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A COMPARE STUDY OF CONSUMER PERCEPTION TOWARDS DIGITAL BANKING IN PUBLIC AND PRIVATE SECTOR BANKS

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Abstract:

The world's economy has grown and prospered in this age of electronic money. Digital constituent is escalating in our lives. Historically, the Internet has multiplied at a phenomenal pace than previous generations of communications technology, from 1990 through 2000, the estimated number of Internet users grew manifold, impacting how people interrelate with one another, learn, do business, attain information, and act together culturally. The goal of the digital economy is to use the power of digital tools, hardware, and mechanisms to transform India into a knowledge economy and society with access to digital resources. Production and quality rise as a result of digitization's automation of the product and process. Mechanizing the product and the process, digitization raises standards and productivity. The emergence of digital technologies affects predominantly Information Technology concentrated sector like economic and investment service sectors consisting of a "combination of technologies, information, computing, communication, and connectivity". Digitization has acted as a means in various areas, together with automobiles, travel and tourism, railway, real estate, and mortgage banking industries, for escalation across the Indian economy. Digital banking entails the digitization of traditional banking services in order to deliver financial services to customers. There are various technologies that are powering digital banks, such as (1) Big Data and artificial intelligence (AI), (2) cloud computing, (3) intelligent automation/robotics process automation, (4) application programming interfaces (APIs), (5) digital identity and biometrics, and (6) chat bots/robot advisory. There are five distinct types of digital banks. These include (1) challenger/new banks, (2) neo banks, (3) beta banks, (4) non-banks and (5) digitized incumbents. Digital banking is growing across the world and is expected to maintain an upward growth path in the coming years. The number of people using digital channels is also growing, with the number forecasted to reach over 2 billion in 2024. The thesis is enlightening the effect of digitalization on customer perception. It is concern in customer perceptive understanding pros and cons on digital transaction

Key Words: Digitalization, Artificial Intelligence, neo banks, beta banks, Big data

1. INTRODUCTION

Banks play a very important role in the Indian financial market as they are the biggest purveyors of credit and attract most of the savings from the population. Banking is necessary for the economic development of all the nations of the world because a developed banking system holds the key as well as serves as a barometer for the economic health of a country. Banking Industry is one of the most successful and strong industry of our country Banking is a single industry incorporating a dozen businesses, such as

corporate banking, investment banking, small business banking, wealth management, capital markets and so on. Further one of these is retail banking, which is characterized by large numbers of customers, accounts and transactions, a variety of products and services, a high level of dependency on technology and terrific levels of cooperation between banks, retailers, businesses and consumers. Banks have more capacity than they can use; consumers will need a bank account to receive government benefits; and banks continue consolidating into a small number of large banks. This consolidation may be a good thing, or it may be a bad thing. Certainly, smaller banks will have to develop successful strategies to compete with large banks, and such competition will benefit customers. One hope could be that even if we do end up with a handful of banks, they will at least compete with each other, and not enjoy comfortable, begin competition between themselves. But that might be a dream. We must have real competition. After passing of nationalization the Indian banking system has considerably developed with a large network of branches and wide range of financial instruments.

Need of the study:

In the present globalized scenario, everywhere there's the utilization of technology. In the banking sector also, including the technology play dominate role. In a few years ago, people approached the bank and waited within the long queue for withdrawing cash, requesting a press release of account, transferring the funds etc. so the bank takes many steps to decreases the difficulties and adopt the new technologies of electronic banking service. E-banking includes Mobile banking, Internet banking, and cash machine. If the customers use the e-banking services, it is easy to transfer the fund. It ensures convenience (24 hours), user friendliness, safe and secure. Advertisement plays a major role in making people aware of e banking like Ad in newspaper, Ad in television, Notice etc.

Problem of Statement:

Digital banking has revolutionized the financial sector by offering convenient, efficient, and accessible banking services. Despite its many advantages, the adoption of digital banking faces several challenges that affect both consumers and banks. Understanding these challenges is crucial for enhancing user experience, increasing adoption rates, and ensuring the success of digital banking initiatives. The problem statement for this study focuses on identifying and analysing the key challenges in adopting digital banking, particularly in the context of public and private sector banks.

