



---

# **A Study on Consumer's Perception towards Digitalization in Banking Industry**

*Sapna Divekar<sup>1</sup>, Singh Shiva<sup>2</sup>*

<sup>1,2</sup>Student, Parul Institute of Management & Research (MBA), Parul University

---

## **ABSTRACT**

In the dynamic digital environment, the banking sector has significantly moved towards digital financial platforms. Understanding consumer attitudes towards digital banking, especially across different professions, is critical. In the study of 213 online banking users, one-way ANOVA was used to assess the effect of occupation on the frequency of digital banking use. Here, the findings show no significant difference between occupational groups, suggesting that digital banking is widely accepted and usable digital banking services to effectively meet the diverse needs of customers. The study provides valuable insights into the digital banking literature and highlights the central role of engagement and ease of use in the ongoing transformation of the industry.

Keywords: Digital Banking, Consumer Attitudes, Digital Adoption, User-Friendly Design, Online Frequency

---

## **1. Introduction**

The integration of digital technology into traditional banking practices, known as digitalization, has revolutionized the industry in recent years. This shift has resulted in a wide range of innovations such as online banking platforms, mobile applications and digital payment systems that have fundamentally changed the way financial institutions operate and interact with customers. While digital banking offers unparalleled convenience and flexibility, challenges such as cyber security and digital exclusion have offering, which ultimately increases customer engagement and contributes to the long-term sustainability of banking digitalization.

Consumer adoption and acceptance are key to shaping the success of digital banking services. While many prefer digitalization for its convenience, others may have reservations about security or privacy. Attitudes towards digital banking are influenced by factors such as age, income, education and previous experience with technology. To promote positive consumer perceptions and increase adoption, banks must address these concerns by improving security measures, simplifying user interface and providing personalized support. By continuously improving digital offerings and understanding consumer perspectives, banks can build trust and ensure the sustainable success of banking digitalization.

---

## **2. Concept**

What is digital banking?

Digital banking has revolutionized the banking experience, making it more efficient, easier and greener. The shift from traditional banking methods, which involved time-consuming visits to bank branches and paperwork, to digital banking platforms marks a significant shift towards convenience and speed. With the digital banking service, you can use banking services anytime and anywhere, quickly complete payment transactions and easily manage your finances. This change not only saves time, but also reduces dependence on physical documents, contributing to a paperless and more sustainable environment. In essence, digital banking has simplified the banking process, providing a smooth, secure and user-friendly experience that suits the fast-paced digital world.

---

## **3. Literature Review**

Chaudhary (2023): The authors experimentally investigate a comprehensive mechanism to increase customer loyalty to online banking systems using EBSQ practices, focusing on reliability, network design, privacy and security and customer service and support.

Dimitirova, Ohman (2021): This paper compares bank customer's perceptions of digital banking and the personalization barrier, based on pilot-tested online surveys sent to different customer groups in Sweden and statistically analyzed data.

Ranjith P.V, Kulkarni, Varma (2021): A study to understand consumer perceptions of online and digital payments and the security of their payment transactions in the online world. The study presents the benefits and challenges of consumer adoption of digital payments.

Mishra, Rajwani (2020): Paper examines the impact of technology on customer experience in banks and the challenges customers face when using technology in the banking sector.

Yadav, Saxena, and Paul (2020): Researchers examine adoption of digital banking influencing factors and analyzed customer perceptions and concluded that personalized banking services, 24/7 banking concept and mobile applications significantly influenced customer preferences and perceptions of digital banking.

Paranjpye, Singh and Patel (2020): This study identifies challenges in the banking industry such as financial illiteracy, use of technology and the need to ensure secure digital banking to gain public trust.

P.M. (2022): The study examines customer's perceptions of digital payments, emphasizing the role of new technologies, digital economy, online shopping and online banking in the use of the global network, especially the internet.

Joshi, Goel, and Garg (2019): This study examines customer perceptions and adaptability to changes in banking, customer satisfaction levels and expectations for various digital banking services using a structured questionnaire services.

