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DIGITAL INDIA

**A PROGRESS TOWARDS SUSTAINABLE
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FACTORS INFLUENCING USER PERCEPTION AND ADOPTION OF DIGITAL BANKING SERVICES

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ABSTRACT

Digital empowerment has become inevitable in the present era, and the banking sector in India has been actively promoting banking transactions through digital platforms. This study focus to identify the determinants of user perception and adoption of digital banking services. A descriptive and analytical study was conducted, and a random sample of 225 customers from the Kannur district in Kerala was selected for the purpose of the study. Statistical tools such as one-sample t-test and multiple regression were utilized to test the significance of mean values and identify the determinants of user perception and adoption of digital banking. The findings revealed that customers did not encounter any difficulty in using digital banking and recognized its usefulness. Moreover, the security provided by digital banking improved customers' trust in the platform, and the role of social influences was also acknowledged by the customers. Furthermore, variables such as user-friendliness, utility, trust and security, and social influence significantly influenced users' perception and adoption of digital banking. Among these factors, user-friendliness and social influence emerged as the highly influential factors in user perception and adoption of digital banking services. Overall, this study highlights the positive attitude of customers towards digital banking. The findings emphasize the importance of factors such as user-friendliness, utility, trust, security, and social influence in shaping users' perception and adoption of digital banking services.

Keywords: Digital banking, Perception, Trust, user-friendliness

Introduction

The digitalization of banking transactions is crucial in replacing the traditional banking system and enhancing the banking experience for customers in the current technological era. In India, the demonetization policy and the Digital India Initiative by the government have significantly promoted the use of digital banking. Furthermore, the special features of digital banking such as convenience, accessibility, time-saving, enhanced security, and cost savings, have also led to the increased adoption of digital banking. Digital banking services in India include internet banking, mobile wallets, mobile banking, Unified Payment Interface (UPI), banking cards, and Bharat Interface for Money (BHIM), among others. These services have gained popularity, leading to a remarkable increase in the use of digital banking in India.

Consequently, it is important to identify the factors that influence users' perception and adoption of digital banking. By studying these factors, we can get insights into how users perceive and adopt digital banking services. This knowledge can help banks and policymakers make informed decisions and implement strategies to enhance user experience, increase adoption rates, and address any hindrances or concerns associated with digital banking.

Literature Review

(Ravish & Singh, 2019) considered the customer perception and adoption of digital banking. The study found that digital banking is useful to customers in terms of convenience, saving time, and saving money. The study also observed that digital banking is widely used by young individuals, especially students and employees

(S.Ananda, Sonal devesh, & Anis Moosa Al Lawati, 2020) conducted a study to understand the factors

persuading retail banking customers to use digital banking. The study observed that the use of digital banking is positively affected by awareness, web features, and perceived usefulness.

(Tiong, 2020) observed that customers' behavioural intention to embrace digital banking services is mostly influenced by ease of use, interoperability, and observability.

(Kavya & Rakesh, 2022) during modernity, the viewpoint of customers towards digital banking was observed. Customers revealed their satisfaction with digital banking services and also pointed out that among the various digital banking services, mobile banking was widely accepted by customers.

Objectives of the study

- 1) To understand ' user-friendliness of digital banking.
- 2) To examine the utility of digital banking.
- 3) To measure users' trust and security towards digital banking.
- 4) To identify the social influence on users' adoption of digital banking.
- 5) To analyze the influence of user-friendliness, utility, trust and security, and social influence on users' perception and adoption of digital banking services.

Research Methodology

The descriptive and analytical study aims to examine the factors influencing users' perception and adoption of digital banking. A sample of 225 customers of digital banking was randomly selected from Kannur district of Kerala. Primary data was collected through a questionnaire administered to the selected customers.

The questionnaire covered aspects such as user-friendliness, utility, trust and security, social influence, and adoption of digital banking. The analysis involved

descriptive statistics to summarize the demographic characteristics and responses, as well as inferential statistics including one sample t test and multiple regression analysis to explore the relationships between the factors such as user-friendliness, utility, trust and security, social influence and users' perception and adoption of digital banking.

