

SMART BANKING SERVICES USAGE IN RAJASTHAN

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ABSTRACT

The smart banking services have been emerging as the extensive mode of the existing banking platform. The business opportunities for the private banking have also been enormous due to the online banking platform availed through the various banking applications, as Paytm, Google Pay, Bhim UPI along with the public banking platforms being registered through the official banking applications. The preferences of the consumers have surely deviated due to the faster and quicker options offered by the smart banking and yet, they are not fully comfortable using it, either because of the connectivity errors or the security reason. This paper focuses on finding the reasons, preferences and constraints faced by the smart banking users and those not using it because of the various hindrances. Even though the claims of digital banking have been those of transparency and accessibility. But the desired inclusion has not been achieved and thus, this paper aims to analyse the what and why of the smart banking services in Rajasthan.

KEYWORDS: Smart Banking, 24*7 Banking, Innovation, Adoption, Digital Banking.

Introduction

The banking has gone through tremendous transformation over the past decade. Technological innovations witnessed by the banking sector during the nineties have changed the way banking services are being perceived and used. With the integration of IT and the self-assisted technology, several new paradigms have opened up. The paper aims to explore the usage of such smart devices which have been integrated into the banking in Rajasthan. The smart banking services aims to illustrate how the modern technology can be used in order to overcome the challenges of time, distance and avail the banking at anytime and anywhere prospect. Thus, winning back customer loyalty and positioning themselves successfully in the market. "Consumers are setting the trends today and banks have to remain flexible in order to keep up, "is the motto behind it. "So Smart Banking acts as the provision of that". In this paper we are trying to measure the level of smart banking which are currently used by its customers and to check and find their preferences and reason behind its popularity.

Research Problem and Objectives of the Study

The investment in the smart banking has been on the rise, in both government as well as the private e-commerce sectors, yet the customers have been found to be not entirely comfortable with it. Thus, the study has been undertaken to navigate the usage of smart banking services in Rajasthan. Along with, the purpose and benefits derived from the smart banking services. The study also aims to find out the most preferred smart banking application being used by the customers. Thus, the major objectives of the study are:

- To gain insight about smart banking usage in Rajasthan.
- To analyze the descriptive of smart banking development achieved so far in Rajasthan.

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Review of Literature

The study by Rakesh and Ramya (2014) found the ease of use and effectiveness in rendering the effective services to be important factors affecting the adoption behavior of internet banking. Though the emphasis has been laid on the problem being faced and awareness amongst the customers (Malliga A.L and Revathy K., 2016). The World Bank Findex Report (2018) has stated that despite there being a wide increment in the account opening due to the Jan Dhan Scheme, yet the large portion of it remains unbanked, as 1,90,00,000 adults are not having their bank accounts. The study by Ragupathi M and Sujatha S. (2015) found the security and trust being the major concerns behind the lack of E-banking usage. Mathur A (2019) found the advantages of internet banking being offered as faster, simple, convenient banking due to the ease of fund transfer, quicker bill payments, handy account statements and speedy recharges. Thus, it has taken away the time and space constraints. All of the physical banking challenges can be done away with a simple smart device possessing an active internet connection. Since, the person handling the data is owner of the account, thus the risk of data leakage is being done away with (Kaur R.R and Singh N., 2019). However, these can be taken up otherwise as well, due to the rising fraud and theft of the virtual accounts due to the third party interference with the network (Jain A. and Sarupria A., 2019)

Advantages of Smart Banking Services:

- Simple and convenient due to faster and lesser formalities compliances required. Also, within the nano-second time the fund transfer, account information retrieval, payment of bills, online recharges can be done. It also maintains a record of the transactions, thus being efficient and effective both.
- No time and location constraints as it can be accessed 24*7, i.e., the anywhere anytime banking is possible due to one virtual device connection.
- Safe as being protected by the shield of passwords starting from the application passwords to the transaction passwords along with the biometric features in the applications.
- Cost Effective Alternative, as no visiting cost or any special transaction fee is being levied on such transactions.
- Grievance handling and the Customer Support through the online chat support system and self-assisted technical guidance.