2. LITERATURE REVIEW

Jalil (2014) studied that customer trust was the main important variable that positively and significantly affected all the other variables. They examined the perception of Malaysian consumers towards online banking. The finding showed that security, trust and website itself had a significant relationship with the consumer's perception towards online banking in a Malaysia. **Khan (2017)** examined that a better integration of online payment systems with the present financial and telecommunication infrastructure was needed for a prosperous future of this payment mode. They also found that future work may be directed towards the legalisation of various factors responsible for contributing in the effective adoption of online payment systems all over the world. **Madhava K (2020)** This paper scrutinizes the patron satisfaction on the Electronic Banking Services of Public Sector and Private Sector Banks in Puducherry Region. The outcome of the learning shows that customers of Public Sector Banks have lesser perception of the various dimensions of eservice quality compared with the private sector Banks. **Abid (2016)** has made an attempt to studied the e-payment system that has typically changed the traditional payment system in India. In this study is based on

secondary data sources. The paper talked about different electronic payment methods provided by Reserve Bank of India and Indian banks and their level of transactions in terms of value and volume. It was found that the epayment systems registered high volumes in 2014-2015, following the determined efforts made by the RBI for movements to epayments. **Yogeswaran G (2015)** this study was undertaken on topic customer perception towards amenities provided by public sector and private banks- A comparative study. The services of ICICI Bank and SBI Banks are taken into consideration. According to this study, public sector banks face tough competition from private sector banks for the quality of their services. **Natarajan Ramya (2021)** focuses on how satisfied customers are with the ebanking services offered by banks in the public and private sectors. The objectives of this study are to identify the factors that affect public and private sector banks' adoption of electronic banking and to ascertain how satisfied these banks' clients are with their use of electronic banking **Dr. Balaji, Dr. Pawan Kumar D. B (2021)** aims to research in order to discover and compare consumer perceptions and preferences about the banks in the public and private sectors offering e-banking services. The research is primarily based on primary data. The study focuses on the factors that influence customer satisfaction in private and public sector banks (SERVQUAL Model). **Dr.S.P. Dhandayuthapani, (2020)** here the researcher has chosen three nationalised banks i.e. SBI, PNB and BOB and three private banks such as ICICI, HDFC and Axis bank at random among the banks since the study is a critical examination of the e-banking services offered by public and private banks in the Trichy district. **Manpreet Singh, Neha (2020)** wants to focus on what customers think about public and private sector banks' services. A structured questionnaire was used to obtain primary data from 236 respondents in this study. The primary goal of this research is to investigate the impact of gender and age on customer satisfaction with the quality of E-Banking services.

3. METHOD OF DATA COLLECTION

In this research in a systematic way the following research methodology has been used. By means of obtaining detailed opinion of the customers, this research falls under the category of descriptive research. Both primary and secondary data collection was made Primary and secondary sources were also used to compile the data used in this study.

i) Primary Data: Data collection from the intended respondents is done using a well-structured questionnaire that consists of closed-ended questions. Public and private sector clients of SBI, Punjab National Bank, ICICI, and HDFC banks in Hyderabad are the respondents who make up a significant portion of the main data source. The research

questionnaire for this study is bipartite. Part one of the survey asks basic personal questions about the respondents, such as their gender, marital status, age, education, profession, income, and family composition.

ii) Secondary Data: Books, journals, magazines, periodicals, websites, annual reports, management reports, and organization manuals are some of the places that have contributed to the secondary data set. Both the subject's theoretical foundation and the profile of the chosen organizations have relied heavily on this data.

4. DATA ANALYSIS AND INTERPRETATION

Data analysis involves systematically applying statistical and/or logical processes to describe, illustrate, and evaluate data. A number of analytical approaches allow one to separate the relevant phenomenon from the statistical noise in data and form inductive conclusions from the data.

Analysis Of Perception of Online Banking Respondents

In this section, the researcher examined the opinions of 556 people about several facets of internet banking in the Indian banking industry, specifically looking at a few public and private sector institutions in Hyderabad the private sector bank respondents had a mean value of 4.47, while the public sector respondents had a lower mean value of 3.87. On the factor "Internet banking provides me with convenience and easy

access," private sector bank respondents had a mean value of 4.47, while public sector bank respondents had a lower mean value of 3.82. Regarding the other aspects, the opinions of those working for public and private banks are same.

