



## A STUDY ON MODERN BANKING AND ITS ADAPTABILITY AMONG THE CUSTOMERS OF BANGALORE

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*“If banks cannot truly be customer intimate, they are doomed to be just dumb commodities, Acting behind the scenes, like utilities.” - JP Nicols*

### **Abstract**

*Banking in India has not only grown in numbers but has diversified its activities into various products and services, which is a dynamic move from traditional system to the present modern-day banking system. As the technological dimensions are vastly influencing the various sectors of the economy, banking sector also has found its way towards digitalization. Right from the opening of the bank account to availing various banking products and services like credit card, transfer of funds from one account to another account, making online payments for purchases etc, everything is now with just a click of a button. It is a digital revolution in the banking sector which causes great efforts to adapt to these advancements both by the bankers as well as the customers. Some might find it skeptical as they are not technically comfortable with the digital software or some might find it very easy, comfortable and hassle-free without the need to go to the banks for every small transaction. This study aims to understand and analyse the awareness among various groups of banking customers about the e-banking products and services, the ease and challenges in adapting to these advancements and their preferences among the traditional and modern banking system of functioning. This study also aims to figure out the possible measures to overcome the challenges faced by the banking customers to promote Digital India.*

***Keywords: Banking, Digital, e-Banking, Traditional Banking, Modern Banking Introduction Banking system plays a vital role in the financial development of the country.***

It caters to the needs of various businesses, government and other individuals. It bridges the gap between the people who are in possession of adequate funds and those who are in need of such funds. Therefore, banks play a pivotal role in the economic growth. We all are very well aware as to how the banking sector is undergoing a digital revolution. It might ease out the manual monotonous jobs of the bankers and bring a hassle free procedure of banking to the bankers as well as its customers. Digital banking has provided the banks, the benefits of enhanced operations and optimization of resources. It improves customer experience by catering to all their needs both the existing and the prospective. There is paperless documentation for opening an account or carrying out any transactions, AI enabled customer care facility on the bank website or the M-banking Apps ie., the use of chat bots or Artificial Intelligence robots, smart watch technology for future retail banking trends which provides access to all the financial data with just a click on the user-friendly interface on the device, satellite banking to connect communication links in many parts of the country, Block chain Technology, Quantum Computers, UPI, Hybrid Cloud technology etc. However, there are certain challenges in the adoption and usage of the digital methods of banking in India compared to the traditional banking procedures.

Banking:- A function of accepting money and safeguarding it in the form of deposits or other forms of investments from those who possess it and lend such funds to those who require it, carried out by an individual or an entity.



Banker:- a person who carries out the various functions of banking. e-Banking:- Banking functions carried out with the use of electronic media like computers and mobile phones with less human intervention. Modern Banking:- means e-banking where the methods different from the traditional form of banking like internet banking, ATM, m-banking, etc are used.

### Objectives

1. To analyse the ease and challenges of adaptability to digital banking
  2. To study the awareness of usage of e-Banking products and services among the customers of Bengaluru
  3. To understand the customer preferences of Digital banking over the traditional methods
- Methodology: The study is based on both primary and secondary data. It is based on questionnaire method.

A simple questionnaire was used to collect the primary data for this study. The respondents belong to various age groups from 15 to over 45 years and are residents of Bangalore. Simple Random Sampling was used and the sample size is 70. The questionnaire seeks to find information about the problems they have faced while transacting offline using the traditional methods of banking, the convenient modes of conducting banking activities both offline and online, convenient modes of payment for both offline and online purchases and the reasons for using UPI/ Paytm / Google pay and other apps. Secondary data sources like various research papers published on research websites, journals etc were used for this study.

**Limitations:** Shortage of time and limited responses received for the questionnaire

**Review of Literature** (Yadav, 2017) emphasizes that digitalization has improved the overall customer experience and technology has enabled the individuals as well as the banker to conduct the business effectively. (Golani, 2017) with the Government giving many incentives for the banks to go digital, many banks are moving away from the traditional form of banking towards e-banking activities to provide more customer centric services. (Alzaidi, Qamar, 2018) factors like ease of use, security concerns, trust issues and knowledge of Information technology are critical factors which affect the adoption and acceptance of Internet banking. (Varda, Shubham, 2018) banks need to balance between the traditional physical presence and digital presence. Traditional bankers are not only the sole bankers any more as there are fetch startups emerging, with a high digital clientele. With a right collaboration of the two, Z win-win situation can achieve a longer lasting digital impact in India rather than competing amongst them.

