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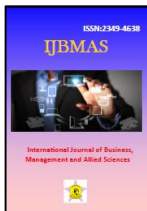
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### Assessment of Customers' Perception: Technological Change in Banking in Hubballi-Dharwad Twin city, India

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#### ABSTRACT

Banking system of India has seen several changes over the past 30 to 40 years, due in large part to technological advancement and banking services. The paper primarily describes the technological innovations in banking sector in a modern economy and how the financial innovation can affect social welfare. The research paper is based on both primary and secondary data relating to technological changes in banking sector. The data is collected from the customers of selected banking in Hubballi-Dharwad twin city. According to questioners 200 samples are collected and interpretations are made. Finally, the research paper emphasises on technological changes and development in banking sector.

**Keywords:** technological change, modern banking, customer service

**Type:** Diagnostic Research

**JEL Codes:** G20, O31, O33, O38, P46

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#### Introduction

Financial system is the lifeblood of the economy and the banking system is the backbone of the financial sector. The banking sector facilitates payment mechanism and mobilizes insured deposits and they act as credit key intermediaries and serve as the principal channel for transmission of monetary policy actions to the economy at larger context. In this era of growing information technology, e-banking has become one of the most revolutionized components of present economic growth. With the proliferation of computer and internet usage, e-banking service has become ideal for banks to meet customer's expectations. The modern economic system cannot function efficiently and effectively without an efficient banking system.

The real strength of the economy depends on a healthy banking system. In the last two decades banks introduced technology in e-banking services; the following popular and technological services

covered in Hubballi-Dharwad under E-Banking include: Debit Cards and Credit Cards, smart cards, Telephone banking, Mobile banking, Electronic Clearing Service (ECS), Internet banking, Automated Teller Machines, Electronic Funds Transfer (EFT)/ Special EFT (SEFT), Real Time Gross Settlement (RTGS), Cheque Truncation System (CTS), and National Electronic Funds Transfer (NEFT) etc.

In the words of Christopher, et. al., (2006), E banking service has become an inevitable channel to sell the goods and services and is perceived to be necessity in order to stay profitable. And There is a growing interest in comprehending the users' experience as explained by Pyun et.al (2002), as e-banking is observed to be a bigger concept than user satisfaction. From this perspective, assessing the user experience is essential for most of the technology products and services (Salehi, et. al., 2008). A famous utterance by Bill Gates is that Banking is vital to a healthy economy, but banks themselves are not (Verma, 2001) highlighting the crucial nature of the electronic forces that are affecting banks more than any other financial service provider group. Customers have started perceiving the services of banking through internet as a prime attractive feature than any other. Customers have started evaluating the banks based on the convenience and comforts it provides to them.

### **Statement of Problem**

This study is confined to investigate the degree of awareness and perception among the customers availing E-Banking services using technology in Hubballi-Dharwad City. This research investigates the factors which influences the usage of E-Banking services. It also explains the frequency of availing the E-Banking services by the customers. This research tries to find that it is the technology that has really helped service provider like banks to provide quality service in limited period of time.

### **Scope of the Study**

A number of surveys have been conducted in the metro cities of India viz., Bangalore, Chennai and Delhi etc. but the consumers of the metro cities differ with the consumers of non metro cities in terms of attitude, usage, pattern and recall etc., Therefore the present research work has been undertaken in the Hubballi-Dharwad twin City as the most of the people availing E-Banking services.

### **Objectives of the Study**

The primary objective of the study is to comprehend the technological change and E-Banking services in Hubballi-Dharwad City to find out the growth of the banking services. Based on the primary objective, the following key objectives:

1. To study and analyze the customer's awareness and technological change in E-Banking services
2. To measure the customers' perception about e-banking in twin City.
3. To understand the problems faced by customer's while using E-Banking services

### **Research Methodology**

The present study is descriptive cum diagnostic in nature since the study describes the characteristics of E-Banking service in banking sector. The measure used to collect the data is pre-structured interview schedule. Since, the study is based on pre-planned objectives and methodology to fulfil the objectives, it is descriptive in nature. Since the research has made an attempt to analyze the impact of on the service of banks, customer satisfaction and customer loyalty; and the impact of satisfaction on service of banks on customer loyalty, it is diagnostic in nature. Hence, the applied research design of the study is descriptive and diagnostic research design.

### **Sampling Unit**

In the present study individuals who are using the E-Banking Services would form the Population for the current Study. However, only 200 customers irrespective of their type of Bank

Account, Customers from different age groups, gender, locations, Income levels, families and Educational backgrounds level is selected randomly as a sample of the data analysis.

### Sampling Method

Both Convenience Random Sampling and Judgmental sampling techniques are employed in the study.

### Statistical Tools Used

In the present study is based on primary data are collected data are analyzed. Descriptive statistical tools are used to analyze the data.