Table 1: Reliability Statistics

Variables	Cronbach's Alpha	Number of Items
User-friendliness	.849	3
Utility	.909	4
Trust and security	.884	4
social influence	.929	5
User perception and adoption	.924	4

Source: Primary data

To ensure the reliability of the questionnaire, Cronbach's alpha was calculated for all scaled questions. The Cronbach's alpha value for all scaled questions was found to be above 0.8, indicating high reliability of the scaled questions.

Analysis and Results

Table 2 : Descriptive Statistics

Variables		Frequency	Percentage
Gender	Male	80	36
	Female	145	64
Age	Below 25	56	25.0
	25-35	63	28.1
	35-45	84	37.5

Occupation	Above 45	21	9.4
	Salaried	98	43.8
	Business	7	3.1
	Student	70	31.3
	Professional	7	3.1
	Others	42	18.8
Educational Qualification	Below Bachelor's Degree	7	3.1
	Bachelor's degree	42	18.8
	Master's Degree	91	40.6
	Professional degree	28	12.5
	Above Master's Degree	56	25.0

Source: Primary data

It can be observed from the table that there were 80 (36%) male and 145 (64%) female users. 56 (25%) users belong to the age group below 25, 63 (28.1%) were from the age group of 25-35, 84 (37.5%) from the 35-45 age group, and 21 (9.4%) were above 45 years old.

This data indicates that the majority of users are females, and the highest numbers of users belong to the age group of 35-45. Considering the occupation, 89 (43.8%) users were salaried, 70 (31.3%) were students, 42 (18.8%) fell under the "others" category and 7 (3.1%) each were business and professionals. Furthermore, the majority of users held a master's degree (40.6%), followed by above master's degree (25%).

There were 42 (18.8%) users with a bachelor's degree, 28 (12.5%) with a professional degree, and only 7 (3.1%) with below a bachelor's degree.

Table 3: User-friendliness towards digital Banking

Variables	Mean	S.D	T	Sig.
I find it easy to understand the features and functions of the digital banking app.	4.22	0.86	0.06	.000
Performing basic transactions through the digital banking app is easy for me	4.28	1.01	0.07	.000
I don't need help or instructions to use the mobile banking app.	4.00	0.97	0.06	.000

Source: Primary data

The perception and adoption of digital banking consumers depends on the user-friendliness of banking services. The table above reveals that respondents were highly influenced by the ease of conducting digital banking transactions through the digital banking app, with the highest mean score of (M=4.28, S.D=1.01). This score is statistically based on the one-sample t-test (t=0.07, p=0.000). Additionally, respondents' perception was influenced by the ease of understanding the features and functions of the digital banking app, with a mean score of (M=4.22), the test value of one sample t test reveals that, they were also able to use the app easily without any support (M=4.00), which was significantly higher than the response scale mean three.

The results indicate that the respondents agreed that they were influenced by the user-friendliness of the digital banking app for conducting online transactions.

Table 4: Utility towards digital banking

Variables	Mean	S.D	T	Sig.
Digital banking provides me with convenient access to my financial information and services.	4.13	0.99	16.93	.000

Digital banking makes it easier for me to conduct financial transactions	4.38	0.93	22.15	.000
I believe that digital banking improves my overall banking experience.	3.97	0.99	14.71	.000
Digital banking services reduce costs through features such as 24/7 availability, location independence,	4.41	0.86	24.39	.000

Source: Primary data

The perception of the utility of digital banking services depends on convenience, ease of financial transactions, 24/7 availability, and the improvement of digital banking skills. The table above reveals that digital banking services reduce costs through features such as 24/7 availability, location independence, reduced reliance on physical branches, and the ability to perform transactions remotely.

These features received the highest mean score of ($M=4.41$, $S.D=0.86$), which was statistically significant according to the test value of the one-sample t-test ($t=24.39$, $p=0.00$).

