



## A study of digital banking facilities: With reference to Kakinada in East Godavari district of Andhra Pradesh

Dr. Ch. Rama Krishna, Assistant Professor, P.R.Govt. College(A), Kakinada, Andhra Pradesh

### **Abstract**

*A tremendous progress in the field of information technology has reduced the world to a global village and it has caused unprecedented changes in the banking industry. Banking industry in India is facing unprecedented competition from non – traditional banking institutions, which now offer banking and financial services over the internet. The deregulation of the banking industry coupled with the emergence of new technologies, are enabling new competitor to enter the financial services market quickly. Huge developments in the technology of telecommunications and electronic data processing have further stimulated these changes. Digital banking is new jargon frequently used in banking circles. The present paper covers digital banking facilities provided by the banks to various customers in Kakinada which is called a port city or new industrial hub of newly created Andhra Pradesh State.*

**Keywords:** Digital Banking facilities, E Banking services. Technology, telecommunications

### **Introduction**

Banking industry in India is facing unprecedented competition from non – traditional banking institutions, which now offer banking and financial services over the internet. The deregulation of the banking industry coupled with the emergence of new technologies, are enabling new competitor to enter the financial services market quickly. Digital banking or E – Banking is an umbrella term for the process by which electronically without visiting a bank. User with a personal computer can get connected to his banks website to perform any o the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of services. E

– Banking is a generic term for delivery of banking services and products through electronic channels, such as the telephone the internet, the cell phone, etc.,

### **Electronic payment mode:**

The payment system plays a total role in business dealings. E – Payment system paves way to the consumers for buying products through internet mode. So the advertisements are made through web pages. The consumers can buy the product and they can make the payment by any one of the following methods.

**E – Cheques:** E – Cheques are mostly used in business to business in E – Commerce. Those E- Cheques carry a sign in digital form. The cheques are exchanged between financial institutions.

**E – CREDIT CARDS:** E – Credit Card enhances the payment through online mode, various security methods are



adopted for avoiding major risks while paying through electronic method. But the time and cost of processing will be increased on the tightening process of security.

**E – Cash:** E – Cash is an electronic form of currency payment. The exchange of money to e-cash is made by using internet or another e - cash retailer.

**Smart Cards:** Smart cards are distributed by banks. A Customer holding a smart card would not need to carry cash. It will perform all the functions of debit card, ATM card, etc., and holder will be able to do things like making telephone calls.

**E – Banking Services:** Now E – banking offers various services to its customers.

**Account Information:** The user can get information of the operative accounts, deposit accounts, loan accounts, and all accounts along with the following information.

Last no. of transactions.

Statement of cheque status of cheques issued.

Lien details.

Flexi deposit details.

Tax deduction at source details.

**Transfer of Funds:** Under this option the user gets the facility to transfer funds between different accounts. The options available to him are as transfer of funds between self-accounts and from self-accounts to third party account within the core banking branches of bank.

Scheduled transfer for a future date, Status of fund transfer.

**Mails:** Every user of union e – banking retail service is linked to a relationship manager who looks into the mails and request made by the user. For this the

user is provided with a mail option, which they can use for communicating with the relationship manager. The mail option enables him to compose and send mails to his RM, receive mails from the RM, Create different folders for storing mails , mail alert box for receiving alert mails from bank and Storing of sent items.

### **Statement of the Problem**

Banking is a customer oriented service industry, where the customer is in focus and customer service is a differentiating factor. The traditional functions of banking are very limited one. Economic reforms initiated by the government of India in the early 1990's have brought about a sea change in the operational environment of the financial sector and the functioning outlook of Indian banks. Customer expects many services with the various deliver mode in the speedy and economically. Modern World Bank is fully based on computerization connected with the Internet. Digital Banking which also treated as E Banking or Internet banking provides new opportunities for banks to expand their markets and services not only in the local level but also into the world level. The Digital banking revolution has made it possible to provide ease and flexibility in banking operations to the benefit of customers. The Digital banking or e- banking has made the customer say goodbye to limited time banking and local area operation. Due to the enormous benefits of Internet banking most of the customer opt for Digital Banking services.

This study provides an opportunity to know role of digital banking service in banks and their facilities in Kakinada City of Andhra Pradesh. The present study also focuses on the awareness of the technology oriented services offered



to their customers at Kakinada in East Godavari District of Andhra Pradesh.

### **Objectives of the Study**

To study and analyse the factors that are motivating the bankers to facilitate the customers of Kakinada at East Godavari District in Andhra Pradesh.

To study and analyse the satisfaction of customers of Kakinada at East Godavari District in Andhra Pradesh.