### Limitations of the Study

- The responses for the study have been Hubballi-Dharwad City of Karnataka State only. The perceptions of the customers in Hubballi-Dharwad City may vary from those of the rest of Karnataka.
- The customers of only one bank is selected (SBI) for the present study to not to compare service quality of the public and private sectors. Further, the analysis of e-banking services mainly concerns retail banking services only; and services of corporate e-banking have not been analyzed.

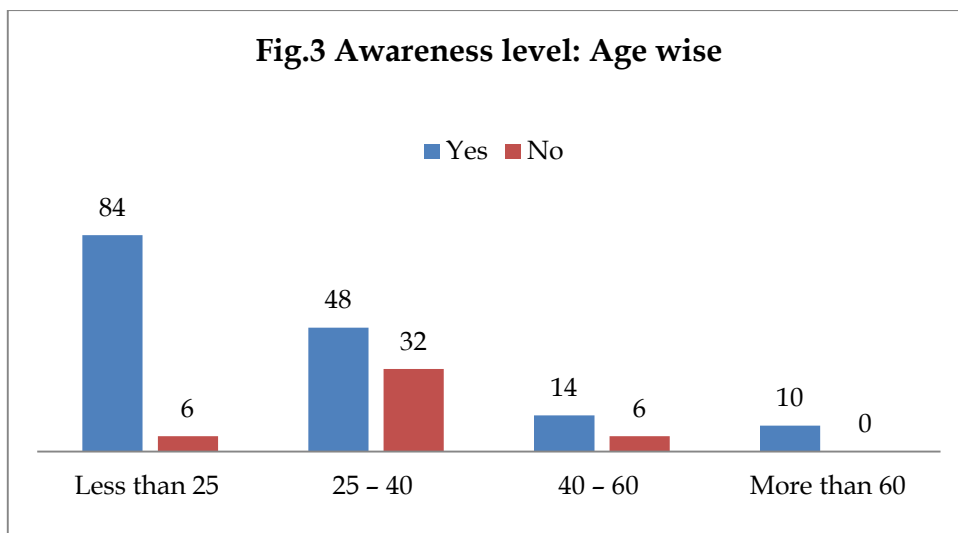
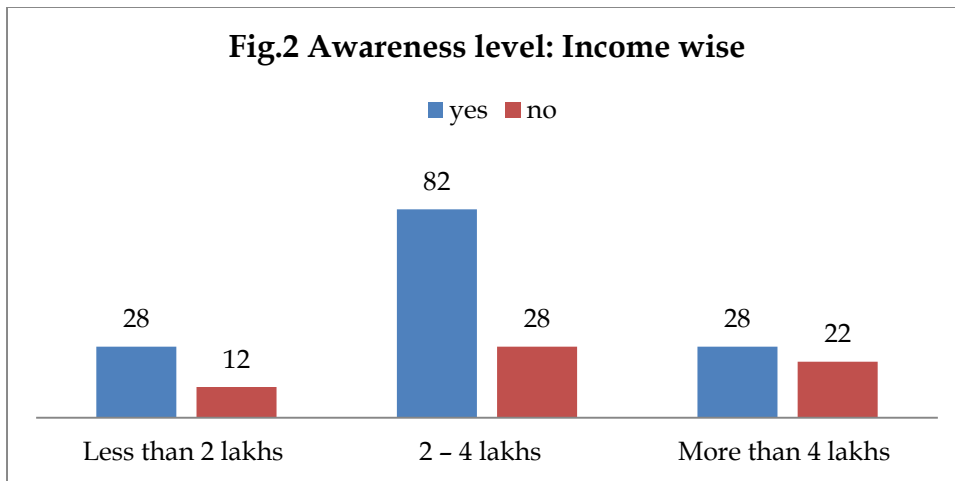
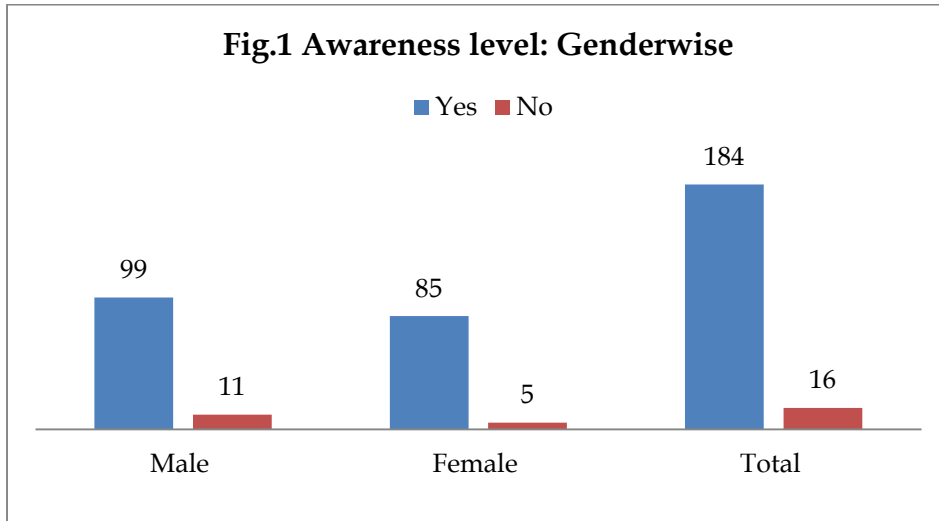
### Results and Discussions

