
Digital Banking: Boon or Bane for Rural Populace of Sikar, Rajasthan

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Abstract: The use of digital technology to improve present processes or introduce new methods of conducting company operations, which improves the customer experience and leads to better currency exchange rates for the firm, is referred to as digitalization. Digital transformation in digital age means redesigning corporate procedures. The main aim of this study was to look at the socioeconomic characteristics of respondents who were chosen from the study area. The four main parts of digital transformation are technology, software, data, and organizational reorganization. In India's banking system, banks play a critical role. They are in charge of managing public finances and investing in the expansion of business and trade. In emerging countries like India, where other financial sectors are still in their infancy, the banking industry accounts for the majority of the financial sector. Digitalization of the banking services can help to a higher extent for an account to be active as it enables people to handle their account from their home. But the utilization or adoption is very limited in rural areas as the people lacks proper knowledge and sometimes find it difficult to operate an account digitally. This work was carried out to study the adoption of digital banking services and other related issues among 100 rural people from Sikar district, Rajasthan. Hence, the article concluded that the impact of the digital banking services on rural customers is significant and is a boon rather than bane.

Keywords: *Digital Banking Services, Financial Inclusion, Banks, Transactions, Digitalization, Economy*



1. INTRODUCTION

Digital banking services can be used more efficiently and easily. Over the years in order to improve the level of financial inclusion in the country, government has emphasized the role of digital banking services. Affordable and accessible internet service could lead a nation in the way of digital revolution and this is seen in India in last five years.

The banking business is through a critical transition period in which all working visions are rapidly changing, and technology is the most powerful force, allowing banks to compete by combining knowledge with new goods or services. As a result of the extensive use of information technology at home and at work, many tasks are now done electronically. The Indian customer is slowly but steadily converting to electronic banking. The use of ATMs and the internet is becoming more common. The biggest issue facing banks is how to protect their diminishing profitability as a result of competition. A drop in profit needs an increase in transaction volume, which can only be accomplished by utilizing technology and providing good customer service.¹ As a result, technological progress is critical not only for improving services but also for maintaining a robust client base. It has changed the way people promote, advertise, distribute, price, finance, and save money by using electronic channels and items. These advances need a dynamic, aggressive, flexible, and developing workforce to meet the needs of customer connections, product differentiation, values, reputation, and regulatory prescriptions.

Bank Transformation in Rural Area- Review

Modernization and technological improvement were stressed in the second wave of banking reforms. The passage of the Information Systems Act of 2000 has hastened the adoption of e-banking. E-banking has grown into a global phenomenon. It is an important and visible tool for significant progress, growth, modernization, and enticing competitions. Indian banking is facing a fork in the road in the post-reform period. Several transformation elements have undergone a paradigm shift. Several internal and external factors have influenced the bank's decision. Banks are being forced to make major changes in their day-to-day operations as a result of tough competition and global

¹ Nugur Moni Das & Joyeta Deb (2017), "Regulatory Capital and its Impact on Credit Risk: The case of Indian Commercial Banks", The IUP Journal of Bank Management, Vol.16, No.4, pp.12-14.

pressures.² Another element requiring banks to implement internal and external reforms in order to handle the e-age problems is the WTO.

Rajeshwari (2019)³ explored that the current need for banking is anytime, everywhere banking, which necessitates innovative, secure, and ready-to-use solutions to satisfy the demands of empowered and tech-savvy customers. The transition from traditional banking to a digital world is only the beginning of digital transformation. It is a significant shift in how banks and other financial organizations learn about their consumers, communicate with them. Understanding digital customer behavior, preferences, choices, expectations, and goals, among other things, is the first step toward a successful digital transformation. This shift causes huge organizational shifts from a product-centric to a customer-centric perspective. The role of digitization in Indian banking, variables influencing the scope of digital banking in India, digital banking trends in India, and technological milestones in Indian banks are all discussed in this article. The data used in this investigation is secondary. The information was gathered from a variety of sources, including academic papers, the government of India publications, RBI bulletins, and verified websites. According to the survey, digital banking has significantly lowered bank operating costs. Banks have been able to charge reduced service costs and offer higher interest rates on deposits as a result of this. Bank earnings have increased as operational costs have decreased. Digital banking, according to the report, has huge potential to reshape the landscape of financial inclusion. Digital banking's ease of use can hasten the economy's absorption into the mainstream.