D. Sudhir, P. Narayanamma (2018): The paper used a structured questionnaire to understand consumer perceptions of digital payments and found that most respondents see the benefits of mobile wallet/digital payments in terms of purchasing products and improving of the quality of decision doing and comparison shopping to traditional methods.

Gupta, Bansal (2018): This paper examines the main factors affecting online customer satisfaction with the service quality of banks and finds that most customers are satisfied with digital banking services.

---

## 4. Research Methodology

### 4.1 Research Objectives:

- To assess the general attitude of consumers towards the digitalization of banking services and identify the main factors influencing their perceptions.
- To examine the factors that lead consumers to use digital banking services, including convenience, security and accessibility.
- Identify the perceived benefits and challenges of digital banking from a consumer perspective, focusing on aspects such as ease of use, privacy concerns and trust.
- Analyze how digital banking has affected consumer behavior, including changes in financial management practices and service interaction preferences.

### 4.2 Research Methodology:

This study is descriptive in nature and based on primary as well secondary data. The required primary data were collected from 213 bank customers through the administration of questionnaires and surveys. In this research paper, a non-probability and convenient sampling approach will be employed.

---

## 5. Data Analysis

### 5.1 Demographic Profile:

The demographic breakdown shows a significant gender bias, with 55.9% of respondents being male and 44.1% being female. Most of the respondents are aged 25-35, there are fewer participants in older age groups. Regarding education, a significant portion holds graduate (47.4%) and postgraduate (27.7%) qualifications, which emphasizes the well-educated sample. In terms of occupation, professional represent 13.6% of respondents, a significant but smaller segment compared to other groups such as students and the self-employed.

5.2 Nominal Questions:

Usage of digital banking

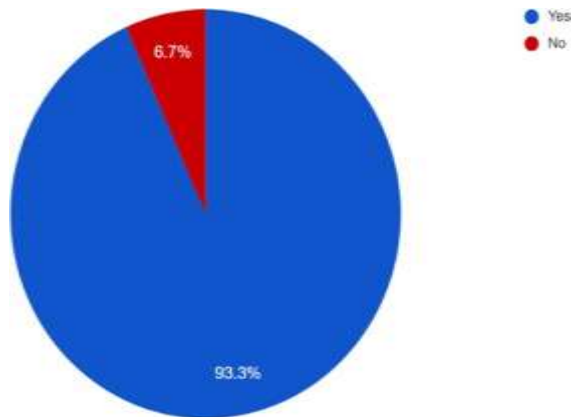


Fig. (a) (Source Excel Output)

According to the survey, the use of digital banking services is high, with 93.4% of respondents currently using them. On the other hand, 6.6% of respondents do not use digital banking services, which is a minority in the sample.

Frequency of digital banking usage

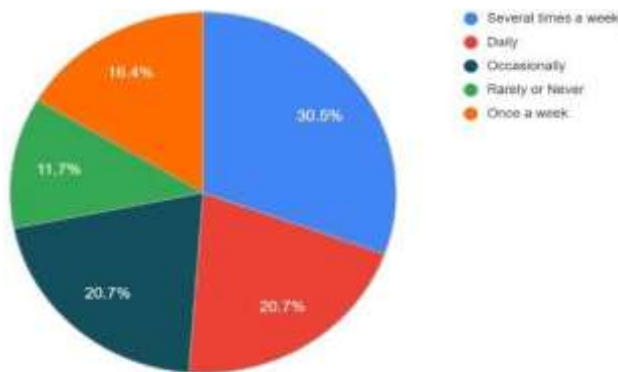


Fig. (b) (Source Excel Output)

The surveys reveals that the usage patterns of digital banking services are different among the respondents. While 20.7% use this service daily and 20.7% occasionally, 30.5% use them sometimes. On the other hand, 11.7% stated that they rarely use and 16.4% use digital banking services once a week, showcase the varying levels of engagement within the sample.