**Table - 1: To study the relation of Gender, Income and Age wise awareness level of respondents regarding E-Banking.**

Particulars	Yes	No	Total
<b>Classification of Respondent on the basis of Gender wise</b>			
Male	99	11	110
Female	85	5	90
Total	184	16	200
<b>Classification of Respondent on the basis of Income Wise</b>			
Less than 2 lakhs	28	12	40
2 - 4 lakhs	82	28	110
More than 4 lakhs	28	22	50
Total	138	62	200
<b>Classification of Respondent on the basis of Age Wise</b>			
Less than 25	84	6	90
25 - 40	48	32	80
40 - 60	14	6	20
More than 60	10	0	10
Total	156	44	200

**Source:** Collected through primary data

From the above table, it is found that the majority of the respondents are very much aware about the online banking as gender (92% are aware), income wise (69% are aware) and age wise (78% are aware) which is also depicted with the help of diagrams given below.

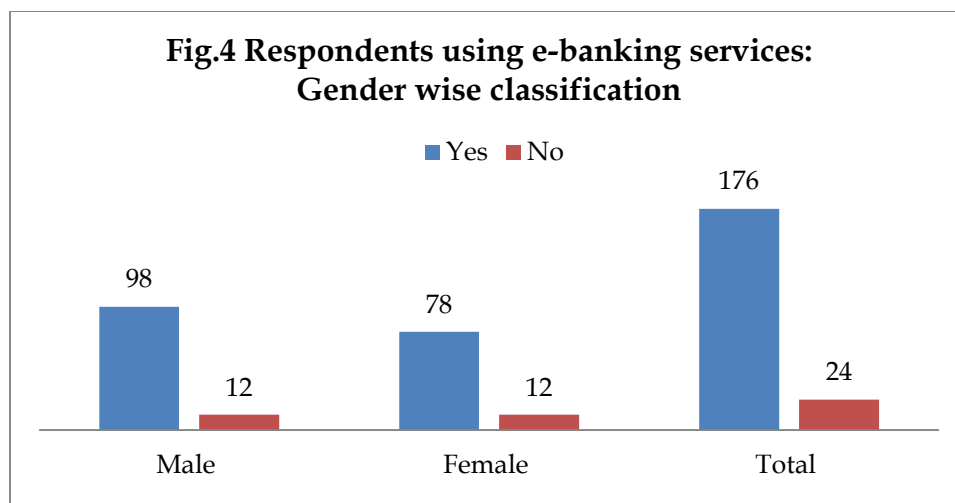


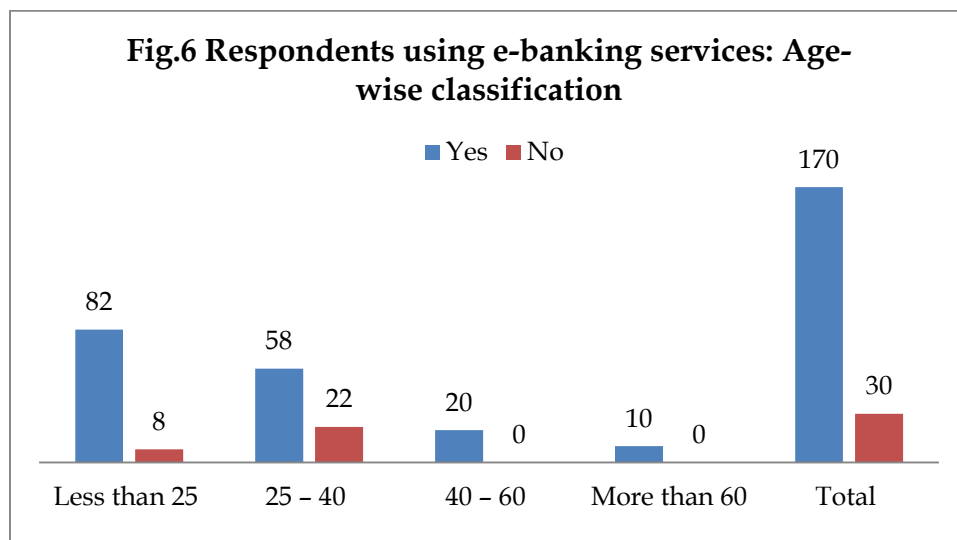
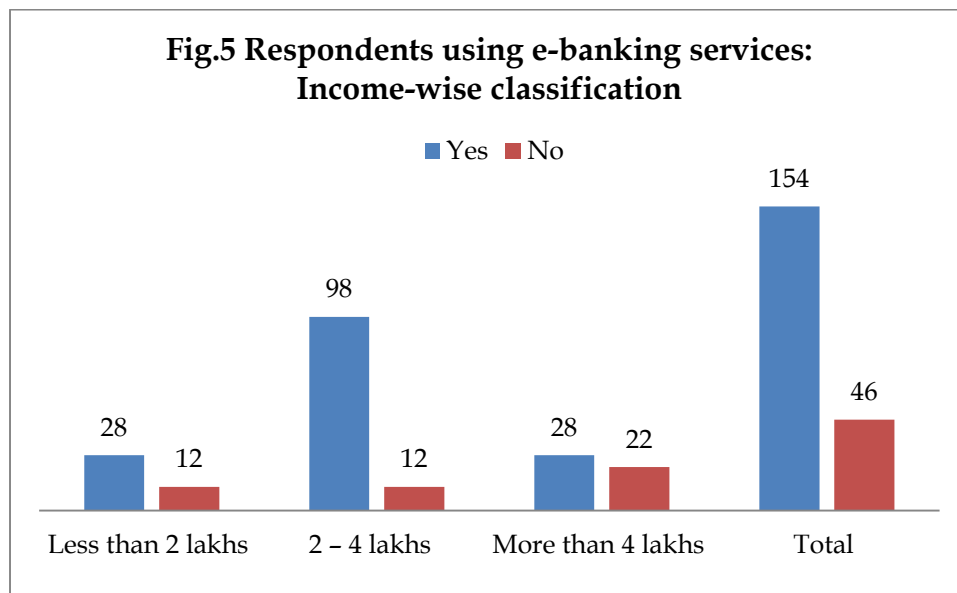
**Table - 2: To study many respondents are using e-banking services regularly**

Particulars	Yes	No	Total
<b>Classification of Respondent on the basis of Gender wise</b>			
Male	98	12	110
Female	78	12	90
Total	176	24	200
<b>Classification of Respondent on the basis of Income Wise</b>			
Less than 2 lakhs	28	12	40
2 - 4 lakhs	98	12	110
More than 4 lakhs	28	22	50
Total	154	46	200
<b>Classification of Respondent on the basis of Age Wise</b>			
Less than 25	82	8	90
25 - 40	58	22	80
40 - 60	20	0	20
More than 60	10	0	10
Total	170	30	200

**Source:** Collected through primary data

The study reveals from the survey that the majority of the respondents use online banking services as gender (total 88%) within which male proportion is 55.68% and female proportion is 44.31%, income wise (total 77%) within which Less than 2 lakhs category proportion is 18.18% , 2 - 4 lakhs category proportion is 63.63% and More than 4 lakhs category proportion is 18.18%. On the other hand age wise (total 85%) within which Less than 25 category proportion is 48.23%, 25 - 40 age category proportion is 34.11%, 40 - 60 age category proportion is 11.76% and More than 60 age category proportion is 0.06%.The same expressed in graphical terms via following figures





