

## ISSUES AND CHALLENGES FACED BY DIGITAL BANKING USERS

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### ABSTRACT

*With the introduction of digitalization and the digital India program, the banking sector has become more competitive, assuring improved customer service and achieving the objective of a cashless economy. Banking has begun to change from cash and paper-based banking to cashless and paperless banking as a result of digitization. The objective of the paper is to study the challenges faced by the customers of digital banking. A sample of 300 respondents was selected from the state of Punjab to collect the data. The Analysis has been done by using Percentages, Chi-square test and Weighted Average Method. Long processing time, Insufficient technical knowledge, server issues, poor network, and high transaction cost are some hurdles in the path of digital banking that are needed to be resolved for the betterment of digital banking.*

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**Keywords:** Digital Banking, Awareness Level, Challenges, Customer Service, Digitalization.

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### Introduction Digital Banking

Digital banking is a system that uses the internet to enable banking transactions such as fund transfers, loan and EMI payments, and cash deposits and withdrawals. It's one of the extra services that banks offer in addition to traditional banking. Following the implementation of demonetization, it has become the most popular feature among Indian citizens. Digital banking services are divided into various sorts or areas. Internet banking, mobile banking, ATMs, NEFT, PPIs, SMS Banking, e-cheques, debit and credit cards, and other services are among the most popular. ICICI Bank was the first bank in India to offer digital banking in 1996. Since then, several more banks have followed suit, and most banks now offer digital banking services.

### Recent Digital Banking Trends

When it comes to digital banking, consumers today have a plethora of options. If they want to stay ahead, even the most established financial institutions will have to work hard to be relevant. The following are some of the most recent banking innovation trends and services:

- **Automated Teller Machines (ATMs):** An ATM is an electronic telecommunication equipment that allows bank/financial institution customers to do financial transactions, primarily cash withdrawals, without the assistance of a cashier or staff. Balance inquiries, PIN generation, passbook printing, and cheque deposits are among the additional services provided by an ATM.
- **Mobile Banking:** Mobile banking is a financial service that allows a client to conduct banking transactions and gather relevant information using a mobile phone or tablet at any time and from any location without contacting the bank's CRM. All a customer has to do is go to the app store on their smartphone or tablet and download and install the bank's mobile applications. Customers can use mobile banking to carry a virtual bank on their phones. They can use it to download mini statements, receive account activity alerts, monitor term deposits, view loan statements, manage insurance policies, transfer cash between customer's connected accounts and third parties, and so on.

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- **Credit/Debit Cards:** This feature encourages cashless transactions. It allows customers to make purchases without having to carry cash. A credit card allows a customer to borrow money up to a specific limit, and the credit card company charges a particular amount of interest on the money the user uses to make purchases. The debit card, on the other hand, is linked directly to the client's bank account, and when the customer makes purchases with it, the money is automatically debited from the customer's account.
- **National Electronic Funds Transfer (NEFT)** is a one-to-one payment mechanism that operates across the country. A person can electronically transfer monies from any bank branch in the country participating in the system to any individual who has an account with any other bank branch in the country participating in the scheme. Individuals, businesses, and corporations with a bank branch account can use NEFT to transfer payments. Individuals who do not have a bank account can deposit cash with instructions at NEFT equipped branches. Credit and debit cards are accepted. This location encourages cashless transactions. It allows customers to make purchases without having to carry cash. A credit card allows a customer to borrow money up to a specific limit, with the credit card company charging a specified amount of interest. The debit card, on the other hand, is linked directly to the client's bank account, and when the customer makes purchases with it, the money is automatically debited from the customer's account.
- **PPIs - Mobile Wallets and PPI Cards:** PPIs are payment instruments that enable the purchase of goods and services, such as financial services and remittance services, against the value held on them. There are three types of PPI systems: closed, semi-closed, and open. Closed systems are PPI issued by a company just for the purpose of purchasing products and services from that company. Semi-closed PPIs can be used to buy goods and services, including financial services, at a group of clearly identified merchant locations/establishments that have a specific contract with the issuer to accept the payment instruments, while open system PPIs can be used to buy goods and services, including financial services like funds transfer, at any card accepting merchant location (point of sale terminals) and also permit cash withdrawal. Banks and non-banks are both permitted to issue closed and semi-closed PPIs, but only banks are permitted to issue open system PPIs. Paytm, mobikwik, and itzcash are among the largest non-bank issuers of PPIs / wallets. In recent years, PPIs have seen a tremendous rise.
- **Unified Payment Interface (UPI):** The most convenient type of financial transaction interface is the Unified Payment Interface (UPI). It was released on August 23, 2016. It allows for instant money transfers from any location using a mobile device. It allows users to access several bank accounts with a single mobile app that combines many banking functions and two-factor authentication with a single click. Each bank has its own UPI for various operating systems such as Android, iOS, and Windows.