The respondents also agreed that digital banking makes it easier for them to conduct financial transactions ($M=4.38$), provides convenient access to their financial information and services ($M=4.13$), and improves their overall banking experience ($M=3.97$) through digital banking. The results revealed that digital banking services were convenient and made financial transactions easy.

Table 5: Trust and Security towards digital banking

Variables	Mean	S.D	T	Sig.
I trust that my personal and financial information is secure when using digital banking	3.53	1.00	7.94	.000
Digital banking provides adequate safeguards to protect against unauthorized access to my accounts	3.69	0.92	11.20	.000
The security features and measures implemented by digital banking instill a sense of trust in me.	3.63	0.96	9.72	.000
I am satisfied with the level of protection offered by digital banking against potential online threats and fraud.	3.75	0.66	16.93	.000

Source: Primary data

One key aspect of trust in digital banking is the security of personal and financial information. According to the results of the one-sample t-test, respondents agreed that the level of protection offered by digital banking against potential online threats and fraud was satisfactory, with the highest mean value of (M=3.75, S.D=0.66). This mean value was significantly higher than the response scale mean (t=16.93, p=0.000). They also agreed that digital banking provides adequate safeguards to protect against unauthorized access to their accounts (M=3.69). The security features and measures of digital banking (M=3.63), as well as the security of personal and financial information (M=3.53), were also significantly higher than the population mean of three.

The results indicated that respondents agreed that safety measures and features of digital banking to increase their personal and financial information were satisfactory, and they have more trust in digital banking.

Table 6: Social influence of the use of digital banking

Variables	Mean	S.D	t	Sig.
I am influenced by the opinions and experiences of my friends and family when it comes to using digital banking	3.56	1.12	7.52	.000
Peer pressure plays a role in my decision to use digital banking services	3.22	1.06	3.10	.002
The social acceptance and popularity of digital banking motivate me to engage with these services.	3.84	1.04	12.18	.000
Seeing others benefit from digital banking encourages me to explore its features and benefits.	3.59	1.17	7.59	.000
Social media posts and discussions about digital banking influence my perception and usage of these services.	3.66	1.02	9.62	.000

Source: Primary data

Social factors, such as social media discussions, friends, relatives, and family members, have a notable influence on individuals' decisions to use digital banking services. The results of the one-sample t-test revealed that they were highly influenced by the widespread acceptance and popularity of digital banking, as indicated by the highest mean value of (M=3.84, S.D=1.04). This mean value was significantly higher than the response scale mean of 3 (t=12.18, p=0.000). Additionally, they were influenced by

social media posts and discussions (M=3.66), observing benefits others gained from digital banking (M=3.56), recommendations from friends and relatives (M=3.56), and peer group pressure (M=3.22).

These results indicate that social influence, along with peer groups, family, and awareness of the benefits of digital banking, significantly impact individuals' decision to use digital banking services.

Table 7: Perception and adoption of digital banking

Variables	Mean	S.D	t	Sig.
Digital banking as a convenient and accessible way to manage my financial activities	4.03	0.92	16.77	.000
Digital banking provides me with a wide range of services and features to meet my financial needs.	4.13	0.93	18.12	.000
Digital banking enhances my overall banking experience.	4.00	1.12	13.36	.000
Digital banking to be reliable and efficient in performing financial transactions.	4.00	1.00	14.93	.000

Source: Primary data

The table 7 depicted that the wide range of digital banking services available, and the reliability and efficiency of these services. Among these factors, the wide range of digital banking services had the highest mean value (M=4.13, S.D=0.93), which was statistically significant (t=18.12, p=0.000). Additionally, the respondents indicated that factors such as the accessibility and convenience of digital banking (M=4.03), the reliability and efficiency

digital banking (M=4.00), and the overall banking experience (M=4) influenced their digital banking usage.