Table 1: Descriptive statistics of performance expectancy of online banking

Type of Bank	Mean	N	Std. Deviation
Public Sector Bank	33.7196	321	4.669
Private Sector Bank	35.2128	235	5.026
Total	34.3507	556	4.875

The above table shows the results of a comparison between public and private sector banks' expectations for the performance of their online banking services. When asked about their performance expectations, public sector banks had an average score of 33.71 and a standard deviation of 4.66. Private sector banks have an average performance expectation score of 35.21 and a standard deviation of 5.02. So, it's clear that private sector bank customers had a more positive impression of internet banking's performance expectations than public sector bank customers.

Table 2: ANOVA results in testing the significance

Parameter		Sum of Squares	df	Mean Squares	F	Sig.
Performance	Between Groups	302.482	1	302.48	13.002	0.00 *
	Within Groups	12888.128	554	23.264		
Expectancy	Total	13190.61	555			

Source: Primary data, *Significance at 0.01, ** Significance at 005

It is clear from the table above that the "Performance Expectancy" ANOVA result for testing public and private sector banks is 13.002 with a p-value of 0.00. The significance level is lower than 0.05. In light of this, it is important. Consequently, it is determined that respondents' opinions of performance expectation in public and private sector banks varied significantly.

Table 3: Perceptions of various factors of Effort Expectancy in banking

S.No	Factors	Type of the Bank	Frequencies (Percentage)					N	Mean	S.D
			SD	DA	N	A	SA			
1	Interaction with online banking is clear and understandable	Private Sector	0	17	18	91	109	235	3.73	1.07
		%	0	7.2	7.7	38.7	46.4	100		
		Public Sector	0	58	63	106	94	321	4.24	1.02
		%	0	18.1	19.6	33	29.3	100		

2	Easily can do online banking transactions	Private Sector	2	11	28	77	117	235	3.94	1.07
		%	0.9	4.7	11.9	32.8	49.8	100		
		Public Sector	0	42	70	74	135	321	4.26	0.9
		%	0	13.1	21.8	23.1	42.1	100		
3	I am skilful at using online banking services	Private Sector	0	14	31	92	98	235	3.75	1.07
		%	0	6	13.2	39.1	41.7	100		
		Public Sector	0	53	75	90	103	321	4.16	0.87
		%	0	16.5	23.4	28	32.1	100		
4	Learning online banking operations is easy	Private Sector	0	20	16	94	105	235	3.76	1.04
		%	0	8.5	6.8	40	44.7	100		
		Public Sector	0	54	8	116	91	321	4.2	0.9
		%	0	16.8)	18.7	36.1	28.3	100		
5	Sufficient time is provided for entry of information	Private Sector	0	14	16	104	101	235	4.17	0.68
		%	0	6	6.8	44.3	43	100		
		Public Sector	0	4	41	172	104	321	4.24	0.82
		%	0	1.2	12.8	53.6	32.4	100		
6	I can easily navigate around the website	Private Sector	0	20	25	111	79	235	3.94	0.85
		%	0	8.5	10.6	47.2	33.6	100		
		Public Sector	1	19	65	149	87	321	4.06	0.88
		%	-0.3	5.9	20.2	46.4	27.1	100		

You can see how both the private and public banks in Hyderabad fared on the "Effort Expectancy" dimension in the table up there. The above table compares "Effort Expectancy" as it pertains to different characteristics for public and private sector banks.

Table 4: The Relative Levels of Public and Private Sector Banks' Online Banking Services

Type of Bank	Mean	N	Std. Deviation
Public Sector Bank	23.3053	321	4.7342
Private Sector Bank	25.1787	235	4.6806
Total	24.0971	556	4.7977

The above table compares the effort expectations of public and private sector banks when it comes to internet banking. With a standard deviation of 4.73, public sector banks have an average effort expectation score of 23.30. When it comes to effort expectation, private sector banks have an average score of 25.17 and a standard

deviation of 4.68. Respondents from private sector banks had a more positive impression of effort expectancy than those from public sector banks

A Comparison Of Public And Private Sector Banks

Public Sector Banks

Public sector banks are financial institutions where the government holds a significant stake, often more than 50%, making them government-owned entities. These banks are established to serve the public interest and support government policies aimed at economic growth and financial inclusion. They play a crucial role in extending banking services to rural and underserved areas, promoting savings, and providing credit to various sectors of the economy, including agriculture, industry, and small businesses.