Disadvantages of Smart Banking Services:

- The Internet Connectivity Requirement is a hindrance to the consumers.
- Security threats and transaction hacking has been a continuous threat to the online banking users ever since such system has been developed.
- The Bank Server Issues can arise anytime, no matter how urgent the current transaction might be, the processing only takes place without any abrupt in it.
- The Device availability as the smart phone or any such platform is required to access the smart banking applications to perform the smart banking transaction.

Research Methodology and Data Collection

- **Sample Collection:** In order to analyze the smart banking services usage in Rajasthan we conducted a primary survey to collect the first hand data of the customers using a structured questionnaire based on the standardized instrument. We have also used World Bank reports and previous studies as secondary data source in our analysis. The current research paper is basically an exploratory research paper that focuses on the ordinary citizens of Rajasthan as target population.

In all, we obtained responses from 445 customers of banking services using Stratified Random Sampling technique from the five districts of Rajasthan namely Sri Ganga Nagar, Ajmer, Jaipur, Jaisalmer and Udaipur being chosen as a representative district of north, east, west, south and central parts of Rajasthan.

- **Data Analysis Tool:** As per the suitability and availability of resources the data has been analyzed using the frequency tables and charts for processing and analyzing the data. We have used MS-Excel and SPSS as a tool for data processing and analysis.

Scope and Significance of Study

This study has been designed to assess the level of smart banking usage in Rajasthan. The study can be used further to analyze the behavior of smart banking service users throughout the country.

• Data Analysis

We made use of cross tabulations and percentages to assess the level of banking services usage across various demographics such as gender, age, level of monthly income, occupation, education, area of living and use of smart phones by customers. The results obtained are detailed in the Table-1 to Table-7.

Table 1: Gender * Smart Banking Service Crosstabulation

Variable			Smart Banking Service		Total
			Yes	No	
Gender	Male	Count	48	209	257
		% within Smart Banking Service	62.3%	56.8%	57.8%
	Female	Count	29	159	188
		% within Smart Banking Service	37.7%	43.2%	42.2%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

As per Table-1 the smart banking service users were 62% males and 38% females among those who use smart banking services. However, overall usage of smart banking services is quite low at 17% of the total respondents.

Table 2: Age * Smart Banking Service Crosstabulation

Variable			Smart Banking Service		Total
			Yes	No	
Age	5-25	Count	22	100	122
		% within Smart Banking Service	28.6%	27.2%	27.4%
	26-40	Count	33	137	170
		% within Smart Banking Service	42.9%	37.2%	38.2%
	41-55	Count	7	41	48
		% within Smart Banking Service	9.1%	11.1%	10.8%
	56-76	Count	9	39	48
		% within Smart Banking Service	11.7%	10.6%	10.8%
	76 and above	Count	6	51	57
		% within Smart Banking Service	7.8%	13.9%	12.8%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

According to the Table-2, the highest usage is amongst the age group of 26-40, preceding which is 5-25 customer age group. The third ranking is of the respondents aged 56-76, after which follows the 41-55 age group customers, followed by the age group of 41-55. The least number of users are in the age group of 76 and above.

Table 3: Education * Smart Banking Service Crosstabulation

Variable			Smart Banking Service		Total
			Yes	No	
Education	no formal education	Count	7	25	32
		% within Smart Banking Service	9.1%	6.8%	7.2%
	up to secondary	Count	10	60	70
		% within Smart Banking Service	13.0%	16.3%	15.7%

	up to senior secondary	Count	24	100	124
		% within Smart Banking Service	31.2%	27.2%	27.9%
	graduate	Count	5	41	46
		% within Smart Banking Service	6.5%	11.1%	10.3%
	post graduate	Count	6	27	33
		% within Smart Banking Service	7.8%	7.3%	7.4%
	professional	Count	25	115	140
		% within Smart Banking Service	32.5%	31.2%	31.5%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

As per Table-3, the highest number of users are in the category of professional customer groups, after which are those who have studied up to senior secondary, followed by the no formal education group. Then there are the post graduate level customers followed by the graduate level customer groups.