Over the years Indian banking sector has had several transformation whether it was expansion of bank branches, liberalization and increasing competition from other financial institutions, changes in rules and regulation, implementation of information and communication technology to provide banking services. Development of information and communication technology made implementation of digital banking services affordable and it becomes easier to do financial transaction for common people. Digital banking or e banking services refers to various electronic channels through use of internet services for delivery of banking services. Indian banking sector are currently offering various innovative and technology-based products and services-

² Padmaja, R, Rifana Meera, M, & Valliyil 2017, 'Employee's Attitude towards Adoption of Electronic Banking Services: A Case of Public Sector Banks', International Journal of Banking, Risk and Insurance, vol. 5, Issue 2, pp. 11-21

³ Rajeshwari Shettar (2019) "Digital Banking An Indian Perspective" Journal of Economics and Finance, Vol. 10, (3) PP. 01-05

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- i) Internet Banking,
 - ii) Debit, credit card services,
 - iii) Mobile banking,
 - iv) ATM (Automated Teller Machine),
 - v) Electronic fund transfer system (IMPS/NEFT/RTGS),
 - vi) mobile Wallet,
 - vii)UPI (Unified Payment Interface) etc.

2. IMPORTANCE OF THE STUDY

With the rapid technological advancement in the era, financial institutions are offering various forms of digital banking services and products to its customers. But the utilization of these services depends on either awareness or proper information regarding various services among the people. When the utilization of these services are taken into account it is observed that the adoption of those services is very low in rural areas as compared to the urban areas. For digital banking services, however some basic knowledge of internet along with modern technology is needed which limits the no of people willing to avail digital banking services. Sometimes people are aware of various digital services but they are not intended to use and sometimes some people are totally unaware about the existence of such services. In such situation it is important to study whether digital banking services helps in financial inclusion and adoption of digital banking services by common people.

3. OBJECTIVES OF THE STUDY

1. To study the usage of digital banking services among the respondents.
2. To study the factors influencing respondents in utilization of digital banking services.

4. METHODOLOGY OF THE STUDY

The study is basically based on primary data. For the required information individuals who were financially included mainly considered. Required information was collected through a structured questionnaire covering socio economic and demographic characteristics of sample respondents. The sample constitutes 100 respondents from rural areas of Sikar district of Rajasthan. To study the factors that determines utilization of digital banking services, logistic regression was models has been applied. The data were analyzed using Excel and SPSS software.

5 RESULTS AND DISCUSSION

For socio economic information of the respondents age, gender, educational qualification, income and occupation were mainly considered.

Table 1: Socio economic information of respondents

Description	Variables	Frequency	Percentage
Age	20-29	14	14.0
	30-39	22	22.0
	40-49	36	36.0
	50-59	16	16.0
	<60	12	12.0
Gender	Male	78	78.0
	Female	22	22.0
Educational Qualification	No formal education	8	8.0
	High school level	16	16.0
	Diploma/intermediate	48	48.0
	Graduate	21	21.0
	Post graduate and above	7	7.0
Occupation	Salary	24	24.0
	Business	31	31.0
	Agriculture	39	39.0
	Others	6	6.0
Income	<5000	13	13.0
	5001-10000	18	18.0
	10001-20000	52	52.0
	20001-30000	11	11.0
	>30001	6	6.0

