

A STUDY ON USERS' ATTITUDE TOWARDS DIGITAL BANKING DURING PANDEMIC PERIOD (COVID-19)

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Abstract

In India, the continuing epidemic has resulted in a dramatic increase in digital banking, raising consumer expectations for instant and personalized services. Most of their banking needs are being met through digital channels, both online and mobile, by a big number of consumers who prefer to stay at home. Traditional branch visits and face-to-face interactions with bank employees have decreased as a result. Banks, on the other hand, have been expanding their digital footprints throughout the banking industry since March 2020. Banks use digital channels to provide a variety of services, such as video KYC for new customers, deposits and withdrawals, outbound remittances, payment collections, and so on. The National Payments Corporation of India accepted a WhatsApp proposal late last year that would allow users to send and receive money using the messaging service. The old paradigm of traditional banking has been entirely modified in today's ever-changing modern world thanks to the introduction of digital banking services (DBS). The usage of contemporary artificial intelligence embedded technology enabled it. It was done in order to meet consumers' ever-increasing demands by making technology more user-friendly and time-saving. As a result, the current research focuses on users' attitude of digital banking in India during the COVID-19 pandemic.

Keywords: Personalized Services, Digital Channels, Digital Footprints, Modern Banking, AI Technologies, Instant Moves and Cashless Economy.

Introduction

COVID-19 has infected people in 185 countries, dramatically altering everyone's life. Lockdown, work from home, social isolation, and just a few necessary services were allowed to open because no vaccine has yet been found for this disease. The only way to control the crisis was to impose a curfew and restrict people's movement. All commercial activity have been halted as a result of the actions taken by all countries, leaving firms, banks, and financial institutions to calculate losses and costs. The big question now is whether e-collaboration between banks and technology will continue to be the key to solving challenges in this new COVID-19 environment. The catastrophe of Covid-19 has engulfed the entire globe. It not only takes lives, but it also affects people's economic condition. In practically every country, lockdowns were enacted to prevent the virus from spreading. Almost every country was affected by the pandemic's economic impact as a result of these lockdowns. Many countries are facing economic collapse.

Governments, academics, researchers, and financial organisations are all paying close attention to digital banking's huge potential. Consumers, businesses, and banking institutions all gain from this. Despite its numerous advantages, India's adoption of mobile banking is far lower. The Indian government is urging citizens to embrace a cashless economy through its Digital India initiative. The Indian government launched initiatives such as the Lucky Grahak Yojana, Bharat Interface for Money, Aadhar Pay, and others to promote digital banking. They've also offered several incentives to encourage people to adopt a Unified Payments Interface (UPI). In both urban and rural areas of the country, the use of UPI has dramatically altered the digital landscape. Almost all banks and financial organisations are heavily investing in digital banking services, thanks to the government's ongoing backing. Customers' decision-making ability to accept digital banking services is influenced by a

number of elements, which banks and financial institutions must identify. As a result, the goal of this article is to better understand and analyse the factors influencing the uptake of digital banking services

in India, particularly in light of the recent demonetization and Covid-19 events. These two occurrences have altered our financial transactions. Both of the aforementioned factors necessitate that firms with little or no online presence consider digital transformation, particularly in the realm of digital financial transactions.

Many people, including those who had previously opposed the use of digital technologies in banking, were obliged to accept digital banking services as a result of the pandemic. Customers will get more comfortable with digital banking services as the lockdowns last longer, and they will be less likely to switch to physical branches once the lockdowns have ended. Despite the negative aspects, the pandemic has provided the banking sector with numerous possibilities to launch numerous digital initiatives.

Research objectives

The following are the goals of this study:

1. Gaining an understanding of Indian digital banking.
2. To investigate the study's many aspects.
3. Propose ways to make better advantage of the future of digital banking.

Reviews of related literature

Mathew et al. (2022) have done a study and it shows that the banking sector India has been succeeding in implementing IT enabled techniques for its operation for last few years. Banks are able to keep their large customer base by providing higher-quality services and products, while customers are able to conduct banking transactions more efficiently thanks to information technology. India's financial sector has been hit hard by the COVID 19 epidemic. Customers used to have to go to the bank to get their banking services. Banks, on the other hand, have seen a greater transition toward digital or digital banking during the epidemic period. Understanding new behaviour and meeting consumer demands with appropriate products and convenient services, as well as adapting their business services to social changes related to the pandemic situation, has been a difficult issue for the banking sector. The essay highlights the importance of financial services during pandemics and the rise of electronic banking. The study's overall goal is to provide a practical view on COVID-19's impact on consumer behaviour of banking products and services, as well as to analyse the rise of digital banking. For this, we looked at total digital payments and settlements in banking transactions during a three-year period starting in 2017. The current research focuses on the impact of the COVID-19 pandemic on digital banking in India, as well as the pandemic's impact on the country's digital payments and settlement system.

