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Review

How Different Demographics in Telangana are Using Digital Banking Services: An Analysis of the Digital Divide

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ABSTRACT

The shift to online banking has been a boon for consumers, who can now do their banking from the convenience of their smartphones or other internet-connected devices, cutting down on their stress levels. However, studies reveal that there is a significant disparity in the availability of digital technologies in the financial sector, particularly amongst different age groups, genders, income levels, and socio-cultural groups [1,2]. Despite the positive connotation of digital initiatives, they have created a digital divide amongst demographics across communities. With an emphasis on digitalization and the acceptance process of these new technologies by clients, this research aims to comprehend the current and evolving phenomena of banking. An examination of potential digital divides within the study's demographics is based on the study's primary use of components from Technology Acceptance Models.

Keywords
Digital banking; Customer behaviour; TAM model; Adoption and digital technologies.

INTRODUCTION

There has been a massive shift towards digitization in the banking industry in recent years. The conventional banking industry is undergoing a digital transformation driven by a hyper-personalized strategy. As a whole, the banking sector sought to increase return on equity while decreasing cost-to-income ratio in order to remain competitive. Competition for banking services has been heating up as internet giants like Amazon, Google, and Facebook have entered the market. These upstarts in the financial transaction industry are seen by banks as a fresh danger to their company. The new entrants have been able to increase their company growth thanks to the shifting market conditions and other outside forces. Customers' habits and the banking industry's adoption of new technology were both affected by this fast-paced environment.

Customers are hesitant to visit branches and are prone to opt out of modern instruments to perform their transactions, according to one poll (Deloitte Insights) in the banking sector. This has a massive impact on the closure of bank locations. As a result of consumers' changing behaviors and their transition towards digital banking technologies in the US, some branches of banks including JP Morgan and The City Bank have closed their doors to a decreased flow of clients.

The banking industry must upgrade its use of technology in order to supplant many of the traditional ways in which its current clients do business and communicate with the bank. In order to provide consistent, high-quality service across all of their channels, banks should work hard to improve their channels. Banks have always had standardized channels with individualised help and procedures. Customer and banking staff unhappiness, higher expenses, and intrinsic inefficiency are the long-term effects of this process. In order to create channels using digital technologies, banks must re-engineer their platforms. The front end must be more dynamic to meet customer expectations. Delays in making changes to the banking system may occur due to the existing systems' monolithic nature. The only way for banks to compete with digital-only banks is to decouple their current monolithic approach [3]. Financial institutions need to implement technological changes known as financial re-engineering. Until recently, banks were not required to disclose any data with rivals or other service providers due to the strict data regulations in place. The data was used by some financial institutions to enhance their offerings. But in order to digitalize the banking industry and provide better digital banking services to its customers, it is necessary to share databases with third parties.

people who purchase products. When it came to data sharing with customers' authorization, European banks had the same experience [4].

A "one size fits all" strategy based on cross-selling and product recommendations, financial penetration, and decreased contacts via

data-driven personalization of banking services is necessary in the tech-driven banking industry [5]. To conduct their analyses, service providers collect and combine many types of client data, including demographics, purchases, interactions, behavior, application use, and more. Banks have the ability to provide their consumers a one-of-a-kind experience. Concurrently, while interacting with digital channels, clients anticipate privacy, security, trust, perceived benefit, perceived utility, and caring relationships. The digitalization of banking services requires a digital framework model, digital infrastructure, digital awareness, and the internet of things. Digital service promotion to consumers should also be made easier by government policies. In order for their clients to embrace digital banking services, service providers need handle risk management, build trust, and attend to other security-related concerns.

Review of Literature

The review of the literature focuses on understanding the conceptual framework and the research done in a specific area of the study. The following reviews mainly stick to perceptions of the customers and factors influencing consumer Behaviour in adopting Digital Banking services and other related areas of the study concern.

Bailey AA, et al. conducted a study focusing on factors influencing the use of tap-and-go payment technology by US millennial consumers [6]. The study found that the use of mobile phones has increased tremendously and found that perceived risk, socio- cultural influence and System risk may be affecting mobile payment adoptions among US millennial customers.

BezaMucheTeka and David McMillan adopted Structural Equation Model (SEM) to understand the factors influencing the usage of electronic banking in Ethiopia [7]. The results of the study revealed that perceived behavioural control, subjective norms, behavioural intention attitude towards perceived usefulness, perceived ease of use and awareness, and internet connections have a significant positive effect on customers' behaviour in the adoption of e-Banking, while perceived risk has a negative influence.