Source: Primary Survey

Figure 1: Age

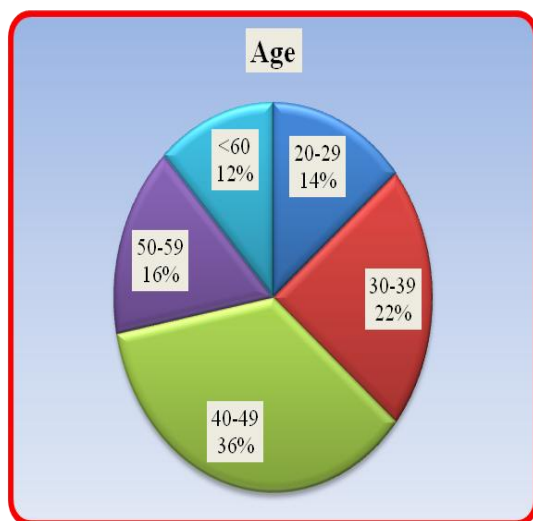


Figure 2: Gender

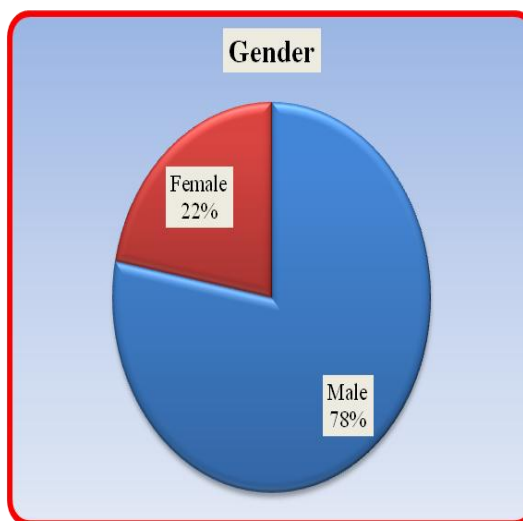


Figure 3: Educational Qualification

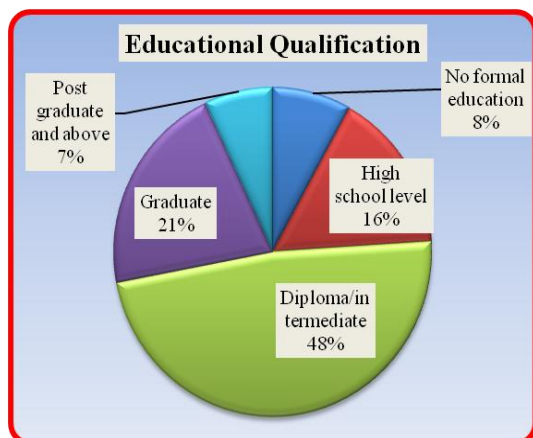


Figure 4: Occupation

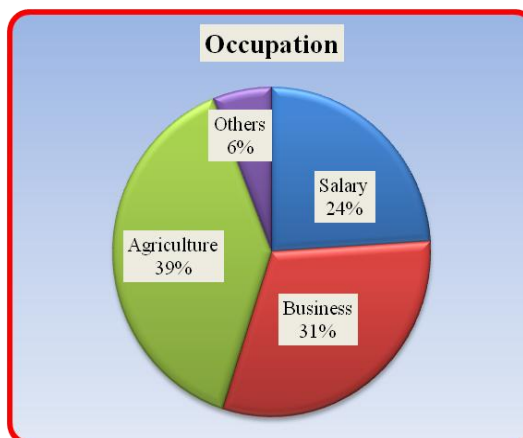
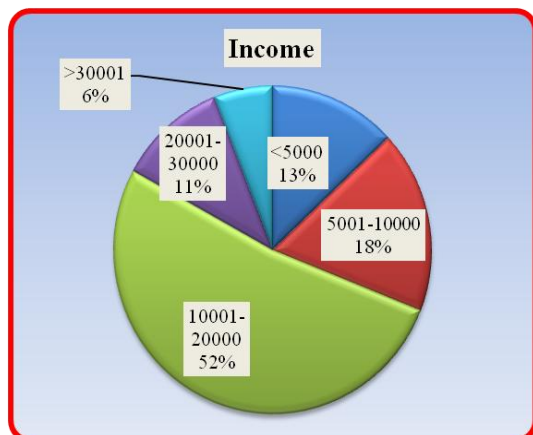


Figure 5: Income



Respondents socio economic information reveals that majority respondents belongs to the age group of 40-49 years, most respondents were male (78 percent), 39 percent respondents were engaged in agriculture activities, 52 percent respondents had monthly income of Rs 10001-20000.