### **Review of Literature**

Dr C. Paramasivan (2009) in his studies entitled "Customer satisfaction through information technology in commercial banks" highlighted that, customers are satisfied with banking services to some extent and the bankers should try to improve their services at an affordable cost with the help of information technology. Mishra (2005) in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking. Nyangosiet al. (2009) collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

### **Research Methodology**

Primary data will be collected afresh and for the first time. It is the data originates by the researcher specifically to address the research problem. In this study, primary data will be collected primarily through discussions with officials and customers of various banks to understand the various digital banking facilities provided by their bankers of Kakinada at East Godavari District in Andhra Pradesh. Secondary data includes those data which will be collected from internet, the brochures, Advertisements, magazines and the printed material available from the public and private sector banks of Kakinada at East Godavari District in Andhra Pradesh.

### **Sampling Design**

The Present Paper studies the Banking facilities or services offered at Kakinada of East Godavari District of Andhra Pradesh. Kakinada is a city and a municipal corporation in East Godavari district in the Indian state of Andhra Pradesh. It is also the headquarters of East Godavari district. The city has a population of about 800,000(504,920) as per 2001 census. This coastal city is witnessing rapid growth thanks to the recently granted Special Economic Zone status. It is one of the largest tier-2 cities of India. The city also has a deep-water port which is expanding rapidly.

To facilitate the entrepreneur and other people 28 commercial banks are available with the Internet Banking Services. The numbers of Internet bank users are invariably high. So the researcher has adopted convenient sampling method and selects the 100 respondents from the all banks.



**Analysis and Interpretation**

1.1. Nature of Account

Nowadays banks offered various types of account for different types of customer. Data regarding the type of banks account of respondents is collected and depicted in Table 1.1.

Table 1.1 Type of Account

S.NO	Kind of Account	Number of Respondents	Percentage
1	Savings Account	21	21
2	Current Account	50	50
3	Salary Accounts	16	16
4.	Cash Credit Account	13	13
	Total	100	100

Source: Primary Data

It is clear from the Table 1.1 that out of 100, 21 per cent respondents have savings bank account, 50 per cent have current account, 16 per cent of the respondents have salary accounts, and remaining 10 per cent of the respondents have time deposit account.

The banks offer different types of services to the customer from time to time. Most of the time the modern services provided by the bank is not correctly communicated to the customer. So the researcher collected the information about the source through which the respondents got the information about the internet banking services. This piece of statistics has been presented in Table 1.2.

1.2. Information Sources about Internet Banking

Table 1.2: Knowledge about Internet Banking Services

S.NO	Sources	Number of Respondents	Percentage
1	Advertisement	48	48
2	Friends and Relatives	15	15
3	Bank Staff	21	21
4	Bank Website	16	16
	Total	100	100.00

Source: Primary Data

It is clear from the Table 1.2 that out of 100 respondents, 48 per cent have known from advertisement, 15 per cent of the informants got the information from the friends and relatives, 21 per cent of the customers are came to know about the Internet banking service through bank staff and the remaining 16 per cent of the respondents known from bank website.

1.3. Reasons for Preferring Digital Banking Facilities

Digital banking provides enormous facilities to the respondents. The investigator gathered the information about the factor which induce or urge the respondents to prefer online banking facilities. Table 1.3 shows



the major reasons for utilizing the online banking by the respondents.

Table 1.3: Reasons For Using Online Facilities

S.NO	Reasons	Number of Respondents	Percentage
1	Fund transfer	48	48
2	Electronic Bill presentation and payment	15	15
3	Checking Accounts balance	21	21
4	Online bill payment	12	12
5	Business Purpose	4	4
	Total	100	100.00

Source: Primary Data

It is clear from Table 1.3 that out of 100 respondents those who utilize the Digital Banking services, 48 per cent of the respondents utilize for Inter account fund transfer, 15 per cent of the customers for Electronic Bill presentation and payment use the Digital Banking banking, 21 per cent prefer for checking their account balance, 12 per cent utilize for online settlement of their bill, remaining 4 per cent prefer to Deposit and withdraw money at any time.

#### 1.4. Opinions about Service Charges of Digital Banking

The bank collects the service charges from the accounts holders for providing the digital banking services. The researcher has gathered information about the opinion about service charges fixed by the bank and presented in the table 1.4.

Table 1.4: Opinion about the Service Charges

S.NO	Level of Service Charges	Number of Respondents	Percentage
1	Very high	08	08
2	High	29	29
3	Moderate	39	39
4	Low	24	24
	Total	100	100

Source: Primary Data

It is vivid from the Table 1.4 that out of 100 respondents, 8 per cent feel that the service charges are very high, 29 per cent pointed out that the charges are high, 39 per cent are feel moderate and the remaining 24 per cent feel that services charges are low.

#### 1.5. Problems Faced By the Respondents

Even though the bank provides various services under digital banking scheme to their customers, some time it creates some minor problems. The researcher has identified common problems faced by the respondents while using Digital banking. It is shown in the Table 1.5.