Benefits of using digital banking

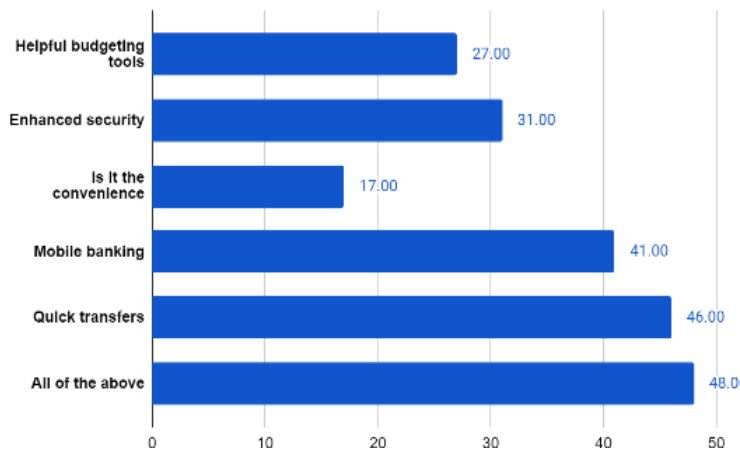


Fig. (c) (Source Excel Output)

The survey reveals that the respondents highly value various aspects of digital banking services. Key factors include the popularity of budgeting tools (27%), emphasis on enhanced security (31%), convenience (17%), preference for mobile banking (41%) and quick transfer options (46%). In addition, 51% of respondents express their satisfaction with all aspects of digital banking, which reflects a general positive attitude towards these services.

**Challenges in embracing complete digital banking**

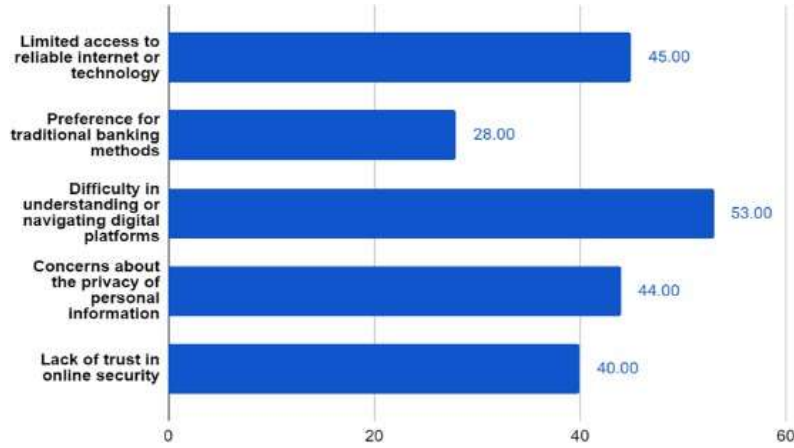


Fig. (d) (Source Excel Output)

The survey reveals various challenges and concerns among respondents regarding digital banking services. These include difficulties due to insufficient internet access or technology (45%), preference for traditional banking practices (28%), challenges in digital platforms (53%), privacy concerns (44%) and trust in online security (40%). Addressing these issues is critical to improving the accessibility, usability, privacy and security of digital banking services.

**5.3 Hypothesis Testing**

**Null Hypothesis (H0):** There is no significant change in consumer perception towards digitalization in the banking industry.

**Alternative Hypothesis (H1):** There is a significant change in consumer perception towards digitalization in the banking industry.

Concerns about Digital Banking services

H0: There is no significant difference between occupation of respondent and concern towards opinion on digital banking. H1: There is significant difference between occupation of respondent and concern towards opinion on digital banking.

ANOVA							
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
I find digital banking service as User Friendly	Between Groups	8.048	4	2.012	1.322	.263	Not Rejected
	Within Groups	316.581	208	1.522			
	Total	324.629	212				
I am not concerned at all about the Security features as compared to traditional banking services	Between Groups	12.755	4	3.189	2.448	.047	Rejected
	Within Groups	270.944	208	1.303			
	Total	283.700	212				
I am not at all concerned to use availability of banking mobile apps	Between Groups	8.131	4	2.033	1.438	.222	Not Rejected
	Within Groups	293.935	208	1.413			
	Total	302.066	212				
I am not all concerned about customer support in digitalization of banking	Between Groups	2.583	4	.646	.458	.767	Not Rejected
	Within Groups	293.398	208	1.411			
	Total	295.981	212				

I have full confidence in range of service offered by digitalization in banking service	Between Groups	8.904	4	2.226	1.151	.334	Not Rejected
	Within Groups	402.392	208	1.935			
	Total	411.296	212				

This analysis suggests that there is no significant difference in perception based on occupation for being very concerned about the service being user-friendly, availability of banking mobile apps, customer support and range of services offered by digitalization in banking services. However, there are significant difference in perception based on occupation for having no concern at all the security of digitalization in banking service.