5.1 Access to Bank Account

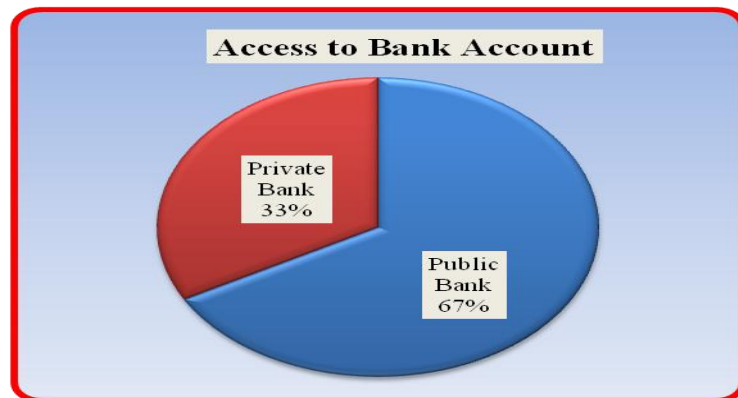
In order to study the adoption or usage of digital banking services by the sample respondents it is important to find out respondents association in the banking sector. In this study respondents were selected on the basis of active banking participation, bank account is a tool which provides people the opportunity to come under formal financial system.

Table 2 : Access to Bank Account

Description	No of respondent	Percentage
Public Bank	67	67%
Private Bank	33	33%

Source : Primary survey

Figure 6: Access to Bank Account



Having a bank account doesn't necessarily refers to the usage of digital financial services but implies that respondents are financially included and have the opportunity to utilize various digital services and products provided by financial institute. Table 2 shows that 67 percent respondents have account with public sector banks and 33 percent respondents with private sector banks.

5.2 Usage of Digital Banking Services

Now a day's types of attractive and innovative digital products and services are offered by financial institutions which enable individuals to make financial transaction easily. Effective use of digital services helps customers to great extent.

Table 3: Usage of digital products and services

Description	No of respondents
Debit Card (ATM)	64
Internet banking	8
NEFT/RTGS	3
Mobile wallet	24
UPI	16

Source : Primary survey

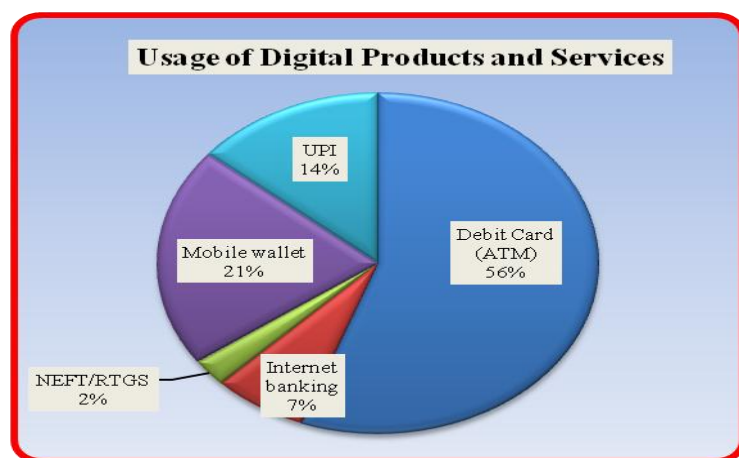
Figure 7: Usage of Digital Products and Services


Table 3 shows different types of services that are used by sample respondents. The study found that not all the respondents were inclined towards digital banking products and services. Majority respondents used debit card but uses of debit card limited to mainly cash withdrawal. Only 8 respondents used internet banking facilities, 24 respondents has used the services of mobile wallets. Banking services has become so much easier today with UPI (unified Payment Interface) and different mobile application. In this study area these services have got popularity but the utilization was very low, only 16 respondents has UPI id.