**Table - 3: Classification of Respondents of on Basis of Major Purpose for Internet Banking Facilities Used**

Particulars	No. of Respondents	Percentage
Fund transfer	58	58
Online bill payment for shopping	64	68
Check balance and transaction history	46	46
Stop and hold inquiries	28	28
Total	200	200

**Source:** Collected through Primary Data

From the above table Out of 200 respondents those who utilize the online services, 58 percentage of them utilized online services for Electronic Fund Transfer, 68 percentage of them used online bill payment for shopping, 46 percentage of them preferred Check balance and transaction history and the remaining 28 percentage of them used for stop the transactions and hold enquiries. Majority of the respondents prefer the online banking only for fund transfer and online bill payment for shopping.

### Conclusion

Three research objectives guided the study and data were collected through questionnaire and analysed descriptively using percentages. It was discovered that customers adapting e- banking services very leisurely such as ATM, home banking, use of payment cards to mention but a few. As per study only 94% people are aware about E-banking Services. Majority of the people using E-Banking services regular basis, the research can be concluded that people have around 48 % people have positive perception & are satisfactory with E-Banking. Still people of these areas are not using all the E-banking services frequently because they little knowledge about computer and internet; so they feel hesitation is using E-banking services. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the people. Further, a great level of caution is required while using e-banking services as there are many hackers and e-banking frauds are increasing in number these days.

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