

# Consumer Perception Regarding Proactive Development of Support System for Digital Banking: With Special Focus on Select Two-Tier Cities of East India



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**Abstract**

The success of today's banking system without technology and communication is of a rare dream, and it becomes imperative for banks to consider the use of technology to respond their continuously changing requirements. Now a day's banks are constantly searching for ways to improve profitability. On the face of the twenty first century global economy banks' service delivery practices are significantly changing to get hold of advantages encapsulate in the new technologies. But from the customer angle there are some behavioural issues, and the most important issues that acceptability, usage and the mindset about digital banking system and especially the eastern zone of India tends to be very essential requirement of support system for smooth implementation. It is noticed that major developed cities of India have seen a greater acceptability of digital system than the two tier cities of India because unavailability of support systems and due to which customers are not interested in adapting digital banking in India. So it is very essential to study the aspect that why most of the customers from two tier cities in India are not accepted this new banking facilities fully.

**Keywords:** Banking Technology, Proactive Support Systems, Challenges, and Consumer's Perception.

## Introduction

Banking is the lifeline of an economy. The present and future of any economy depends upon the success and development of banking. The objective can't be achieved with the traditional banking as now is the age of technology. The success of today's banking system without technology and communication is of a rare dream, and it becomes imperative for banks to consider the use of technology to respond their continuously changing requirements. Now day's banks are constantly searching for ways to improve profitability. On the face of the twenty first century global economy banks' service delivery practices are significantly changing to get hold of advantages encapsulate in the new technologies. Digital Transformation is far beyond just moving from traditional banking to a digital world. It is a vital change in how banks and other financial institutions learn about, interact with and satisfy customers. Digital Transformation begins with an understanding of digital customer behaviour, preferences, choices, and likes, dislikes, stated as well as unstated needs, aspirations etc. And this transformation leads to the major changes in the organizations, from product-centric to customer-centric view. It is crystal clear that Indian economy is undergoing a fundamental shift. It is equally clear that economy is no longer local but global in shape. So it is very necessary to examine and understand the present position of digital banking system as perceived by the customer and developed both strategic and operational efficiency for smooth facilitation and implementation. Being a service industry, customer is most important in banking sector. A customer need not always be an individual. In other words customers may be companies, firms, organisation etc. Banking offers various services and facilities to their customers but at the same time

need to work up on their support system to better fulfilment of these new digital facilities.

#### **Proactive Support System (Customer)**

Proactive support is about identifying and resolving customer issues before they become problems. Development of proactive support system presents the opportunity to meet and exceed customer expectations, strengthen customer relationships and boost the value of customer through both their business and their advocacy.

#### **Two Tier Cities**

The classification of Indian cities is a ranking system used by the government of India to allocate House Rent Allowance to public servants employed in different cities in India. Cities are classified on the basis of their population, as recommended by the sixth central pay finance commission. Before the sixth central pay commission, the classification of cities in India was based on two parameters: compensatory city allowance (CCA), further divided into categories A-1, B-1 and B-2 and HR, further divided into A-1, B-1, B-2 and C<sup>1</sup>.

#### **Review of Literature**

Rajesh Kumar Srivastava, (2007) entitled "Consumer perception on usage of Internet Banking" used qualitative research method in the first phase as well as a pilot testing of questionnaire helps to get in depth response of target group and he found that education plays one of the important role in improving the usage of Internet banking. Researcher revealed that all the bankers should concern about the awareness among the people because it is well proven that surrounding influences the individual behavior<sup>2</sup>.

Ligita Gaspareniene (a) et. al, made their research entitled "the sphere of Digital shadow Economy: Consumers Attitude towards this phenomenon". The analysis of the scientific literature has enabled to systematise digital shadow activity related terms by distinguishing three basic terms i.e. the nature of the digital shadow activity, the role of the supplier as the main agent and the role of the customer as the main agent. From this study researcher revealed that the consumers of the product and services traded in E- space acknowledge the lack of information on the phenomenon of digital economy increased the severe sanction for both the parties of an illegal transaction would discourage the customers from participation in digital shadow economy<sup>3</sup>.

Ms Fozia (2013), address to the issue of Customer towards E banking Services. In her study she reveals that the old age people are having the reluctance for using E-Banking facilities. So bankers should give equal focus to adopt the right strategies to attract different age group and give more information about the E-Banking services, it will help the banker to understand the customers need in better way<sup>4</sup>.