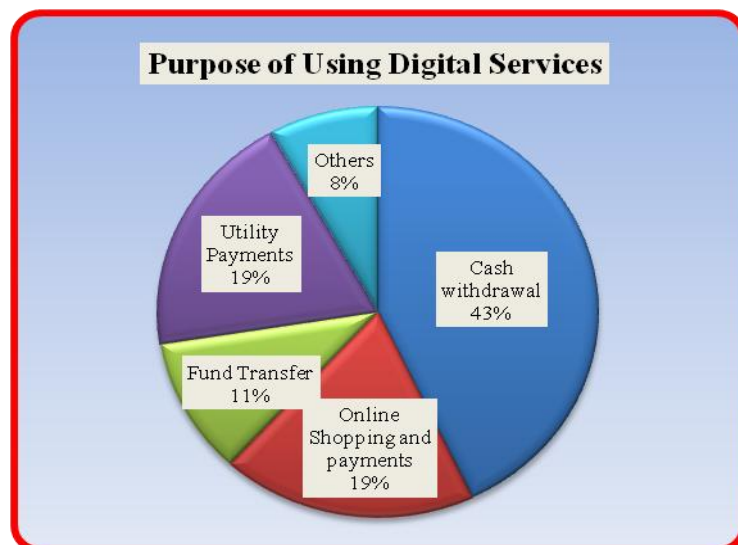
5.3 Reason for Using Digital Banking Services

In these days financial institutions offers number of products and services. The benefits of various digital banking services can be reaped only when individual are aware about various services, only a single bank account wouldn't help them economically. Digital banking services provide many benefits and Different services can be used for different purposes. Reasons and intentions for using digital services by the sample respondents are discussed below.

Table 4 : Purpose of Using Digital Services

Description	No of respondents
Cash withdrawal	64
Online Shopping and payments	28
Fund Transfer	16
Utility Payments	29
Others	12

Source : Primary survey

Figure 8: Purpose of Using Digital Services


Digitization in the banking system provides many services to its customers. But it was observed in the study that most of the respondents were not aware of all the services properly. Through digitization, some mainly mean the usage of ATM and most of them used it (64 respondents). Apart from cash withdrawal, the other things used widely were online shopping and payments. Mostly young respondents were found to be engaged in online payments. Only 16 respondents used the facility of NEFT/RTGS for fund transfer. 29 respondents used digital services for utility payments like electricity bill, TV/mobile recharge etc. Though it is very easy to do all these things at home without travelling yet people like the tough route and do all these things instead of trying to gather knowledge about the operation of the digital services at their home.

5.4 Frequency of Digital banking Services Usage

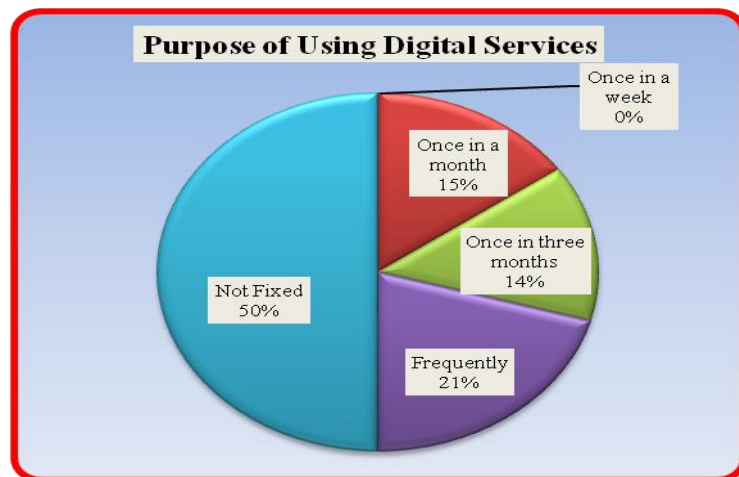
Though importance of has been given on the digitalization of the banking services but still there are account holders who even doesn't know how to fill up a withdrawal or deposit form. Digitalization sounds easy but to do it particularly a difficult task. Sometimes it is observed that the young generations are aware of the digital services but they do not know how to operate it. In such cases they prefer the traditional banking services. Therefore in most of the times the digital services are not used.

