



## **CUSTOMER PERSPECTIVE ON INNOVATIVE DIGITAL BANKING PRACTICES IN PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO SBI**

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### **ABSTRACT**

In the era of high-speed internet and artificial intelligence, adoption of digital technologies is an essential one. Digital banking is the process of getting all the banking services through internet. Digitalisation reduces manual errors and provide accuracy to the transactions; it builds reliability in the customers and thus it makes a favorite choice among the customers. Customers are fond of using digital banking services more than traditional banking mechanism due to the easiness and convenience in using the innovative services. Banks spent a huge amount to develop the technology and improve the services, so as they can acquire more customers. This study is focused on the customers of State Bank of India, to know their perspectives and level of satisfaction towards the digital baking services provided by the bank. State Bank of India is an Indian multinational public sector bank and financial services statutory body headquartered in Mumbai, Maharashtra. It is a public sector bank and the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market. SBI provides highly secured and enhanced version of digital platform for their banking services for the customers. They can avail the digital products and digital banking services provided by the bank and it created a huge customer base for the bank.

**Keywords:** Digital banking, Internet banking, Customer satisfaction, public sector banks

### **INTRODUCTION**

Banks are the essential part of life in the present society. Most of the day-to-day financial transactions are done through banks or banking channels. Banks are now a days became digital because of the development of technology and competition in the field. So that they did not follow traditional manual banking practices. Instead, all banking operations turn into online in most of the public sector banks. Banks are now competing to develop new tools and technologies for their customers for making them more convenient. It creates an easy environment in banking where customers can use banking facility from anywhere at any time with an internet connectivity. These innovations in banking helps the banks as well as the customers to make their transactions easier. It creates a better impression in the minds of customers and banks making more satisfied customers. Digital banking allows the customers of the bank to operate banking transactions with the help of internet and new technology tools. It provides a faster and accurate banking experience and saves time and cost of the customers. They can access baking from their comfort zone and it available in every time without any delay. So that digital banking gets more priority than conventional banking practices.

State Bank of India is an Indian multinational public sector bank and statutory body headquartered in Mumbai, Maharashtra. It is the largest public sector bank in India with 23 percentage of market share



with assets and 25 percentage of share of loan and deposit market. It is also the fifth largest employer in India with 250000 employees. (Wikipedia) SBI introduced their own digital banking application named YONO SBI for quick access of banking services. It enables the users to acquire a range of banking operations which are paperless and completely online. Account opening is done through video KYC and no need of visiting the bank branch. OTP based authentication, high range of security mechanism, etc. provides a pleasant banking experience to the customers. The purpose of this study is to find out the perspective of customers on innovative digital banking practices by State Bank of India.

### OBJECTIVES OF THE STUDY

The following are the objectives formulated for the present study;

1. To know the innovative digital services provided by the banks
2. To analyze the satisfaction of customers towards the services
3. To understand the factors inducing the customers to accept digital banking services

### REVIEW OF LITERATURE

(Sandhya, 2021) conducted a study to find out the SBI customer's satisfaction towards the e-banking services. Banks provide almost all of their banking services through online. Customers are looking for the most convenient and quality services which provide them satisfaction. The study is conducted in Mysore city and the respondents are the SBI customers in Mysore city. Through this study the researcher found out that the customers are highly satisfied with the e-banking services in the bank. From year to year so many changes are happening in the banking sector and it leads to the development of e-banking sector. But, the errors and mistakes while using e-banking transactions remain the same and customers are facing issues at the time of banking transactions. So, the banks should give more focus on service sector and their operational activities. It will help to attain more customer satisfaction.

(Hillowle & Warui, 2021) stated that commercial banks depend on innovative banking services to boost their operations and attract new customers. The study focused on mobile and agency banking at the central position which enhance the financial performance than other services like Real Time Gross Settlement and Electronic Fund Transfer. Both mobile banking and agency banking provide more service delivery than other services. Beyond Fund Transfer and RTGS mobile banking and agency services provide more customer satisfaction. The study revealed that mobile banking has significantly increase the income of banks through commission, interest and other offers and it affect the annual profit. RTGS and EFT are more convenient to the customers and it also contributed the sales volume of commercial banks. These two services are profitable because the operational cost of these services is lower. This study also recommend that the banks should scaling up their mobile banking, EFT, RTGS and agency services as they reduce the operational cost and also banks has taken measures to improve their infrastructure to use the banking services to rural people.