Table 4: Occupation * Smart Banking Service Cross Tabulation

			Smart Banking Service		Total	
			Yes	No		
Occupation	agriculture	Count	7	26	33	
		% within Smart Banking Service	9.1%	7.1%	7.4%	
	student	Count	23	104	127	
		% within Smart Banking Service	29.9%	28.3%	28.5%	
	business	Count	17	82	99	
		% within Smart Banking Service	22.1%	22.3%	22.2%	
	home maker	Count	8	36	44	
		% within Smart Banking Service	10.4%	9.8%	9.9%	
	employees	Count	6	58	64	
		% within Smart Banking Service	7.8%	15.8%	14.4%	
	professionals	Count	16	62	78	
		% within Smart Banking Service	20.8%	16.8%	17.5%	
	Total		Count	77	368	445
			% within Smart Banking Service	100.0%	100.0%	100.0%

According to the Table-4 the students are amongst the highest number of users along with the business customer groups, followed by the professionals. Then there are the home makers, preceded by the agriculture customer groups after which are the employees.

Table 5: Monthly Income * Smart Banking Service Cross Tabulation

			Smart Banking Service		Total
			Yes	No	
Monthly Income	below 20,000	Count	29	116	145
		% within Smart Banking Service	37.7%	31.5%	32.6%
	20001-40000	Count	13	63	76
		% within Smart Banking Service	16.9%	17.1%	17.1%
	40001-60000	Count	17	74	91
		% within Smart Banking Service	22.1%	20.1%	20.4%
	60001-80000	Count	9	65	74
		% within Smart Banking Service	11.7%	17.7%	16.6%
	above 80001	Count	9	50	59
		% within Smart Banking Service	11.7%	13.6%	13.3%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

According to the Table-5, the income group with the highest usage is below 20,000 preceded by the 40,001 to 60,000 income group. Then, there are the customers with income ranging from 20,001 to 40,000 followed by the income groups of 60,001 to 80,000 and above 80,001 equally.

Table 6: Smartphone * Smart Banking Service Cross Tabulation

			Smart Banking Service		Total
			Yes	No	
Smartphone	yes	Count	58	232	290
		% within Smart Banking Service	75.3%	63.0%	65.2%
	no	Count	19	136	155
		% within Smart Banking Service	24.7%	37.0%	34.8%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

As per the Table-6, the customers having smartphones and using smart banking devices are 75%, while not having smart phones and yet using smart banking are 24%.

Table 7: Area * Smart Banking Service Cross Tabulation

			Smart Banking Service		Total
			Yes	No	
Area	Rural	Count	19	247	266
		% within Smart Banking Service	24.7%	67.1%	59.8%
	Urban	Count	58	121	179
		% within Smart Banking Service	75.3%	32.9%	40.2%
Total		Count	77	368	445
		% within Smart Banking Service	100.0%	100.0%	100.0%

According to the Table-7, the customers using smart banking services from the rural area are 25%, while those of the urban area are 75%.

Conclusion

The study aimed to analyze the digital banking inclusion achieved in the state, Rajasthan. While the various differences were observed amongst the demographics in the usage of the smart banking services, yet its usage in the population has been found to be very limited. The study revealed vast differences amongst the gender groups in the usage amongst the smart banking services. Also, the area of residence has also been found to have effect on the usage of the smart banking services. While the young generation and the working-class people were found to be the active users of the smart banking services. The findings of the study would help the banking professionals and the governmental authorities make a plan to include such excluded groups into the smart banking service users, by targeting the requisite groups to enhance their policies and towards achieving the dream of digital financial inclusion in Rajasthan. After finding out the importance of factors in the study, it provides bank managers and policymakers an opportunity to plan and design their strategies and efforts most successfully and efficiently so as to enhance the sustainability of bank business and to attract, maintain and retain the customers.

Based on the cross tabulation results and data summary we summarize our findings as following:

- The overall usage of smart banking in Rajasthan is very low at 17.3%
- Among the users of smart banking facilities the proportion female is lower as compared to the male counterpart.
- The rural users of smart banking services much lesser as compared to the urban users.
- The occupation and education also affect the usage of the smart banking services.
- While the smart banking usage is high amongst the adults, it is low amongst the elder users.

Limitations and Further Scope of Study

Pertaining to the time and resource constraint, the limited sample has been undertaken in the study. Only the sample of 445 has been undertaken to analyze the results of the population of an entire state, being chosen from the 5 districts according to the regional representation. The study can be furthered to assess the usage of smart banking facilities at national level that will certainly have a policy implication with regard to converting non-users group to users group.

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