



# A STUDY OF RESPONSE BEHAVIOUR FOR DIGITAL BANKING SERVICES AND SOCIAL MEDIA PLATFORMS WITH RESPECT TO BANKING CONSUMER'S DEMOGRAPHIC CHARACTERISTICS

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## ABSTRACT

**KEYWORDS:**  
Digital Banking, Social media, Paperless, unstructured supplementary service data (USSD), Reserve Bank Of India (RBI), Branchless Banking

Banks in India have been extending the digital services in line with the guidelines issued by the RBI, through mobile banking services to their customers. Various channels such as SMS, unstructured supplementary service data (USSD) and mobile banking applications (apps) are the formats. USSD is a protocol used by GSM cellular telephones to communicate with the telecom service provider's systems. The use of social media in the banking sector is another important aspect to be looked at. This initiative is aimed to impact on the supply side of the services equation by reduction in the cost of services provided by the banks. The demand side of this equation is perpetually influenced on its acceptance by the customers. The resultant bound to be derived solely on the experiential outcome delivered in the form of a seamless characteristic in comparison with the conventional banking experience by the consumers.

The acceptance of digital platform including the social media platform also largely depends on the individual demographic factors like age, educational level, and income earning and location vicinity from the physical branch. The digitization also allowed the customers to conduct or avail the services they required even at any time the simultaneous percolation of computers and other handheld devices has revolutionized the execution of transaction without visiting the physical branch from their office computers. This virtual access need to be provided an experience of hassle free transaction so repeat it by the consumers.

This paper aims to establish the perceptions analysis with respect to their individual demographic characteristics and various digitalized services provided by the banks to the consumers. This paper also tries to formulate regression equation to estimate the contribution of the demographic factors on availing the digital services and using the social media platforms for banking.

## INTRODUCTION

Banking in India has been experiencing major innovations, aiming for better customer experience. One such innovative disruption has been introduced recently through extending the digitization and use of social media platforms as next step of banking. The scope has started from an approach of cost reduction and rapidly moving in-to seamless customer experience.

The digitization is transformed in-to various tangible products to take it on practicable apparatus in a form of a platform or an app to pass the tangible aspect of experience. Reduction of transaction time, physical visits and the lack of location limitations are major advantages of the generic change

arising out of the technology adoption. The change of the digitization by banks have not performed well when it comes to getting customers onboard for digital platforms for customers of retail as well as corporate segments.

The study keeps its scope around specific demographic characteristics of the customers in the banking sector with respect to digitization.

1. Consumer age and response behavior towards digitalization and use of social media in banking:

The demographic advantage need to be studied since the median age of an Indian expected to be 29 years by 2020, bringing a size of approximately 900 million populations falling in the age group of 15-60 years by 2025. Understanding these

customers adaptability in using technology to do banking transactions and in availing other services will enhance the total offering by banking sector.

### 2. Spread of geographical areas and government policies

The segment has a size of 50% of the population who are non-banking population in India. Financial inclusion has brought around 160 million account holders under PMJDY (Pradhan Mantri Jan Dhan Yojna) with Rs. 500 billion being targeted to be transferred directly under DBT (Direct Benefit Transfer). This new penetration and government initiatives will open new sector of users to the digitalization. Banks has tremendous opportunities and advantages in adopting this new segment in its digital infrastructure.

### 3. Adoption of smartphone and app usage

The current and expected widespread reach of smart phones in the country provides a disruptive and low-cost medium, to extend the reach of banking and payments services. Mobile phones are likely to spearhead the digital growth in India; taking into account the expected level of penetration of around 90% is likely to drive financial inclusion. The preference of using smart phones has the power to differentiate with the traditional method of standing in long queues to avail banking services.

## REVIEW OF LITERATURE

Digital Financial Services is adopted by researchers in different context and mainly the usage of Internet technology is assumed to be the main contributor. The term digital refers to internet enabled, mobile phone enabled, ATMs, POS terminals, NFC enabled devices, chips, electronically enabled cards, biometric devices, tablets, fablets and any other devices enabled system used while transacting for banking purpose (AFI, 2016).

The term had been used as, e-banking (Mohammad and Saad, 2011), (D. Karimzadeh et al., 2014), (Abaenewe et al., 2013), (Ugwueze and Nwezeaku, 2016),(Akhisar et al., 2015),(Siddik et al., 2016); Internet banking (Malhotra and Singh, 2006), (Malhotra and Singh, 2009), (Van et al., 2015),(Malhotra and Singh, 2010), (Majid and Mohammad, 2013),(Lin et al., 2011),(Tunay et al., 2015), (Stoica et al., 2015), (Dandapani et al., 2008),(Delgado et al., 2007), (Callaway, 2011); Mobile banking (Kennedy and Jacky, 2013), Online Banking (Wu and Dash Wu, 2010),(Acharya et al., 2008),(Ho and Wu, 2009); Cash Less Banking (M. Kamboh and E.J. Leghari, 2016); Automation/internet/ self-service technology (Mehmood et al., 2015),(Muhammad et al., 2013),(Georgia and Christos, 2013),(Ciciretti et al., 2009),

(Uchida et al., 2011),(Al-Hawari and Ward, 2006), (Hernando and a J. Nieto, 2007),(Meepadung et al., 2009),(DeYoung et al., 2007), (Hung et al., 2012),(Lavinia, 2014),(Del Giudice et al., 2016); or it had been termed simply as ATM (Georgia and Christos, 2015),(Kondo, 2010).

## Digitalization in Banks

In line with the guidelines issued by the RBI, various banks have been extending the digital services in mobile banking services to their customers through various channels such as SMS, unstructured supplementary service data (USSD) and mobile banking applications (apps). USSD is a protocol used by GSM cellular telephones to communicate with the telecom service provider's systems.