(Yunita, 2021) stated in their study when comparing digital conventional banks and Islamic bank there is no different opportunities and challenges between them. The Islamic commercial banks and conventional commercial banks have diverse features in line with the profit and loss sharing system applied and interest rate system. Traditional banks are extremely susceptible to fluctuations in the benchmark interest rate for the world. The profitability of digital conventional banks saw a structural break earlier than that of Islamic banks in times of financial system upheaval on a national or international scale. This is because Islamic banking has a profit-and-loss sharing mechanism. The interest rate mechanism used by conventional banks is consistently responsive to the effects of the



global financial crisis. This profit-sharing arrangement necessitates Islamic banking funding via musharaka and mudharaba contracts, which influences bank portfolio risk by actual sector performance. The development of this research model utilizing the panel logistic regression model and examination of latent variables in the regression model are suggestions for further research.

## ANALYSIS AND INTERPRETATION

### Age wise classification of respondents

Age group	No. of respondents	Percentage
18-30	38	78
31-40	10	20
41-50	2	4
Above 50	0	0
Total	50	100

Source: primary data

From the above table it is observed that majority of the respondents (78%) comes under the age group of 18-30. 20% of respondents is under the age group of 31-40 and only 4% of respondents comes under 41-50 age group. From the total respondents, nobody belongs to above 50 age categories. This shows that youth are more involved into digital banking services.

### Educational qualification wise classification of respondents

Educational qualification	No. of respondents	Percentage
Post Graduate	14	28
Graduate	17	33
Diploma	14	28
Higher Secondary	3	6
Others	2	5
Total	50	100

Source: primary data

Educational wise qualification table illustrate that 33% of respondents are Graduates. Post Graduates are 28% and also diploma is 28%. 6% belongs to higher secondary and 5% are with other educational qualifications. It depicts that majority of the respondents who are using digital banking services are graduates.

### Occupation wise classification of respondents

Occupation	No. of respondents	Percentage
Own business	13	26
Govt. sector	5	10
Private sector	16	32
Student	11	22
Others	5	10
Total	50	100

Source: primary data

The occupation wise classified table shows that 32% belongs to private sector jobs. 26% are doing own business and 22% belongs to students. 10% belongs to government sector and remaining 10% belongs to

others. This interpret that majority of the respondents who using digital banking services are working in private sector.

**Usage of digital banking services by the respondents**

Usage	No. of respondents	Percentage
Daily	34	68
Twice/Thrice in a week	8	16
Occasionally	8	16
Once in a month	0	0

Source: primary data

The above table shows that the usage of digital banking services by the respondents. 68% of the respondents are using digital banking services daily. 16% of respondents using digital banking services twice/thrice in a week and remaining 16% using the digital banking services occasionally. It shows that majority of the respondents using any of the digital banking services daily.

**Account type wise classification of respondents**

Type of account	No. of respondents	Percentage
Savings	13	26
Current	26	53
Recurring	0	0
Fixed	0	0
NRI	3	5
Salary	8	16
Others	50	100

Source: primary data

The above table shows the type of accounts used by the customers with their bank. 53% of the respondents using current account and 26% using savings account. 16% are salary account holders and remaining 5% are using NRI accounts. This table interpret that majority of the respondents are current account holders.

**Awareness of respondents about digital banking**

Awareness level	No. of respondents	Percentage
Respondents who are aware	47	95
Respondents who are not aware	3	5
Total	50	100

Source: primary data

The above table shows the awareness level of respondents about digital banking. 95% of respondents are aware about the digital banking services provided by the bank and remaining 5% of the respondents are not aware about the digital banking services. This table shows that majority of the respondents are aware about the digital banking services provided by the bank.

**Digital banking service respondents use regularly**

Service	No. of respondents	Percentage
Fund transfer	44	88
View/download account statements	21	42

Bill payments	40	80
Credit card payments	10	22
Create online FD/RD	3	6
View loan details	5	10
View mutual funds	5	10
Operating demat account	8	16

Source: Primary data. Multiple responses

The above table illustrates the classification according to the usage of digital banking services by the respondents. This was a multiple response question and allowed several alternatives of answers. 88% of the respondents using online fund transfer and 80% using online bill payments. 42% of respondents using digital banking for view/download account statements and 16% operating demat account through online. 10% uses to view loan details and 10% uses to view mutual funds. Remaining 6% create FD/RD through digital banking services.