Table 1.5: Problems

S.NO	Problems	Number of Respondents	Percentage
1	Network failure	29	29
2	Error in operation	20	20
3	No security for internet dealing	28	28
4	No Authenticated records	17	17
5	Low Speed and Delay	6	6
	Total	100	100

Source: Primary Data

**1.6. Gap Analysis on the Respondents Perception**

The raw data obtained on the expectations of the respondents on all the fine dimensions of the quality, viz tangibles, reliability, assurance responders and empathy were used to calculate the 'gap' that exists. This gap analysis was done for all the dimensions. This level was assed purely on the basis of their mean values development.

Comparing with a reference means value of '5' which was considered to be the maximum taking in the account that any organization should like to achieve the gap, i.e. the difference between the respondents score and the reference mean value is the "service gap". Table 1.5 deals the service gap on all five dimensions of services.

Table 1.6: Gap Analysis of the Satisfaction Level of Respondent on Internet Banking Service

Dimensions	Expected Mean Score	Experienced Mean Score	S.D	Service GAP
IB Confident	5	4.081081	0.872043	0.918919
IB Login	5	3.932432	0.865330	1.067568
IB Information	5	3.972973	0.827158	1.027027
IB Satisfied	5	3.986486	0.851964	1.013514
IB Security	5	3.648649	1.163750	1.351351

Source: Primary Data

A service gap of greater than 2.5 was considered to be highly critical area for improvement of the performance dimensions. A service gap of less than 1.5 was treated as less significant and no need of treatment was required and a difference of 1.5 to 2.5 was considered as critical and it needed further improvement. It has been found that the following services need further improvement.

The above GAP analysis pointed out that, the customer are satisfied with the all the dimension of the Internet Banking Services.

**1.7. Satisfaction Level of the Customer:** The researcher has gathered information about the Internet Banking users' satisfaction level and presented in the Table 1.7.



Table 1.7: Satisfaction Level

S.NO	Level of Satisfaction	Number of Respondents	Percentage
1	Highly Satisfied	41	41
2	Satisfied	30	30
3	Moderate	18	18
4	Unsatisfied	7	7
5.	Highly unsatisfied	4	4
	Total	100	100.00

Source: Primary Data

It is clear from the Table 1.7 that out of 100 respondents, 41 per cent of the respondents are highly satisfied with the Digital Banking services and only 4 per cent of the users are not satisfied with the Digital Banking services.

Testing of Hypothesis

There is no relationship between the socio economic factors of the respondents and their satisfaction. To test the hypothesis, the researcher has used Correlation analysis.

Table 1.7 (A)  
 RELATIONSHIP BETWEEN SOCIO ECONOMIC AND DIGITAL BANKING SERVICE

Variables	Gender	Age	Qualification	Employed	Sex	Income	Marital
Digital Banking	-.151	.065	-.134	-.041	.172	-.255	.103

The above Table 1.7 (A) shows that Digital Banking services don't have high positive correlation with the socio-economic factors. The correlation analysis shows the positive relationship with age (0.065), category (.172), marital status (.103) and negative relationship with gender(-.151), qualification (-.134), employment (-.041), income (-.255). So the hypotheses are rejected.

There is a relationship between the socio economic factors of the

respondents and the satisfaction level. It is observed from the above Table 1.5 that out of 100 respondents 29 per cent of the respondents face network failure problems, 20.33 per cent of the respondents face error in operation, 27.67 per cent of the respondents feel that there is no security in e- dealings, 17.33 per cent think that there is no authentication records and the remaining 5.79 per cent of the respondents think that net work delay problems.

**Conclusion**

Banking system not only in Kakinada but also in India emphasizes the need for automated banking. In Kakinada the

banking customers thinking to utilize the digital banking facilities with secured quality services rendered by their existing banks and also opening of new



banks like Mahila Bank and other private commercial banks will create healthy competition among them leads to provide better new service opportunities. Based on the finding of the study, the following suggestions were made with a view to improve the customer service in the Digital banking System. Even though the Digital -banking provides innumerable facilities to the users' still the customer worry about the Security system offered by the banks. For this, banks must implement the following. Bank should install system supported by software and firewalls. It should be configured the highest security setting with the level protection according to the customers' needs. Bank should increase their ability to control and manage the various risk inherent to the e-transaction activities. Bank should implement more security to minimize the risk and increase customer authentication such as Personal Identification Number, Digital Signature, audit trail for transaction, etc. The banks have to focus on quality of services and also the banks should try to charge a reasonable service charge. The major problems faced by the employees of the bank are connectivity problems and power failure problem. To overcome these problems the branches should set up a preventive measure. Banks can have a tie-up with other banks so that the customers can transact between accounts of various types of banks. If any complaint is received by the banks it must be redressed immediately. Similarly the Bank staff must clear doubts of the customers in vernacular language.

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