Table 5: Frequency of Using Digital Banking Services

Description	No of respondents	Percentage
Once in a week	8	0.08
Once in a month	14	14
Once in three months	13	13
Frequently	19	19
Not Fixed	46	46

Source : Primary survey

Figure 9: Frequency of Using Digital Banking Services



In this study it was found that the frequency of using digital banking services was 0.08 percent, 14 percent respondents used it in a month, 46 percent reported that usage of digital services was not fixed. Only 19 percent respondents said that they used those services frequently. Most of the respondents used ATM (Debit card) as a digital services reported by them.

Issue relating digital banking services

5.5 Issue Relating Digital Banking Services

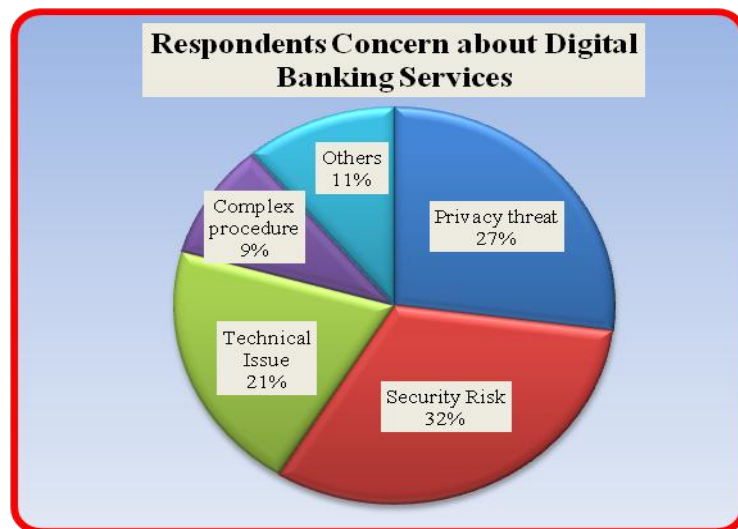
Financial institutions today provides many digital products and services which make it convenient for individuals to access those services without travelling or making visits to bank. Though digital banking services carries many benefits many times it is seen that individuals hesitate to use those services. In this study respondents had various concerns about digital services.

Table 6: Respondents Concern about Digital Banking Services

Description	No of respondents	Percentage
Privacy threat	63	63
Security Risk	74	74
Technical Issue	48	48
Complex procedure	22	22
Others	26	26

Source : Primary Survey

Figure 10: Respondents Concern about Digital Banking Services



As the study reveals, 74 percent respondents were concerned about security risk associated with online transaction. Threat to privacy was another prime concern of the respondents. Some respondents never use digital services in the fear of that such services are not safe. Though some respondents were found digitally active, they did not use all digital services provided banking institutions. The respondents fears as there are incidents like online banking frauds, personnel data

lost etc. 22 percent respondents reported that financial products were technically advanced, but the operation of such services are critical. One objective of the study is to find out the factors that may have some impact in a respondent's decision in using digital banking services. Individual's decision in utilizing digital banking services is expected to be influenced by various factors. Logistic regression analysis has done to study the factors.

The result reveals that probability of using digital banking services has a positive relationship with income and education. Increase in income level and education leads to more usage of digital banking services. When people are educated, they become aware of the benefits and usage of the digital services, and therefore they are found to be engaged in digital banking services.

6. CONCLUSION

Over the last few years advancement in technology has become vital tool in accelerating economic growth. Digital banking has got much attention in recent years as digital banking services are beneficial to both financial institutions and common people. Despite of government continuous efforts to promote digitization in the country, number of people adopting digital banking services is still very low in India. India's demonetization initiatives have lead to an increase in digital transaction in the country and help the nation to turn cash less economy. Majority of rural population in India still transact in cash. Government today has given priority in digitalization to curb corruption and improve tax revenue collection. This work was done to know the adoption and utilization of digital banking services. It was found that almost 70 percent respondents used digital banking services but they used mostly one or two services. Majority respondents used debit card but not internet banking or latest innovation like UPI. It was also found that some respondents were financially strong but they had not opt towards digital banking services due to various reasons. Privacy threat, security risk are still some issues for which respondents hesitate to use digital banking services. The banking authority should also take care of the fraudulence activities that the customers face. As the digitization of banking industry evolves, it would be ideal to construct acceptable measures in common throughout the entire financial system, and which are applied openly to the market.



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