Dr. B. Mathivanan et.al, made his study on Consumer perception towards E-banking services of ICICI bank. The hypothesis of the study was there is no relation between occupation and usage of electronic transfer and alternative system. From this

study researcher revealed that the tested hypothesis was true. The bankers need to examine and understand the present position of their organisation and relationship with their customers along with their new technology and business process<sup>5</sup>.

Saba Abid (2016), in her study discussed about Electronic Payment system in India. The study revealed that information technology brought a positive change in the service delivery and overall regulatory policy is oriented towards promoting a less cash/ less paper society and emphasis on the use of electronic payment products and services by all affordable prices<sup>6</sup>.

#### **Objectives of the Study**

1. To analyse the acceptability and usage status of digital banking facilities by customers.
2. To identify the challenges faced by customers while availing of digital banking

#### **Significance of the Study**

Digital banking is a vital part of banking industry which we can do the banking transactions by sitting at home office or anywhere only with the help of internet connection in our pc/laptop or mobile phone. But still a considerable number of banks customers are not using digital banking services, due to this the work load of bankers increase and customers are also wasting their time by visit banks for transactions. The major aim of the study is to analyse the proactive development of support system digital banking and responsibilities of Indian banks in the context of changing environment. In order to promote and develop the convenience and efficiency of digital banking system the banks should give the equal focus on the other forces ruling the environment i.e. strengthen their support systems, structure and implementation process.

By keeping the above problem in mind, the researcher want to know the customers perception towards digital banking facilities services and customers problem regarding digital banking services, it helps to take further steps to remove the problems due to which the number of digital banking service users are increase in the market as well as development of infrastructure for this services.

#### **Scope of the Study**

This research is based on customer's perception and necessary proactive support system of digital banking services in two tiers cities of east India. Present study is conducted on digital banking services with the help of a few sample respondents, aims to analyse the facilities and responsibilities of the banks in the context of changing environment.

#### **Methodology of the Study**

##### **Universe of the Study**

The population is unknown.

##### **Sample Size and Sampling Technique**

For this study 181 bank customers were taken as a sample for primary data. Respondents were classified according to age, income, location and literacy. As the researcher has undergone a multistage sampling, the primary data were collected through online questionnaire by using Google form with the help of Snowball technique. The researcher

tallied, scored and tabulated the responses in the provided questions by using Impact Index Formula and Ranking.

**Sources of Data**

This study is based on two sources namely primary and secondary data. Primary data were collected from the sample customers with the help of predesigned online questionnaire. Primary data were collected for the purpose by locating and identifying contacts that are using digital form of banking in the select cities and thereby, taking the help of each identified contact to get responses from other users of digital banking as known to them. Since it is not possible to touch each and every people, so researcher used snowball techniques and So by using Snowball sampling technique, representative sample size are taken at in each of these cities.

Secondary data were collected from books, journals, magazines, newspapers, websites and research studies.

**Analysis and Interpretation of Data**

This study is descriptive as well as analytical in nature. The collected data were tallied, classified and tabulated and then analysed by using simple percentage, impact index formula.

**Acceptability and Usage Status of Digital Banking**

To analyse the data collected, Impact Index Formula have been used, which has been explained below:

<p><b>Impact Index</b>                  Scale: high to low ( 5 to 1)                  Maximum score: total responses X5                  Formula: <math>\text{Impact Percentage} = \frac{\text{Total Score}}{\text{Maximum Score}} \times 100</math></p>
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Level of Impact	
Impact Level	Level Percentage
Maximum impact	80% to 100%
High impact	60% to 80%
Moderate impact	40% to 60%
Some impact	20% to 40%
No impact	0% to 20%

**Table 1: Respondents Profile According to the Classified Age Group**

Age	Respondents (%)
21 to 30 years	32.04
31 to 40 years	17.68
41 to 50 years	17.68
51 to 60 years	17.68
Above 60	14.92

(Source: compiled from survey data)

Table.1 For the purpose of the study to ascertain the customers' perception about proactive support system regarding digital banking facilities, sample respondents were selected 181, of which selected respondents were classified in the mentioned categories as shown in the above table

**Table.2. Respondents Profile According to the Select Cities**

Cities	Respondents (%)
Guwahati	23.76
Asansol	26.52
Bhubaneswar	26.52
Patna	23.20

(Source: compiled from survey data)

Table 2 shows that out of 181 total respondents, of which respondent's percentage from each select city.