### Findings

Out of the people who have responded 37% of them belong to the age group of 26-35, 30% of them belong to the age group of 15-25, 20% of them belong to the age group of 45 and above and remaining 13% of them belong to the age group of 36-45 years. All the respondents are account holders in various banks Majority of the respondents possess Debit Card, use Gpay, PhonePe and PayTm. Around 51% of them use Mobile banking while only 9% of them possess a Crdit Card.

66% of the respondents say they dint face any problems while using the methods of traditional form of Banking while only 34% of them have faced issues with pass book entry, cash withdrawals and cash deposit.



Majority of the respondents are convenient using UPI/ GPay/ PhonePe/ Paytm and most of them prefer going to the ATM Centre for Cash Withdrawal or Cash Deposit rather than visiting the bank and deposit or withdraw cash at the counter. Many of the respondents are comfortable with the ATM centre for pass book entry compared to visiting the bank and taking the help of the personnel for pass book entry. 61.4% of the respondents use the M-banking services to transfer amounts, update the address/ mobile number, apply for new debit/credit cards and new cheque books.

For online purchases, majority of them prefer to use either UPI/GPAY/PhonePe or Debit/ Credit Card and very few prefer Cash on Delivery. For offline purchases, majority of them prefer using either UPI/GPAY/PhonePe or Physical Cash while only 33% of them use their Debit/Credit Cards.

Majority of the respondents use Gpay, Phonepe, PayTm and other similar Apps because it is easy, comfortable and hassle-free as physical money is not required and few of them opine that it is worthy to use these payment apps as they add various rewards for every transaction made through them.

### **Interpretation**

1. All the respondents possess a bank account, with access to Debit Card, GPay, PhonePe and Paytm as everything in the world now revolves around cashless transactions.
2. Only 34% of the respondents have faced issues with the traditional way of banking related to pass book entry, cash deposit and cash withdrawals. This may be due to the long waiting hours required at the bank or lack of access to the banking activities due to the bank working hours. Majority of them have not facing any issues might seem like they were more comfortable with the traditional banking system.
3. Majority of the respondents use the M-banking Apps of the bank to update address/ mobile numbers, transfer amount, apply for new debit card/ credit card/ cheque books. This indicates that the customers find it more convenient to use the Apps because they need to visit the banks personally for smaller transactions and access their account at any time from any place. Also it implies that people are technically sound in using the apps. There is a smaller group of customers who do not use the M-banking Apps either because they are not technically confident in using the Apps or are skeptical about using the apps as they might lose out the money in case of any mishaps during the transactions.
4. Most of the Customers prefer digital modes of payment while online purchases while a smaller group of people still exists who prefer to make physical cash payments during both online and offline purchases. This might be due to lack of adequate awareness about the proper usage of the digital modes or lack of access.
5. Digital modes of payments like GPay or Paytm or PhonePe provides the customers hassle-free experience as there is no need for them to carry physical cash but also provide them many forms of rewards in the form of cash backs or discount coupons from various merchants, which boosts the usage of such apps.

**Suggestions and Conclusion:** Although we are heading towards reaching the mark of Digital India, banking sector still needs lot of reforms in adapting to the technology. Financial illiteracy cannot be ruled out, so more awareness should be created among the customers about the different modes of payment and digital banking. Since security is the prime concern for the customers while using digital modes, more measures to safeguard t



he security of the customers' funds should be adopted by the banks. More secured way of entering PIN while using the card for payment at the outlet can be introduced like finger print or face lock of the account holder, because some of them fear while entering the PIN at a public place as it might be seen by others. Double verification for swiping the cards can be used. There are Wi-Fi enabled Debit and Credit cards, yet it doesn't work at all outlets. The process of passbook printing at the ATM centres can be smoothened, the process of registering on M-banking Apps can be simplified, additional features on the apps can be introduced, customer care access can be more easier, virtual services like chat bots can be introduced by all the banks including the public banks for the customers to easily access different options on the bank website without the hassle of visiting the bank personally and meet the personnel to clarify the doubts. If the financial illiteracy, security issues, lack of knowledge and training are ruled out, there is no doubt in the digital banking taking control over the customers by providing the need-based experience and adding value to them.

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