Vinitha K, et al. analysed three variables like Perceived Benefits, perceived enjoyment and perceived credibility, where the first variable perceived benefit has a positive impact leading to the other two Variables. The perceived benefit has a greater emphasis on study leading to the biggest contribution in influencing the intention of the customers in adopting Digital Payment.

Barkhordari M, et al. emphasised the influence of Internet Technology on enhancing the operational performance of Banking Sector capabilities [8]. The major concern of the internet banking system is the perceived risk and trust of Costumers.

Yadav R, et al. research posits that Subjective Norms, Attitude, Perceived Usefulness and Perceived Behavioural Control have a significant influence on the intention of customers in adopting Internet Banking services among the Youth in India.

Barquin S & Hv V in their survey found that most of the customers in Developed Asia are seeking specific features like Loyalty programmes, and discounts offered through mobile devices while selecting their portfolios using Digital Banking Services.

Ansong A, et al. investigated the perceptions of the customers in Ghana towards the adoption of innovative banking products in their Banks [9]. The study focused on a sample of 288 students for the survey and revealed that convenience, security and Reliability, Flexibility, Ease of Use, and Timesaving have an impact on customers' perception of adopting Innovative products in Banking. The demographic variable like females dominates males in the usage of Innovative products in Ghana.

Vasanthakumari H, et al. examined Customer perception by considering 304 respondents to measure service quality in the Banking Sector [10]. The study mainly focused on analysing five factors namely, "Service", "Tangibles", "Reliability", "Time Duration" and "Growth", considering the demographic variables of customers.

Tat HH, et al. analysed data collected from 204 respondents in Malaysia and found that factors like Trust, perceived ease of use and perceived usefulness have a considerable effect in predicting the intentions of Customers in Malaysia in adapting Internet Banking [11].

Chau PY, et al. investigated the factors influencing the acceptance of Internet Banking in Hong Kong. The study considered 167 respondents and analysed Perceived Usefulness and Perceived Ease of Use towards acceptance of Internet Banking [12].

Tan & Teo have discussed factors Influencing Internet Banking and opined that there required Internet connectivity to connect Customers with banks in delivering digital financial services effectively [13].

Objectives of the Study

The main objectives of the present study are

1. To analyse the factors influencing the adoption of Digital Banking services concerning demographic variables.
2. To understand the importance of Digital Banking services in this Technology driven Scenario.

Statement of the Problem

Research about the Banking sector in adopting Digital Banking services is significant but when focused on the Geographic boundaries of Telangana State the study is minimal. The literature and the research about Developed and Developing countries have identified Digital Divide among the customers in usage of Digital Technologies. The studies suggest that there should be a systematic and systematic approach to adopting Digitisation to implement effectively by Cornford J et al, especially in remote rural areas [14]. It is also evident that income, social status and digital infrastructure by Flensburg S & Lai SS, and policies play a vital role in the implementation of Digital Financial Services from the supply point of view. This study is an attempt to understand different factors influencing digital financial services among customers in the State of Telangana.

Research Methodology

Source of Data: The Data is Collected from both Primary and secondary sources. A questionnaire is designed to collect data from respondents directly, using constructs from Technology Acceptance Model (TAM) by considering variables like Relative advantage, perceived ease of use, complexity, trial ability, perceived usefulness, Social norms, Security &trust and awareness to understand perceptions of the respondents towards adoption of Digital Banking services. The Secondary source of data from various research works collected to understand the conceptual framework, identify the research gap, and analyse factors influencing the adoption of digital financial products and services.

Sample Size: A sample of 107 respondents is collected randomly through an online survey as well as distributing the questionnaires to the respondents. The data is filtered using imputation analysis to validate missing data.

Testing of the Questionnaire: Cronbach Alpha calculated to measure the reliability rating of the questionnaire. The questionnaire has nine broad categories to test factors influencing the adoption of digital banking other than demographic variables, another descriptive variable for the study. To reduce the number of questions computation analysis used by employing the SPSS programme. The details of Cronbach Alpha are as follows.

Based on Gender 47.7% are Female and 52.3% are Male respondents given their responses. When comparing data on Age wise composition 53.3% are of 18-27 years, 19.6% are 28-37 years age, 16.8% are 38-47 years age group and 10.3% are above 48 years. Education Qualifications ranging from Degree to PhD considered under the study. The majority of the respondents are
having the educational qualification of a Master with 51.4%, 26.2% with a PhD, 18.7% with Degree and 4.7% are having diploma degree as an educational qualification. When Employment status is considered the student group is predominant with 54.2%, salaried is 33.6%, self-employed are 6.7%, Retirees and others comprise 4.7% and 0.9% respectively.