#### Review of Literature

**Aladwani (2001)** conducted research into the drivers and challenges of online banking; the findings show that bank managers support a lack of internet specialists and changes in internal technology as the primary issues affecting online banking development, while IT managers cite time and budget constraints, as well as immature Internet technology. According to the report, the most significant difficulty for the development of E-banking is technological impediments, which are cited by both general and IT managers. Customers, on the other hand, cited internet security, online banking laws, and client privacy as the most pressing E-banking concerns in Kuwait.

**Kumbhar (2011)** analysed that public and private sector bank customer have similar perceptions of all service quality parameters of ATM services except for the cost-effectiveness. It is suggested that cost-effectiveness of ATM service is a core service quality component that has a considerable impact on overall consumer satisfaction with commercial bank ATM services.

**Karimzadeh and Alam (2012)** analysed that legal and security, sociocultural, management, and banking issues are expected to be challenges for the development of E-banking. It is also found that there is less awareness about new technologies and unsuitable software, which are ranked as the highest and lowest obstacles in India, respectively.

**Verma (2015)** stated that developed countries can use internet commerce to their advantage because of strong internet penetration among their populace, whereas underdeveloped countries are still far behind. Other concerns suggested as roadblocks to widespread Ecommerce adoption in poor nations include a lack of technical infrastructure, lack of knowledge, a lack of competent human resources, and social constraints.

**Objectives of the Study**

- To examine the awareness level of ATM services in Punjab State.
- To identify the problems faced by customers while using Digital banking services in Punjab State.
- To offer suggestions to overcome the problems in Digital Banking Services in near future.

**Research Methodology**

The following design is followed for the study

**Primary Sources**

A well-structured questionnaire is prepared to collect the data from the users of digital banking in Punjab state.

**Secondary Sources**

The various secondary information used for the research is collected from the various published and non-published works including books, periodicals, magazines, government reports, journals and websites, etc.

**Sampling Method**

A simple random sampling method is followed.

**Area of the Study****Sample Size**

The four districts of the Punjab state have been selected namely, Mohali, Amritsar, Ludhiana, and Jalandhar. 75 each respondent has been selected from the four districts of Punjab state comprising 300 total bank customers as a sample size.

**Tools Used for the Analysis**

The data collected was analyzed through Percentages, Chi-square test and Weighted Average Method is applied for the analysis of data.

**Analysis and Interpretation****Table 1: Demographic Profile of Respondents**

Demographic Variable		N	%
Gender	Male	153	(51)
	Female	147	(49)
	total	300	(100)
Education	Doctorate	71	(24)
	Postgraduate	158	(53)
	Graduate	43	(14)
	Senior Secondary	28	(9)
	Total	300	(100)
Occupation	Govt. Employee	17	(6)
	Private Employee	152	(51)
	Business	42	(14)
	Student	82	(27)
	Unemployed	7	(2)
Total	300	(100)	
Income	less than 10,000	49	(16)
	10,000 - 25,000	70	(23)
	25000 - 40,000	95	(32)
	40,000 -60000	19	(6)
	60,000 - 1,00,000	21	(7)
	More than 1,00,000	46	(15)
	Total	300	(100)

Table 1.1 indicates demographic wise distribution of respondents. Majority (51 per cent) respondents are male and (53 per cent) of customers are post graduate. Percentage of Private employees is maximum 51 per cent. Most of the digital banking customers belong to the income group of 25,000-40,000 (32per cent).

**Hypothesis-Testing**

- H<sub>01</sub>:** There is no difference between the gender of respondents and their awareness level about digital banking services.
- H<sub>02</sub>:** There is no difference between the occupation of respondents and their awareness level about digital banking services.
- H<sub>03</sub>:** There is no difference between the income of respondents and their awareness level about digital banking services.
- H<sub>04</sub>:** There is no difference between the education of respondents and their awareness level about digital banking services.

**Table 2: Awareness Level of Digital Banking Services**

		Awareness Level					Chi-Square	DF	P-Value	Result
		Fully Aware	Partly Aware	Fully Aware but Unsecure	Total					
H01	<b>Gender</b>	Male	27	74	52	153	11.066	2	0.004	Rejected
		Female	45	46	56	147				
	<b>Occupation</b>	Govt. Employee	5	6	6	17	31.997	8	0	Rejected
		Private Employee	25	56	71	152				
		Business	8	19	15	42				
		Student	34	34	14	82				
		Unemployed	0	5	2	7				
	<b>Income</b>	less than 10,000	10	15	24	49	21.151	10	0.020	Rejected
		10,000 - 25,000	19	24	27	70				
		25000 - 40,000	18	38	39	95				
		40,000 -60000	5	11	3	19				
		60,000 - 1,00,000	10	7	4	21				
		More than 1,00,000	10	25	11	46				
	<b>Education</b>	Doctorate	12	29	30	71	17.717	6	0.007	Rejected
		Postgraduate	50	62	46	158				
		Graduate	8	20	15	43				
		Senior Secondary	2	9	17	28				

Table 1.2 shows the results of chi-square, which indicates that there exists a difference between the gender, occupation, income and education level of respondents and their awareness level about digital banking services at 5 per cent level of significance.

