Small and Medium Enterprises (MSMEs) in India: a case study". This paper's goal is to create a multiple regression model by taking into account the variables that have a beneficial impact on the expansion of Micro, Small, and Medium-Sized Enterprises (MSMEs) in India. The questionnaire method was utilised to acquire primary data for this study. On a Likert scale of 1 to 10, the questionnaire asks about the size, type, and opinions of 454 MSMEs' owners and managers in Katihar district, a semi-urban area of Bihar, India, regarding the many benefits of digital banking. Findings of the study results indicate that a number of beneficial aspects of digital banking, including ease of accepting and making payments, ease of managing business expenses, ease of saving time, and ease of checking against cash theft or misappropriation, are significantly correlated with the expansion of MSMEs in India. By focusing exclusively on the most important positive aspects, this research will help bank managers and policy makers encourage MSMEs in semi-urban areas to adopt digital banking. The study may provide fresh information on the degree to which digital banking has aided in the expansion of MSMEs in rural and semi-urban areas.

Shanmugapriya, (2021) studied on "Impact of Digital Banking among Consumers". To ascertain how frequently customers use digital banking services, a survey was done. Survey questions must be delivered to a link via Whatsapp or email. This study examines and contrasts how frequently people use different digital banking services across a range of categories. The majority of respondents either fully or partially understand digital banking. Young people prefer digital banking services over traditional ones, yet this may differ depending on their profession and level of education. Digital banking is helpful to them, and they will use it regularly to get the most out of it, depending on factors like convenience, time savings, user friendliness, cost, etc. They suggested raising awareness among all other groups of people, including workers and independent contractors, regardless of their line of work. For their firm, they require the safest possible digital transaction system. Make some digital payments to make it easier for those without a college degree and those without any education to use. In 2021, the widespread adoption of digital banking services will elevate our nation to the status of a superpower.

DATA ANALYSIS AND INTERPRETATION

Table. 1 Distribution of Respondents on the Basis of Preference of Digital Banking Type

Type of Digital banking	No. of Respondents	Percentage (%)
Mobile banking	23	19.2
Internet banking	28	23.3
Digital wallets	36	30
Unified Payments Interface	28	23.3
Point of sale	5	4.2
Total	120	100

The Table No. 1 inferred that 30 percent of the respondents are prefer to use digital wallets for transactions, 23.3 percent of respondents are prefer to use both internet banking and Unified Payments Interface, 19.2 percent of respondents are prefer to use mobile banking and 4.2 percent of respondents are prefer to use point of sale.

Table. 2 Distribution of Respondents on the Basis of How Digital Banking Impacts Financial Behaviour

Aspects	Average	Rank
I have more control in my finances since using digital banking.	3.47	III
I trust digital banking platforms to keep my financial information secure.	3.84	I
Digital banking influence my financial decision-making	3.55	II
I feel more confident in a financial institution that offers digital banking services	3.32	IV

The Table No. 2 is inferred that the respondents strongly agree that they trust digital banking platforms to keep their financial information secure by giving rank I, they agree that the digital banking influence the financial decision-making by giving rank II, they have a neutral for the control in their finances since using digital banking as rank III and they disagree in the confidence level in a financial institution that offers digital banking services by giving rank as IV.

HYPOTHESIS OF THE STUDY

Null Hypothesis (Ho): There is no significant relationship between the frequency of using the digital banking and their area of residence.

Alternative Hypothesis (H1): There is a significant relationship between the frequency of using the digital banking and their area of residence. Table. 3 Distribution of Respondents on the Basis of Frequency in Using the Digital Banking and their Area of Residence

Frequency / **Area of residence**	**Daily**	**Weekly**	**Monthly**	**Rarely**	**Total**
Urban	19	23	11	7	60
Semi urban	4	15	13	9	41
Rural	0	3	12	4	19
Total	23	41	36	20	120

Rows & columns	**O**	**E**	**O-E**	**$(O-E)^2$**	**$(O-E)^2/E$**
R1C1	19	11.5	7.5	56.25	4.89
R2C1	4	7.86	- 3.86	14.89	1.89
R3C1	0	3.64	- 3.64	13.24	3.64