#### Opinion on Digital Banking Convenience

H0: There is no significant difference between occupation of respondent and perception towards opinion on digital banking. H1: There is significant difference between occupation of respondent and perception towards opinion on digital banking.

<b>ANOVA</b>							
		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>	<b>Hypothesis</b>
I find the convenience of transferring funds digitally to be a time-saving advantage.	Between Groups	4.044	4	1.011	.510	.729	Not Rejected
	Within Groups	412.473	208	1.983			
	Total	416.516	212				
I appreciate the ability to accessed my account and perform transactions anytime, anywhere.	Between Groups	19.307	4	4.827	2.627	.036	Rejected
	Within Groups	382.223	208	1.838			
	Total	401.531	212				
I enjoy the ease of managing multiple accounts and financial products through digital banking.	Between Groups	5.243	4	1.311	.686	.602	Not Rejected
	Within Groups	397.414	208	1.911			
	Total	402.657	212				
I find it challenging to navigate and understand digital banking platforms.	Between Groups	6.809	4	1.702	1.003	.407	Not Rejected
	Within Groups	353.003	208	1.697			
	Total	359.812	212				
I prefer traditional banking methods over digital banking services.	Between Groups	33.319	4	8.330	4.718	.001	Rejected
	Within Groups	367.197	208	1.765			
	Total	400.516	212				

For the hypothesis "I find the convenience of transferring funds digitally to be a time-saving advantage", "I enjoy the ease of managing multiple accounts and financial products through digital banking", and "I find it challenging to navigate and understand digital banking platforms". The significance value is

>0.05, indicating that there is no significant difference between the occupation of respondents and their perception towards the opinion that digital banking has made banking services very convenient. Therefore, the null hypothesis (H0) is not rejected.

For the hypothesis "I appreciate the ability to accessed my account and perform transaction anytime, anywhere" and "I prefer traditional banking methods over digital banking service" the significant value is <0.05, indicating that there is significant difference between the occupation of respondents and their perception towards the opinion that digital banking has made banking services a little bit convenient. Hence, the null hypothesis (H0) is rejected.

#### Insights towards Digitalization in the Banking Industry

H0: There is no significant difference between occupation of respondent and insights towards digitalization in banking industry. H1: There is significant difference between occupation of respondents and insights towards digitalization in banking industry.

ANOVA							
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
It's very Likely to use additional digital banking services beyond basic transactions.	Between Groups	2.515	4	.629	.373	.827	Not Rejected
	Within Groups	350.133	208	1.683			
	Total	352.648	212				
I like the convenience of digital banking more compared to traditional banking methods.	Between Groups	2.358	4	.590	.232	.920	Not Rejected
	Within Groups	528.468	208	2.541			
	Total	530.826	212				
I would like to recommend digital banking services to others.	Between Groups	10.410	4	2.602	1.288	.276	Not Rejected
	Within Groups	420.360	208	2.021			
	Total	430.770	212				

This analysis suggests that there is no significant difference between occupation of respondents and their perception of digital banking. Consumer are likely to use additional digital banking services beyond transaction, find convenience in digital banking, and are also ready to recommend digital banking services to others.