**Table 3: Challenges Faced by Customers**

Problem		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	WAS	Rank
Long processing time	N	10	76	106	99	9	2.93	10
	%	(3)	(25)	(35)	(33)	(3)		
Insufficient technical Knowledge	N	45	100	123	24	8	3.50	6
	%	(15)	(33)	(41)	(8)	(3)		
Server Issue	N	74	131	80	14	1	3.88	3
	%	(25)	(44)	(27)	(5)	(0)		
Poor network/Network Connectivity Problem	N	68	170	51	11	0	3.98	2
	%	(23)	(57)	(17)	(4)	(0)		
Password forgotten	N	28	125	101	46	0	3.45	7
	%	(9)	(42)	(34)	(15)	(0)		
Risk of frauds	N	28	192	66	14	0	3.76	4
	%	(9)	(64)	(22)	(5)	(0)		
High Transaction Cost	N	23	199	39	29	10	3.65	5
	%	(8)	(66)	(13)	(10)	(3)		
Need of training provided by the bank	N	28	95	107	57	13	3.23	8
	%	(9)	(32)	(36)	(19)	(4)		
Unsuitable location of ATMs	N	89	171	35	2	3	4.14	1
	%	(30)	(57)	(12)	(1)	(1)		
lack of confidence	N	16	106	104	56	18	3.15	9
	%	(5)	(35)	(35)	(19)	(6)		

Table 3 demonstrates the problems faced by bank customers while using digital banking services. According to the opinion given by the bank customers regarding the problems the “Unsuitable location of ATMs” is ranked first with a weighted average score of 4.14. The customers ranked “Poor network/Network Connectivity Problem” at second position with a weighted score of 3.98. Another major third problem faced by customers is the Server Issue (WAS = 3.88). The next problem faced by customers is “risk of frauds” which is ranked at 4th place (WAS = 3.76). The problem of “high transaction cost” among customers is ranked at 5th place (WAS = 3.65).

Moving further “insufficient technical knowledge” problem is ranked 6<sup>th</sup> place (WAS = 3.50). Forgetting the password is the 7<sup>th</sup> Problem faced by bank customers (WAS = 3.45). Need of training provided by the bank and Lack of confidence are other problems faced by public sector bank customers at 8<sup>th</sup> and 9<sup>th</sup> rank respectively (WAS=3.23, WAS=3.15 respectively). The problem of “long processing time” is ranked at 10<sup>th</sup> place with the WAS of 2.93.

### Findings

- Majority (51 per cent) of the respondents are males.
- Most of the respondents (53 per cent) are postgraduate.
- Nearly 32 per cent of the respondent's monthly income belongs to the income group of 25,000-40,000.
- Most of the respondents (51 per cent) are private employees.
- There is no difference in the awareness level of customers regarding digital banking services based on demographic variables (gender, occupation, income and education).
- Most of the respondents face the problem of the Unsuitable location of ATMs while using digital banking.

### Suggestions for the betterment of Digital Banking Services

- The issue of the long processing time taken by banks should be resolved by offering quick services.
- The banks should organise special workshops or training to educate customers regarding technical knowledge.
- One of the major issues regarding network connectivity should be resolved by banks on an urgent basis to smoothen digital banking services.
- Transactions and withdrawals are made every now and then thus proper and additional ATMs may be installed in order to resolve the issues faced by users.
- Many customers forget their passwords which sometimes becomes a tough job to recover the password, hence a face identical or biometric facility should be made available to tackle such issue.
- Banks should take required actions to reduce the risk of fraudulent activities.
- Customer's satisfaction can be achieved by focusing on all the aspects considering the transaction cost which should be kept minimum.

### Conclusion

In today's technological environment, digital banking has taken on a new form. The banking business is reshaping itself, shifting from a traditional to a technological strategy. Banking services are taking on a new look because to technological advancements. The banking sector in India is undergoing significant changes as a result of the adoption of digitisation. We can't ignore the expansion and services of digital banking because we live in the digital age. It is found that digital banking services of Punjab state are well received and utilized by the customers. It is revealed that the awareness level of customers is high which is motivating the customers to use digital banking services. There is no difference found between the awareness level and demographic variables indicating that irrespective of the gender classification, income level, occupation and education level, every customer prefers to use the digital banking services. Although there is a positive association between the demographic variables and awareness level, still there are many problems that the customers had to face. The issue of the unsuitable location of ATMs, network connectivity, password is forgotten, long processing time, etc are some issues that are creating some obstacles while using digital banking. Hence banks and RBI need to focus on removing these issues for the betterment of the digital banking services.

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