SBI introduced a service on social media by launching its platform called 'Mingle' through which its customers can transact using Facebook and Twitter. The customers have to register for this service through a simple one-time registration process using either their account number or their ATM/debit card details. For a start, customers can view their account statements and their balance on Twitter. On Facebook, customers can also do fund transfers. Another initiative has been designed by a tie-up with online market place like Flipkart through which the bank will extend loans to select customers for purchases above Rs.5, 000. SBI at present has around one million customers who are eligible for such a loan. Once customers shop on Flipkart, they can opt for equated monthly installments (EMI) at the check-out and for this the customers would not need a credit card, only an SBI account is sufficient.(Aparna Ayer, Mint, 12/10/2017, Mumbai Edition).

Kotak Mahindra Bank Ltd has launched 'KayPay' a bank agnostic payment product for Facebook users to send money to each other without needing net banking, or knowing various bank account related details of the payee.KayPay enabled over 250 million Indian bank account holders transfer funds to each other instantly by just choosing recipients from their Facebook friends list.

ICICI India's largest private sector bank has 'ICICI Store' a mobile banking app that includes iMobile, Insta Banking, Video Banking (it enables the bank's high net worth and non-resident Indians or NRI customers to conduct a video chat with customer care executives) and mPassbook all these services are available on the bank's app. They are active on social media platforms such as Facebook, Twitter, LinkedIn etc.

**Table No.1 shows the demographic details of the sample collected and explored for conducting the research.**

Character	Measurement	Frequency	Percent
Age	18-25	13	26.0
	25-30	16	32.0
	30-35	10	20.0
	35-40	5	10.0
	Above 40 Yrs.	6	12.0
Gender	male	25	50.0
	Female	25	50.0
Education	SSC-12	20	40.0
	12 to Grad	23	46.0
	Post Grad	7	14.0
Work Status	Student	13	26.0
	Working	37	74.0

**RESEARCH METHODOLOGY**

A well-prepared sequentially arranged attitude measurement tool had been designed by adopting and modifying the original tool designed by, Raghurib P. and Srivastava J. (2008), for measuring the consumer’s attitude for the single payment methods i.e. payment by debit card, which has usually offered by the market places assuming it to be adopted by the buyers in on line purchases.

For the present research the questionnaire was designed by dividing it into two independent parts. Part one was designed to capture the respondent’s demographical profile and Part two was designed for collecting the respondents’ attitude towards payment method preferred by them, for settlement of the payment obligation of that buying transaction.

A set of hypotheses was framed for establishing the influence of the digital banking with respect to the demographic characteristics.

**This research paper tests four null hypotheses as below:**

Five null hypotheses were framed to test for the consumer behavioral response for digital banking and use of social media in banking:

Ho1: Digital banking has no impact on account’s balance checking activity

Ho2: Digital banking has no impact on money transfer activity

Ho3: Digital banking has no impact on A/c Statement taking

Ho4: Digital banking has no impact on payment by card

Ho5: Social media has negligible impact in banking

**Primary Data**

Primary data was collected randomly through a structured questionnaire in Mumbai city using convenience based random sampling, at various public places, and through email.

**Secondary Data**

The secondary information or data was collected from published sources such as journals, magazines, newspapers, Industry reports, internet and other sources.

**Sample Size**

The study was limited to those participants who willingly elected to complete the instruments in their entirety. There were a total of 50 respondents.

**Sample Design**

The researcher relied upon convenience based random sampling technique, considering the research methodology and research type as per guidelines. The sample had been collected from Mumbai city during the months of Jan, Feb and March, 2018. The sample collections of respondents were at the respective bank’s counter when they were visited at the bank branch for availing some of the services. They were administered the questionnaire

**DATA ANALYSIS**

One sample T test had been conducted to test the hypothesis designed to test the consumer response behaviour towards digital banking and use of social media in banking.

Various activities of banking usage such as, balance checking, money transfer, A/c statement taking, Payment by cards and social media usage by individuals were tested on digital banking by consumers.

The research on retail customers show that out of people not using Mobile Banking apps, 22% do not know how to use it, 18% don’t know about bank’s app and 14% of them have fear of hacking.

Table No.2 indicated the results of usage parameters of digitalized banking by the consumers, at a test significance level of 0.05.

Hypothesis Number	Usage parameters of Digitalized banking	Table No.2 Results of one-sample test						Result of null hypothesis test
		t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		
						Lower	Upper	
H1	Bal Check	3.934	49	0.000	0.240	0.12	0.36	Rejected
H2	Money Transfer	3.055	49	0.004	0.160	0.05	0.27	Rejected
H3	A/c Statement	3.144	49	0.003	0.640	0.23	1.05	Rejected
H4	Card payment	2.585	49	0.013	0.120	0.03	0.21	Rejected
H5	Social media	7.584	49	0.000	0.540	0.40	0.68	Rejected

**MAIN FINDINGS**

All the five usage parameters tested were resulted significantly due to digital nature of banking by the response sample under study. Hence it was concluded that digitization in banking has significant impact on various services availed by the consumers.

**CONCLUSIONS**

- ❖ Banks have to investigate the potential impact of every value added services; extended through the digital support to tread carefully.
- ❖ Mobile banking offers many opportunities for cross-selling other financial services. Banks need to estimate consumer’s perception for the personalized support extended via mobile services, social media

banking and tools such as cloud storage. Furthermore, banks should also consider mobile-enabled technologies such as wearable and augmented reality as they multiply. In addition social media has a huge impact and should be widely used in the banking sector.

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