Bhasin et al. (2021) have summarized their study as the COVID-19 outbreak has drastically changed the life of every person and has infected people in 185 countries. Lockdown, work from home, social isolation, and just a few necessary services were allowed to open because no vaccine has yet been found for this disease. The only way to control the crisis was to impose a curfew and restrict people's movement. All commercial activity have been halted as a result of the actions taken by all countries, leaving firms, banks, and financial institutions to calculate losses and costs. The big question now is whether e-collaboration between banks and technology will continue to be the key to solving challenges in this new COVID-19 environment. This chapter looks at how banks and Fintech may work together to overcome the difficulties created by the COVID-19 pandemic and mitigate the looming economic consequences in India and around the world.

Jindal et al. (2020) have done a study on COVID-19 is a virus developed in 2019 from the corona family virus. Since December 2019, it has been spreading over the world by close contact with infected people or COVID-19 spores. It may have originated spontaneously in Wuhan (China's Anhui Province) or by China's "Wuhan Institute of Virology" research centre. It's quickly spreading over the globe. Most countries, including India, have declared a pandemic, according to the World Health Organization. People can defend themselves against the pandemic by keeping their distance from one another. However, meeting their fundamental needs (food and medicine) is critical to their

survival, and money transfers play a critical part in this. Online banking allows you to conduct business over the internet without exchanging any physical goods while retaining social distance. Online banking is a modern banking concept in which consumers can conduct some banking transactions

(such as cash transfers and account balance checks, bill payment, phone recharge, and so on) via the Internet on their phone or computer. One of the most essential characteristics of online banking is that it can operate entirely electronically without the exchange of any real goods, which has made it a valuable tool for pandemic preparedness. The goal of this research is to see how helpful online banking may be in combating the COVID-19 pandemic. To meet the goals of this study, a survey has been conducted. Online banking was discovered to play an essential part in protecting people during the COVID 19 period. When it came to online bill payment, prepaid mobile phone recharge, and dish TV, people felt fully safe from the COVID 19 virus.

Digital Banking in India

India has experienced extraordinary levels of digitalization and digital disruption in recent years, radically changing the way public services are delivered. In India's financial services, education, and healthcare ecosystems, digitization has become a significant theme that is driving inclusion for all individuals. Financial inclusion has become a reality for the inhabitants of India thanks to the powerful JAM trinity of Jan Dhan Bank Accounts, the biometric Aadhar Card, and hundreds of millions of mobile phones. The Unified Payments Interface (UPI), which has seen widespread adoption, has contributed to this. In just one month in October 2021, UPI processed over 4.2 billion transactions totaling over \$7.7 trillion. The government's platform approach to UPI has resulted in top-notch payments products being built on top of it, allowing payments to be done with the click of a mobile phone not only at retail outlets but also peer to peer, completely altering how money is exchanged between individuals. Direct Benefit Transfer (DBT) using applications like PM-KISAN and the extension of microcredit to street sellers via PM-SVANIDHI apps are examples of a "whole of India approach" to financial inclusion.

Parallel to this, India has begun to implement its own form of "Open Banking" through the RBI's Account Aggregator ("AA") regulatory framework. The AA framework is expected to promote credit deepening among previously underserved groups after it has been commercially adopted. India's success in retail payments and credit has not been replicated when it comes to small business payments and credit. The current credit gap, as well as economic and legislative constraints, highlight the need to effectively use technology to meet the requirements of this group and bring them into the formal financial system.

Analysis part if the Study

The expansion of digital banking in developing nations has been spurred by the increased use of the internet and banking sector deregulation initiatives.

Table 1: Analysis on the Socio-Demographic Factors of the Respondents

Variables	Options	Percentage	Cumulative Percentage
Gender	Male	50	50
	Female	50	100
Age	Below 25 years	45	45
	25 – 50 years	30	75
	Above 60 years	25	25
Educational Qualification	Up to HSC	20	20
	Under Graduation	35	55
	Post-Graduation	22	77
	Professional Degrees	20	97
	Other Degrees	3	100
Occupation	Private Employee	22	22
	Government Employee	32	54
	Self-Help Group workers	25	79
	Business People	11	90
	Others	10	100
Income Level	Below Rs. 20,000	23	23
	Rs. 20,001 – Rs. 40,000	38	61

	Rs. 40,001 – Rs. 60,000	20	81
	Above Rs. 60,000	19	100

Source: Computed Primary Data

Table 2: Analysis on the Respondents Opinion on Different Perspective of Digital Banking Usage

(SA – Strongly Agree; A – Agree; N – Neutral; DA – Disagree and SDA – Strongly Disagree)