Private Sector Banks

Private sector banks are financial institutions where private individuals, corporations, or other private entities hold the majority stake. These banks operate with a profit motive and focus on customer service, innovation, and efficient management. They often lead in adopting new technologies and providing superior banking experiences to customers.

Table 5: Descriptive statistics of Facilitating Conditions

Type of Bank	Mean	N	Std. Deviation
Public Sector Bank	11.3583	321	2.5907
Private Sector Bank	11.7872	235	2.6774
Total	11.5396	556	2.6339

When looking at the enabling conditions of internet banking, the following table compares public sector banks with private sector banks. With a standard deviation of 2.59, public sector banks average 11.35 on the Facilitating Conditions scale. The mean score for private sector banks on the Facilitating Conditions scale is 11.78, with a standard deviation of 2.67. So, it's clear that private sector bank customers have superior online banking services, although the discrepancy between the methods isn't huge.

Table 6: Perceptions of the respondents on various factors of Perceived Security in public and private sector banks

S. No	Factors	Bank	Frequencies (Percentage)					N	Mean	S.D
			SD	DA	N	A	SA			
1	Online banking is secure and no money will be lost in EFT	Private Sector	6	24	22	114	69	235	3.63	1.04
		%	2.6	10.2	9.4	48.5	29.4	100		
		Public Sector	2	55	78	109	77	321	3.91	1.01
		%	0.6	17.1	24.3		24	100		
2	Current password, OTP for transaction process are safe & secure	Private Sector	9	11	26	87	102	235	4.17	0.82
		%	3.8	4.7	11.1	37	43.4	100		
		Public Sector	0	15	40	141	125	321	4.11	0.12
		%	0	4.7	12.5	44	39	100		
3	Confident with banker's present security measures	Private Sector	2	22	26	103	82	235	3.7	0.92
		%	0.4	9.4	11.1	44	35	100		
		Public Sector	0	34	83	130	74	321	4.03	0.31
		%	0	10.6	25.9	40	23.1	100		
4	Customers are automatically	Private Sector	6	7	25	95	102	235	4.12	0.89

	locked after a few failed login attempts	%	2.6	3	10.6	40.4	43.4	100	4.19	0.29
		Public Sector	1	17	54	118	131	321		
5	website is secure for providing information of credit card	%	0.3	5.3	16.8	36.8	40.8	100	3.68	0.95
		Private Sector	0	15	34	97	89	235		
		%	0	6.4	14.5	41.3	37.9	100	4.1	0.01
		Public Sector	0	39	96	113 (35.2)	73	235		
	%	0	12.1	29.9		22.7	100			

In the table above, we can see how people in Hyderabad generally feel about certain public and private sector banks in terms of the "Perceived Security" component. You can see a comparison of public and private sector banks' perceptions of security on different dimensions in the table up there. For the element "Current password, OTP for transaction process are safe & secure", the mean of respondents in public sector banks is 4.17, whereas the mean of respondents in private sector banks is 4.11. A lower mean value of 3.68 for the factor "website is secure for providing information of credit card" was reported by respondents at public sector banks compared to those at private sector banks (4.10).

Conclusion

The satisfaction of customers was assessed through primary survey in which customers of both the sectors were included. According to the factor analysis the factors that determine satisfaction of customers are Performance Expectancy, Effort Expectancy, Social Influences, Perceived Trust and Behavioral Intention to Use Internet banking Service. Customers expressed dissatisfaction with the online banking services provided by public sector banks, citing unprofessional attitudes from workers as the main reason for their dissatisfaction. It took far longer to resolve than with private sector banks. Through primary data analysis it was concluded that Private sector bank dominates the quality dimension and customers are more satisfied rather than public sector Bank. Banks would be ahead of other banks only if they provide best quality services to their esteemed customers.

Suggestions:

- Secure financial transactions should be a top priority for all banks, public and private, and they should work together to advance data encryption technology.
- Banks, whether public and private, owe it to their clients to provide them with more information about how to utilize technology wisely and conduct secure online transactions.
- Biometrics and face recognition technologies should be the solution for Illiterate people .

Limitation of the study

Current efforts are aimed at analyzing customer perception towards e-banking services of public and private sector banks. This is an analytical search of that would be a useful contribution. However, to achieve any generalization, we are eager to perform more analytical studies of this kind. The scope of the study was limited to customer usage behavior for selected public and private sector banks in the Hyderabad region.

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