## 6. Findings

- The survey shows that 55.9% of the respondents are male and 44.1% are female, mainly between the ages of 25 and 35.
- Most of the respondents are well educated, with 47.4% having graduated and 27.7% postgraduates.
- Professionals make up 13.6% of respondents, a significant but smaller group compared to students and the self-employed.
- Digital banking services are widely used by 93.4%, with a minority of 6.6% not using these services.
- Usage patterns vary: 20.7% use digital banking every day, 20.7% occasionally, 30.5% sometimes, 11.7% rarely, and 16.4% once a week.
- Respondents value budgeting tools (27%), enhanced security (31%), convenience (17%), mobile banking (41%), and quick transfers (46%).
- 51% of respondents are satisfied with all aspects of digital banking, indicating a positive attitude towards these services.
- The challenge is insufficient internet/technology (45%), preference for traditional banking (28%), challenges of digital platforms (53%), privacy concerns (44%) and trust in online security (40%).
- Statistical analysis does not show a significant difference in the perception of digital banking convenience for different occupations, which indicates a general acceptance and willingness to recommend digital banking services.

## 7. Conclusion

The research findings highlight the widespread popularity of digital banking services despite challenges such as data protection, security and navigation issues. Demographic analysis shows an uneven representation of male respondents and concentration in younger age groups, suggesting the need for targeted initiatives to remove barriers for underrepresented populations. Furthermore, difference in professional understandings highlight the need for tailored approaches to address the specific challenges of different fields. Despite these challenges, the study highlights the benefits of digital banking, including ease of use and the availability of innovation features such as mobile banking and budgeting tools.

The study also highlights the importance of continuous innovation and improvement in digital banking platforms to effectively serve consumers preferences by prioritizing user experience, security and accessibility, financial institutions can increase consumer trust and satisfaction, ultimately contributing to the wider adoption of digital banking services. Overall, the study provides valuable insights into the evolving landscape of digital banking and provides opportunities for banks to improve their services, address consumer concerns and promote wider adoptions.

### **Acknowledgements**

We sincerely thank Dr. Mayur Rao for his invaluable guidance and expertise, which significantly shaped this research. Special thanks to Dr. Bijal Zaveri of Parul University for providing essential resources and supportive environment. We also thank the participants for their insights and our colleagues for their continued encouragement and help.

### **References**

---

- Rakesh Yadav, Ashish Saxena, Som Paul (2020). Customer preference and perception towards digital banking, International Journal of Business and Data Analytics (IJBDA), Vol. 1, No. 4, 2020
- Rashmi Paranjpye, Bhawna Singh, Dhruv Patel (2020) Journal of emerging technologies and innovative research (JETIR (www.jetir.org))-Vol. 7, Iss: 9, pp 368-373-368-373
- Irina Dimitirova, Peter Ohman (2021) Digital Banking and the Impersonalisation Barrier ISBN13:9781799876038 ISBN10:1799876039 EISBN13:9781799876052 DOI: 10.4018/978-1-7998-7603-8.ch008
- Rajshee Joshi, Ritika Goel, Shraddha Garg (2019) on Customers' Perception on Adoption of Digital Banking in Indian Banking Sector, University College Dublin
- P.M. (2022) on Consumer Perception Towards Digital Payment East Asian Journal of Multidisciplinary Research-Vol. 1, Iss: 6, pp 1033-1044 Shreya Chaudary (2023) Customer Perception Towards E Banking Platforms - Journal of Corporate Finance Management and Banking System- Iss: 32, pp 33- 37
- Ajay Mishra, Pinky Rajwani (2020) BSJS Journal of Commerce, <https://doi.org/10.51767/joc1203>
- D. Sudhir, P. Naryanamma (2018) Journal of emerging technologies and innovative research (JETIR (www.jetir.org))-Vol. 5, Iss: 8, pp 350-354- 350-354
- Ranjith P.V, Swati Kulkarni, Aparna Varma (2021) -Vol. 58, Iss: 1, pp 3304-3319
- Santosh Gupta, Anshika Bansal (2018) JIMS8M: The Journal of Indian Management & Strategy (Jagannath International Management School)-Vol. 23, Iss: 4, pp 23-27
- <https://www.hdfcbank.com/personal/resources/learning-centre/digital-banking/what-is-digital-banking>
- <https://sdk.finance/what-is-digital-banking/#:~:text=Digital%20banking%20is%20the%20shift,Most%20tasks%20are%20automated.>