R1C2	23	20.5	2.5	6.25	0.30
R2C2	15	14	1	1	0.07
R3C2	3	6.49	- 3.49	12.18	1.88
R1C3	11	18	-7	49	2.72
R2C3	13	12.3	0.7	0.49	0.04
R3C3	12	5.7	6.3	39.69	6.96
R1C4	7	10	-3	9	0.9
R2C4	9	6.83	2.17	4.71	0.69
R3C4	4	3.17	0.83	0.69	0.22
					X^2 = 24.2

Degrees of Freedom:

= (r-1) (c-1)

= (3-1) (4-1)

=2 x 3

= 6

The table value for 6 degrees of freedom at 5% level of significance is 12.592. It is found that the calculated value i.e., 24.2 is greater than the table value. Thus the result is dependent. Hence it is concluded that there is a significant relationship between the frequency of using the digital banking and their area of residence. Therefore Null Hypothesis is rejected.

It is concluded that the people residing in urban area use the digital banking more when compared to people in rural area.

RESULT AND DISCUSSIONS

Minimum majority 35 percent of the respondents have stated that the technical issues was the challenging are in using digital banking. For the technical issues the banks can provide offline capabilities for necessary banking operations so that users can complete transactions even when they are not connected to the internet. Form alliances with neighbourhood establishments or community centres may provide Wi-Fi hotspot connectivity for banking needs. For basic transactions, the bank can offer SMS-based financial services in places where internet connection is scarce. Can adopt strong security measures in place, like encryption, multi-factor authentication, and biometric verification.

It is suggested to keep a strict data protection laws and disclose privacy rules in an open manner and may give customers control over their personal information and offer opt-in/opt-out options for data sharing.

It is suggested to inform clients on typical fraud tactics and safe account-keeping procedures. To identify and stop suspicious activity, put advanced fraud detection algorithms and monitoring systems into place. The bank may provide insurance or identity theft protection services as part of the package for digital banking.

CONCLUSION

To conclude the digital banking effects of customers are multifaceted and transformative. Through this study, it has been revealed that digital banking has significantly impacted the banking behaviors and preferences of customers. The study underscores the need for banks to invest in digital literacy initiatives to ensure that all segments of the populationcan access and benefit from digital banking services. This is particularly important in a city like Thoothukudi, where disparities in digital literacy and access to technology may exist among different socio-economic groups. Exploring the impact of emerging technologies such as artificial intelligence, blockchain, and biometric authentication on digital banking experiences and security perceptions would be a fruitful area for future investigation.

REFERENCE

- Fadlan, A. (2024). The Effect Of Digital Banking Services On Customer Satisfaction At Pt Bank Negara Indonesia (Persero) Tbk Tasikmalaya Branch Office. *Journal of Integrated Business and Banking, 1*(1), 6-10.
- Meher, B. K., Hawaldar, I. T., Mohapatra, L., Spulbar, C., Birau, R., & Rebegea, C. (2021). The impact of digital banking on the growth of Micro, Small and Medium Enterprises (MSMEs) in India: a case study. *Business: Theory and Practice*, *22*(1), 18- 28.

- Shanmugapriya, B., & Lakshmirani, A. S. Impact of Digital Banking among Consumers. *Wesleyan Journal of Research*, *14*(01), 16-19.

WEBSITES REFERRED

- https://sdk.finance/what-is-digital-banking/
- https://www.investopedia.com/terms/m/mobilebanking.asp#:~:text=Mobile%20banki ng%20is%20the%20act,bills%20or%20sending%20money%20abroad.

BOOKS REFERRED

- Gordon E. and Natarajan K. Banking Theory, Law and practice. New Delhi: Himalaya Publishing House. Revised 30th edition 2023.
- Gupta, S.P. Statistical Methods. New Delhi: Sultan Chand & Sons. Forty third edition – 2020.
- Kothari, C.R. Research Methodology, Methods and Techniques. New Delhi: New Age International (P) Ltd., Publishers. 4th edition 2019.