

Chapter 5

Digital Banking Services in Rural India: A Customer's Perspective

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ABSTRACT

Digitization or digitalization of banking services has established a strong network which supports a quick disbursement of banking services across the world. Digital banking service has enabled India to be more operative in reducing the transaction gaps between rural and urban areas. The awareness about cashless transactions has led to the complete transformation in online-banking services. The government initiatives as well as banks (private and public) efforts in implementing digital services such as internet banking, mobile banking, payment of various utility bills, online-ticket booking, digi-lockers for investors (investment), etc. has created a sense of technical significance among rural population. Favorable network condition plays a major role in making digital banking services more triumphant in both rural and urban India. The chapter reveals the ideology of customer's satisfaction towards the digital banking services in Belthangady Taluk, Dakshina Kannada district.

INTRODUCTION

Indian economy constitutes almost 60% of rural population which means majority community. India being a developing economy the technological innovations in banking sector effects the rural population in large. The consciousness of understanding and utilization of wide range of digital banking services is a key factor which apprehends the success of a digital economy. India has the highest number of bank

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branches in the world. According to IMF data for 2015 there were over 1.2 lakh bank branches in India. RBI data as on June 2016 quarter shows over 1.3 lakh bank branches in India. The regional-wise distribution of banks is almost equal in urban and rural sector (Data: RBI, June 2016). Financial inclusion drive in India has contributed to the success of opening accounts in banks, as on 6.12.2017, total 30.71 crore accounts have been opened under Pradhan Mantri Jan DhanYojana (PMJDY), including 18.05 crore accounts opened in rural/semi-urban areas. The government has already rolled out direct transfer of benefits for various programmes. This includes the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 300 districts that's expected to cover 4.3 crore beneficiaries with a fund flow of Rs 15,000 crore annually besides transfers under various pension and scholarship schemes and even cooking gas subsidies are also being transferred to 15.34 active consumers and even government has vision to move to a cash-less society in the long run. So banks have a big role to play in the nearest future along with traditional banking. Technology up gradation is an inevitable aspect to face challenges. The level of consumer awareness is significantly higher as compared to previous years. Now-a-days they need internet banking, mobile banking and ATM services (Goyal & Joshi, 2012). In the world of banking, the development of information technology has an enormous effect on development of more flexible payments methods and more-user friendly banking services. Internet banking involves, consumer using the internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its products and services. At an advanced level, it involves provision of facilities such as accessing accounts, transferring funds, and buying financial products or services online. This is called "transactional" online banking (Sathye, 1999). In India, slowly but steadily, the Indian customer is moving towards Internet banking. But they are very concerned about the security and privacy of internet banking (Malhotra & Singh, 2009). Mobile banking services introduced under Digital Payments in banks, such as Unified Payments Infrastructure (UPI) including BHIM (Bharat Interface for Money) mobile app developed by National Payments Corporation of India (NPCI), Bharat Bill Payment System (BPSS), mobile money, e-wallets, payment aggregation etc. have created a milestone to outreach enormous population with respect to digital banking services in rural India. Some of the other revolutionary developments in Indian banking sector like launch of payment banks which provide digital wallets like –Paytm, Mobikwik, Free Charge apps have contributed for the smooth transaction flow with respect to digital payments are concerned. It has created a wider space and scope for the digital banking services especially in rural sectors of India. Strong digital infrastructure and secured digital banking services are mandatory to enhance the utilization of online banking services to be more ubiquitous in rural sector. Right information dissemination on digital services and proper cyber protection laws which govern the financial transactions which restricts cyber-crime is the need of the hour.

In this background, this study is undertaken with the following objectives:

1. To analyse the factors of consideration to utilize digital banking services by rural banking customers in Belthangady Taluk.
2. To ascertain the level of awareness on digital banking services and its security norms.
3. To assess the implications of customers perspective towards satisfaction on digital banking services with respect to internet & mobile banking.
4. To understand the convenience level of the rural customers in using digital banking services.

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