**Table 3: Usage Frequency of Computer and Internet for Banking Purpose According To the Select Cities**

Usage Level Internet For Banking	(a) Guwahati	(b) Asansol	(c) Bhubaneswar	(d) Patna	Grand Total
Advanced skill	15	16	11	13	55
Average knowledge	17	21	24	19	81
Beginner	6	11	11	6	34
Expert	2		1	2	5
No knowledge	3		1	2	6
<b>Grand Total</b>	<b>43</b>	<b>48</b>	<b>48</b>	<b>42</b>	<b>181</b>

(Source= Compiled From Survey Data)

**Table 3.1**

**Total Uses Frequency of Each Select Factor**

Services	Frequently	Have used	Occasionally	Rarely	Never
Payments	46.96	29.28	14.36	5.52	3.87
Money transfer	41.98	26.4	20.63	8.25	2.72
Online reservations	28.73	14.81	32.95	19.61	3.89
Shopping	55.80	7.18	22.65	11.60	2.76

Table. 3 and 3.1 shown the selected digital banking transaction facility and uses frequency by the customers, where calculated data shows the frequency rate (%) of above mentioned services classified in five frequency scales for the purpose of the study.

**Table 4**

**Procedural Challenges Faced: Impact Percentage of Each Select Factors According To Age and Cities**

Factors	I	II	III	IV	V	VI
	<b>Create Confusion</b>	<b>More Formalities</b>	<b>Service Charges(Hidden Cost)</b>	<b>Crowed In Rush Hrs (ATM Services)</b>	<b>Language Difficulty</b>	<b>Lack of Confidence</b>
Every time	80	90	180	75	45	75
Most of the time	136	96	85	476	76	112
Many time	153	129	75	111	99	90
At a time	96	140	120	14	74	82
Never	32	26	19	3	83	67
Total	497	481	479	679	377	426
Impact	54.92	53.15	52.93	75.02	41.66	47.07

(Source: Compiled From Survey Data)

Table.4.The calculated data shown the impact value of the procedural challenges where it is clearly found that crowded in rush hours specially withdrawal, deposits, and passbook up to date

process challenging impact is high (75.02%) in front of the respondents. according to the impact percentage calculated from the data the researcher shown the level of impact of all the represented variables.

**Table 5**

**Lack of Human Touch: Frequency Value of All the Considered Variables Against Each City**

Factors	I	II	III	IV	V
	<b>Gap between Customers and Employees</b>	<b>Lack of Information Communication</b>	<b>Lack of Awareness</b>	<b>Special Service for Aged and Disabled Customers</b>	<b>Lack of Customer Feedback Service</b>
Scale					
Agree	620	585	715	760	350
May be	132	120	64	48	112
Neutral	24	34	15	6	93
Cannot say	20	34	16	8	64
Disagree	6	8	9	11	20
Total	802	774	819	833	639
Impact percentage	88.62	85.52	90.5	92.4	70.61

Source: Primary Data

Table.5 The calculated data shown the impact value of the challenges occurs due to lack of communication between bank employees and customers, where it is clearly found that the entire considered variable placed a high impact on respondents. According to the impact percentage

calculated from the raw data the researcher found that the level of impact on lack of special services for physically challenged and aged customers much higher than the other variable i.e. highest maximum impact (92.04%).

**Table.6. Technology Challenges: Impact Percentage of All the Considered Variables against Each City**

Variables	I	II	III	IV	V
	<b>Significant problem in network</b>	<b>Server issue</b>	<b>Connectivity issue(site slow)</b>	<b>Machine out of order</b>	<b>Technical hurdles to make payment</b>
Every time	25	50	35	35	40
Frequently	492	416	504	224	224
Most of the time	99	150	93	294	96
Very rarely	40	32	32	32	12
Never	0	1	1	4	146
Total	656	649	665	589	518
Impact percentage	72.49	71.71	73.48	65.1	57.24

Source: Primary Data

Table.6 The calculated data shown the impact value of the challenges occurs due to technological problem in dealing various digital banking services availed by the banks, where it is clearly found that the most of the considered variable

placed a high impact on respondents. According to the impact percentage calculated from the raw data the researcher found that there is a highest impact on connectivity issue i.e. site slow (73.48%) under technological hurdles faced by the customers.