**Level of satisfaction towards the digital banking services**

Services	Level of satisfaction in percentage				
	Highly satisfied	Satisfied	No opinion	Not satisfied	Not at all satisfied
UPI	20	74	4	0	2
Mobile banking	30	70	0	0	0
Mobile wallets	34	63	3	0	0
Internet banking	48	50	2	0	0
ATM/CDM	56	44	0	0	0
Banking cards	57	42	1	0	0
Point of Sale (PoS)	31	63	4	2	0
Bharath Interface for Money (BHIM) pay	46	54	0	0	0
Online loan management	10	30	56	4	0
Agency services	33	67	0	0	0
WhatsApp banking	0	24	74	2	
Online account opening	31	64	5	0	0
Auto debiting loans etc.	43	57	0	0	0

Source: primary data

The above table shows the level of satisfaction among the respondents towards the digital banking services. For UPI services, 20% are highly satisfied, 74% are satisfied and 4% have no opinion. 2% of the respondents are not at all satisfied with this service. In mobile banking services, 30% are highly satisfied and 70% are satisfied. In case of mobile wallets, 34% are highly satisfied, 63% are satisfied and 3% have no opinion. When considering internet banking 48% are highly satisfied, 50% are satisfied and 2% have no opinion. It shows that majority of the respondents are more satisfied with UPI services.

**Factors induced the respondents to choose digital services**



Factors	No. of respondents	Percentage
Convenience in transactions	34	68
Security in transactions	28	56
Faster transactions	31	62
Efficiency in services	13	26
Control over the transactions	18	36
Storage of information	21	42
No geographical boundary	24	48
No time limit for transactions	21	42
Quickly resolving complaints	5	10
Cost effective	21	42
Quick detection and removal of errors	10	20
Privacy in transactions	26	52
Queries and clarifications are answered timely	5	10
No technical jargons	5	10

Source: primary data. Multiple responses

The above table shows the responses regarding the factors which are induced the respondents to choose digital banking services. This question asked as a multiple response question and the respondents chooses more than one option for each question. In case of convenience in usage 68% of respondents are agreed with it. 56% belongs to security in transactions and 62% belongs to faster transactions. 26% choose for efficiency in services and 36% agree with control over the transactions. 42% induced with storage of information, no time limit for transactions and cost effective. 48% belongs to no geographical boundary and 10% tempted with quickly resolving complaints, queries and clarifications are answered timely and no technical jargons. 20% belongs to quick detection and removal of errors and 52 % agree with privacy in transactions. This table depicts that majority of the respondents are induced with the feature of convenience in the usage of digital banking services.

### MAJOR FINDINGS OF THE STUDY

- In the contemporary scenario, majority of the people are aware with the digital banking services provided by the bank.
- Majority of the respondents using online fund transfer facility among several digital banking services.
- From various digital banking services, majority of the respondents are more satisfied with UPI services.
- The main feature induced the customers of digital banking services is the convenience in the usage of digital banking services.
- There are varieties of digital banking services provided by the bank. Majority of the respondents using any of the digital banking services daily.
- This study also found out that majority of the respondents who using digital banking SERVICES ARE WORKING IN PRIVATE SECTOR.

### SUGGESTIONS



- Customers must receive excellent service from bank employees. Banks should take necessary actions to ensure it.
- The personnel must have access to appropriate training resources so they can provide clients with accurate responses.
- The bank must regularly tell its consumers about online security measures.
- To explain how to use it, banks should offer demonstrations and give clients training.
- Banks should provide incentives to customers who use their online banking services.
- Banks offer a variety of services, but their clients are not properly utilising them. So, the bank must inform its clients about the benefits of electronic banking.

## CONCLUSION

For handling one's funds, e-banking provides a better level of convenience. Nonetheless, it still poses problems for monetary stability and private information. Online banking has led to the compromise of many people's account information. Hence, one should be mindful of the hazards if using it for financial transactions. Knowing the risks and issues allows him to take preventative measures for a safer online banking experience. The e-Banking system, which allows for money transfers around the globe, is well-liked both domestically and internationally. Both bank customers and bank employees can benefit from using the e-banking system.

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