The results suggest that the respondents agreed that their adoption of digital banking was influenced by the accessibility, reliability, convenience, and efficiency of the digital banking services

Table 8: Impact of user-friendliness, perceived usefulness, trust and security and social influence on User's perception and adoption of digital banking

Hypotheses	Regression weights	B	t	P value	Results	VIF
H1	UF →	PA	.337	5.460	.000	Supported
H2	UT →	PA	.172	2.280	.024	Supported
H3	TS →	PA	.193	2.124	.035	Supported
H4	SI →	PA	.330	5.575	.000	Supported
		.728				
		146.84, P=.000				

Source: Primary data

UF-user-friendliness, U-Utility, TS-Trust and security, SI-Social influence, PA -perception and adoption of digital banking

The study focused to examine impact of user-friendliness, utility, trust and security and social influence on users' perception and adoption of digital banking.

The following hypotheses were tested-

- 1) H1: User-friendliness is positively influenced the users' perception and adoption of digital banking
- 2) H2: Utility is positively influenced the users, perception and adoption of digital banking
- 3) H3: Trust and security towards digital banking is positively influenced the users, perception and adoption of digital banking

- 4) H4: Social influence is positively related to users' perception and adoption of digital banking.

To test these hypotheses, the dependent variable users' perception and adoption of digital banking, was regressed on the independent variables user-friendliness, utility, trust and security and social influence. The results indicated that the regression model satisfied the assumptions of normality of residuals, homoscedasticity and the absence of serial correlation, as demonstrated by Durbin-Watson value of 2.08, which is approximately equal to the threshold value of 2, suggesting the absence of significant serial correlation. Additionally, the VIF values were less than 10, indicating the absence of multicollinearity.

The study found that the variables such as user-friendliness, utility, trust and security and social influence significantly predict user's perception and adoption of digital banking, with $F(4,219) = 146.84$ and $P = .000$. Moreover, the $R^2 = .728$ indicates that the model explains 72.8 percent of the variance in users' perception and adoption of digital banking.

The coefficients for each independent variable were examined to determine their influence on user's perception and adoption of digital banking. The results confirmed that the user-friendliness (H1) has a significant positive influence on user's perception and adoption of digital banking ($B = .337$, $t = 5.460$, $p = .000$). Similarly, utility (H2) was found to have a significant positive influence on users' perception and adoption of digital banking ($B = .172$, $t = 2.280$, $p = .024$). Trust and security (H3) was found to significantly and positively influence users' perception and adoption of digital banking ($B = .193$, $t = 2.124$, $p = .035$). Furthermore, the hypothesis regarding the social influence (H4) on users' perception and adoption of digital banking supported by the results, suggesting that it was significantly related ($B = .330$, $t = 5.575$, $p = .000$).

In short, the study demonstrates that user-friendliness, perceived usefulness, trust and security and social influence significantly influence user's perception and adoption of digital banking. Among these factors, user-friendliness and social influence emerged as the highly influential factors in user perception and adoption of digital banking services.

Findings and Conclusion

The rapid growth of the internet and mobile phones has greatly contributed to the expansion of digital banking, in addition to the impact of demonetization and the Digital India initiatives. The study observed that customers are capable of conducting basic digital banking transactions independently, without requiring assistance. The cost savings and round-the-clock availability offered by digital banking have played significant roles in promoting its growth. Users also expressed satisfaction with the trust and security measures in place within digital banking systems.

Additionally, social influences, such as peer groups, family, and knowledge of the benefits of digital banking, have been found to encourage the adoption of digital banking services. Based on the findings, it can be concluded that factors such as user-friendliness, perceived usefulness, trust and security, and social influence have a substantial impact on users' perception and adoption of digital banking. These factors collectively influence users' decision-making processes when it comes to utilizing digital banking services. These findings are consistent with the research conducted by (Tiong, 2020) .

Overall, the study highlights the importance of user-centric factors and social influences in shaping users' attitudes and behaviours towards digital banking. Understanding these factors is vital for banks and policymakers to improve digital banking services.

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