**Table 7**  
**Impact Percentage Security Challenges of Each Factor from All the Cities**

Variables	I	II	III	IV	V
	Data Privacy	Customers Personal Information	Password Setting	Virus/ Hacking	False Payment
Strongly agree	175	195	370	650	170
Agree	296	324	292	112	380
No opinion	174	144	63	45	96
Disagree	20	22	20	14	30
Strongly disagree	4	2	3	1	5
Total	669	687	748	822	681
Impact percentage	73.92	75.91	82.65	90.83	75.25

**Source:** Primary Data

Table.7, the calculated data shown the impact value of the challenges occurs due to security fear in dealing various digital banking services availed by the banks. Table 5 clearly shows that the considered variable placed maximum and high impact on respondents. According to the impact percentage calculated from the raw data the researcher found that customers are very much insecure about the virus and hacking thread (90.83%) as well as password setting procedures (82.65%) as most of the customers are not so very confident about the process followed by other above mentioned variables they are also placed a high impact on customers mind.

#### **Major Findings**

1. It has been found that for carrying out digital banking services the customer must have some knowledge about internet; many people who are not comfortable with computers and internet find it difficult to use this service.
2. It is found that many people find it difficult to trust completely mechanized system to carry out their financial transactions.
3. It has been found that, in digital banking system there is a possibility of leaked transactions and hacking of accounts.
4. It is found that many a times technical difficulties create problem for the customer to complete their transaction.
5. It is found that customer not aware about the proper use of digital banking services, i.e. about password setting, logging out, and closing browser after completing online transactions.
6. It is found that most of the respondents have the fear of thieves in case they write down the password and username somewhere.
7. It has been found that most of the respondents face problem in case of the transaction is complex in nature and require a direct communication or meeting, instead of an online portal.
8. It has been found that charges involved in the digitalised banking services are too high for the general customers.
9. It is found that customers are not satisfied with the problem solving approach of banks and many times customer feels hesitate to call the toll free number provided by banks.

#### **Recommendations**

Taking the findings of the study and including the recommendation of respondents following suggestion could be made for improvement of the market of DBS.

1. Since the people in general do not possess knowledge about the DBS, bankers should come forward to take steps so as to make them aware of the advantages of DBS services.
2. Maximum customers not using DBS due to possibility of risk, so it is suggested that the banker to remove this fear from the customers mind.
3. Customers are facing various technical difficulties at the time of using various DBS like, server slow, suddenly page clogged etc, so it is suggested to the high authority to remove these types of challenges.
4. Banks can hold education campaigns with the help of IT personnel regarding uses of digital banking system and should create awareness through publications, lectures, television, seminars, trainings and so on.
5. Banks should minimize the service charges involved in many transactions to effectively retain the customers with this system.
6. It was found that there are no significant prevention measures against the intrusion attacks in the banks. Banks should take significant action in this direction.
7. Banks should involve customised and innovative banking services.

#### **Limitations of the Study**

Every study based on a survey has some limitation that can provide conflicting results.

1. This study is limited to eastern zone of India and only two tiers cities of selected zone.
2. The possibility of some biased opinion of the respondents in answering the questionnaire may not be ruled out.
3. Another limitation of the study is the time constraint.

#### **Scope for Further Research**

1. "The facilities provided by the banks to the DBS users and how they try to increase DBS customers in India"
2. "The trends of increasing/decreasing of DBS users in NE India-the reason behind the success"

### 3. "Effects of various digital banking services in future employment of banking industry"

As this research has been carried out within a limited sample size, so observation made from the research may not be able to reflect a true picture. There may be difference in the results from a large sample size. It is suggested that there must be more research on this topic on a large sample size for more accurate results.

#### Conclusion

The overall conclusion from the analysis and findings of the primary data is stated. The conclusion is based on the facts and findings revealed from the previous chapter. It can be concluded that customers are know the digital banking services and the facilities but they are not so much friendly with these services due to various challenges and lack of support systems. Though digital banking makes a number of features easy to access for the customer but the technical difficulties creates huge issue in front of customers. Technical challenges associated to digital banking services and lacks of education on the part of present customers are main problems in making these services effective. Researcher found that digital banking facilities are not so bright specially in two tier cities people mind and it requires much improvement in necessary technical, procedural support systems, education etc.

Proactive support system is very much essential in DBS, its increase loyalty and trust to the customers, it acquires new DBS customers to the system and most importantly proactive development of support system retain the existing customers. Proactive development of support system can overcome the challenges faced by the customers and it helps for banks to turn customers into brand advocates.

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