Opinions	SA	A	N	DA	SDA
I frequently use digital banking	13	45	25	10	7
I feel digital banking is convenient	26	48	22	3	1
I find digital banking to be flexible	20	36	34	7	3
Using an online bank makes it easier for me to utilise banking services	13	32	28	20	7
I feel digital banking is for people who are having computers at home	28	20	33	12	7
I trust in the technology an online bank is using	26	28	26	11	9
I trust online bank as a bank	28	13	30	22	7
Using digital banking is financially secure	20	30	31	10	9
I am not worried about the security of an online bank	16	28	35	20	1
I feel digital banking is secure for financial transaction	25	27	28	10	10
I think digital banking is free of hackers and fraud	20	28	32	8	12
I like to make payments through digital banking	19	31	30	11	8
I feel making payments through digital banking is convenient and easy	24	26	30	9	11
I feel digital banking transactions are secure	28	22	31	10	9

Source: Computed Primary data

Table 3: Analysis on the Reason for using Digital Banking during COVID Pandemic Situation

Reasons	Score	Weight
Ease of use	552	2
Trust and Relationship	438	3
Low service charge	678	1
Accessibility	258	7
Convenience	430	4
Security of transactions	368	6
Variety of features that are provided	396	5

Source: Computed Primary data

Suggestions for the better use of Digital Banking

The backbone of an economy is a healthy and efficient financial system. If the financial system is capable of facing the new challenges provided by technology and other external as well as internal elements, a country's economy can run smoothly without any problems. It is impossible to overestimate the significance and role of information technology in accomplishing this goal. Advancements in technology have hastened transformations, resulting in increased production of goods and services. Business operations around the world have been altered by information technology. It bridged the gap in terms of system reach and coverage, allowing for better decision-making based on the most up-to-date information and increased efficiency through a variety of new processes, products, and services provided by both state-owned banks, private sector banks, and foreign banks and financial institutions. Users should be able to use digital banking with ease, both in terms of approach and convenience, as well as understanding, comprehension, and suitability. It also needs to be appropriate for various types of clients.

Banks should hold seminars and conferences to educate customers on how to utilise internet banking and how to keep their accounts secure and private.

Lack of computer skills is a barrier for some senior customers. They should be taught the fundamentals of online banking. Banks should promote the benefits of online banking for senior citizens, such as the ability to bypass long lines.

Banks should create e-banking software in their native language, using the most regularly used terms, names, and shortcuts.

Discussion and Conclusion

In India, the expansion of digital banking is still in its early phases. People are aware of the advantages and flexibility that digital banking provides, yet many are cautious to adopt it. They are used to dealing with people in person and consider digital banking to be dangerous. A new technology requires time to be adopted by the masses, according to the diffusion of innovation theory. Its adoption is influenced by factors such as relative advantage, flexibility, and ease of usage. There is a lot of potential for using internet-based models to improve customer service and, as a result, increase loyalty. Customers will only value efficiency and convenience if they feel secure. Because of the service provider's anonymity, financial transactions conducted over the internet are regarded as dangerous. Bank employees are familiar to most people. They can speak with the employees about their problems, and the internet does not guarantee physical contact.

The widespread use of technology in the banking sector has reshaped the role of the modern banker, and banks are now more than just credit providers, offering a variety of high-tech services to consumers at their doorsteps at any time, anywhere, and in any way. In the banking industry, there is a healthy competition to adopt new technology at the moment. Banking services have become more electronic and online as a result of the introduction of information technology and its widespread use in banking. Growing e-commerce transactions and a technologically-driven paradigm shift in banking are driving demand for digital banking (IB). DB is cost-effective, rapid, and convenient from both users' and providers' perspectives. Customers are increasingly accepting of DB as a method of delivering banking services, and it is quickly catching up in India, notably in Kerala, where nearly all banks now offer DB services to their customers. Clients are recognising the convenience of accessing banking services from their homes, and as a result, many bank customers have either adopted DB or are on the verge of doing so. DB services, on the other hand, contain a variety of hazards. We are influenced by social, demographic, and even geographical elements in addition to technology considerations. The demand for digital banking services has surged as a result of currency demonetization on November 8, 2016. This is primarily due to the unanticipated financial catastrophe that resulted from the demonetization of money. As a result, the banking industry has experienced a new digital revolution. Comparing to conventional banking services digital banking will provide a different experience to its customers. Many people have been forced to use digital banking services as a result of currency demonetization. Full digitalization of the financial industry in a country like India is a difficult task. Because the vast majority of the population is still in need of improved education. The digital facility is difficult to reach. People have been affected by the rapid demonetization, but they have learned to adapt. According to the report, the unexpected demonetization impacted everyone, regardless of the bank's character. As a result, banks should educate their clients about the benefits of going digital before going digital. Only proper and systematic awareness campaigns, simulated classes, and the use of vernacular languages in digital financial services, among other things, can contribute to a reduction in client risk.

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