Table 2 indicates the opinion of the respondents when asked about the importance of the essentiality of new digital banking services that are advancing due to rapid change in Technologies and their application in the Banking Sector. The Majority, 58%, said that the new digital technologies are essential and 18% opined that New
Technologies in Banking System are Vital while 14% expressed as Desirable. In comparison, 10% of the respondents said they could not say exactly. The overall opinion of the respondents supports that new technologies and innovations resulting in Digital Banking services are essential in the present lifestyle.

The Figure of this study explains different reasons the respondents are finding it difficult to use digital banking services. The majority, 37%, have digital banking services that are challenging while using the technologies and 25% of the respondents expressed that there is no accessibility of outlets to avail digital banking services. It is a notable point that there should be enough digital infrastructure facility in both customer's point as well as the agents of service providers. Only 15% have said safety and security issues using digital financial services.

The Table 3 shows the number of products and digital banking services the respondents are availing of. The wide number of respondents ranging to 58% are using at least two products, and 37% are using online banking, ATM, Mobile Banking, and Agency banking 28%, 23% and 6% respectively.

Table 4 of the analysis represents the opinion of the respondents seeking provisions to utilise digital-related services. The majority expressed that the cheaper cost of using Digital banking technologies, greater security and safety and free training are the aspects that customers are seeking in adopting Digital Banking services. If provided the above provisions, the customers will have effective utilisation of Digital Banking services to opt for and can expect growth of Digital services reaching a wide range of customers across the State.

Analysing the Factors Influencing Digital Banking Services

Discussion

In Tables 5.1–5.5 of the research, we can see how several demographic characteristics, such as age, gender, education level, and employment position, impact consumers' actions when it comes to using digital banking services. The following criteria are assessed with demographic variables: awareness, social norms, perceived ease of use, perceived usefulness, compatibility, complexity, triable, and security and trust.

In order to conduct an ANOVA test, a null hypothesis is developed according to the study's aims and tested at a significance level of 95%. A "p" or "Sig" value greater than 0.05 at the 95% level of significance is required to accept the Null Hypothesis. H0, the null hypothesis, is rejected if the Sig value is less than 0.05. Except for the complexity factor, all of the other variables in Table 5.1 that were evaluated with gender had p-values greater than 0.05. What this indicates is that when comparing the difficulty of using digital banking products and services for men and women, there is a clear gender gap. Using Digital Banking goods and services involves a lot of thinking and mental stress, according to the respondents' opinions, which is explained by the complexity factor.

Table 5.2 describes and tests Null Hypothesis H02 assuming that there is no significant difference in factors influencing customers in the adoption of Digital banking based on Age. The null hypothesis is accepted for all the variables. The "Sig" value for all
the Tested variables is>0.05 at a 95% level of significance. There is no significant difference in factors influencing when compared between age groups.

Above Table 5.3 tests Null hypothesis H03 that there is no significant difference in factors influencing perceptions of customers in the adoption of Digital banking based on Education. The derived "p" value or "Sig" values are >0.05 except for Compatibility. We accept all other Null Hypothesis factors except for Compatibility. This means that Customers with different Educational qualifications have opined that the existing Digital Banking services' suitability varies with their lifestyle and customisation is required to fit well to manage their finances.

Table 5.4 explains the ANOVA test with Null Hypothesis H04 that there is no significant difference in factors influencing perceptions of customers in the adoption of Digital banking based on Employment Status. The derived "p" value "Sig" values are >0.05 except for Social Norms. This means that there is significant variation in mean scores among the Employment Groups, showing the influence of friends, family members and colleagues in adopting Digital Banking Services among the Employment Status categories.

Conclusion

The early stage of introducing any invention to the market is often characterized by lesser penetration and need appropriate tactics for its implementation. Customers often observe and wait for a product or service to be adopted based on its appropriateness. The research found that most elements impacting digital banking have a favorable effect on consumers' views about using digital banking services, and there are no significant differences between users and non-users. Different demographic demographics have different impacting elements on digital banking adoption. The results also show that respondents' opinions on how to best enhance Digital Banking services for Complexity vary. Because of the sensitive nature of financial information, consumers will be very picky in how they enhance digital banking innovations. The operating method of most digital programs that are supposed to provide banking security characteristics is somewhat sophisticated. As a consequence, many banking consumers find it challenging to choose for digital services. Operators of digital services should tailor digital services to each customer's unique needs and preferences, taking into account the fact that responders may fall into various demographic categories. Making digital goods more user-friendly via reengineering or redesigning get entry to, and create The operational complexity may be reduced by transactions that do not compromise security.

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