

Demographic Factors and their Impact on Usefulness in Digital Banking of Selected Banks in Dombivli City

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Abstract

This study investigates the impact of demographic factors on operational and financial performance within the context of digital banking. we analyse variables such as age, gender, education, and occupation to understand their influence on perceived usefulness, ease of use, and behavioural intentions of using digital banking of selected banks in Dombivli city by utilizing a sample of 75 respondents. Employing reliability tests and descriptive statistics, the findings reveal significant relationships between demographic factors and the trust in digital banking services, highlighting the importance of tailored strategies in banking operations in selected banks. Structured Questionnaire is distributed and responses are collected through primary data for this analysis.

Keywords: Digital banking, Demographics, Operational performance, Trust

Introduction

The rapid evolution of digital banking has transformed the financial landscape, necessitating an understanding of how demographic factors influence user perceptions and behaviours. This study aims to explore the relationships between demographic characteristics—such as age, gender, education, and occupation—and the operational and financial performance of digital banking services. By identifying these relationships, banks can better tailor their offerings to meet the needs of diverse customer segments.

Review of Literature

Recent Trends in Global and Indian Digital Banking

- Sai Koteswara Rao, A. Dhanunja Yulu & Prof. K. Jaya Chandra Reddy (2022), the article entitled, “Digital banking in India- A study on trends & opportunities”. This paper focused on challenges and opportunities in present era in digital banking scenario. Present paper discussed about recent innovations and services emerged from digital banking for a period of 5 years.
- Deloitte's research (2019) indicates that the banking sector is on the cusp of transformation, with strong economic fundamentals and favourable regulations paving the way for innovative technologies that enhance banking services.

- Their findings also suggest that by 2020, we can expect significantly altered banking models that prioritize inclusive and customer-centric services facilitated by Fintech innovations and strategic partnerships.
- A study by Dr. Swapana Sarkar et al. (2019) noted a significant surge in digital transactions following demonetization, particularly in mobile wallets and IMPS, highlighting a general increase in customer engagement with digital platforms.
- Research published in the Banking & Finance Journal (2019) emphasizes the critical role of application programming interfaces (APIs) in modern banking, facilitating communication between various banking applications and enabling compliance with new regulations.
- According to Sukanya Mukherjee (2018), digital transactions surged to over 1.11 billion in January 2018 as a result of the government's "Digital India" initiative.
- Data from the Reserve Bank of India (RBI) revealed that total transaction values reached \$2 trillion in January 2018, marking a significant increase compared to previous months, with UPI transactions experiencing a remarkable growth of 7000% since demonetization.
- Mr. Rohit Malagi et al. (2017) highlighted the transformative impact of technology on society, emphasizing the convenience of digital payments, particularly plastic money, which has gained popularity among younger consumers.
- IIIMB Management Review (2018) investigated the views of Internet banking users in Kerala through the lens of the Technology Acceptance Model (TAM), incorporating service quality as an external factor. The findings indicated that both perceived usefulness (PU) and perceived ease of use (PEOU) significantly influence Internet banking usage, with PEOU also affecting PU indirectly. Additionally, service quality aspects such as efficiency, reliability, fulfilment, website features, responsiveness, and privacy indirectly impact Internet banking usage through the TAM variables.

Objectives of the Study

1. To analyse the demographic characteristics (age, gender, education, occupation) of respondents using digital banking services of selected Banks.
2. To evaluate the perceived operational and financial performance of digital banking services of selected banks among users.
3. To assess the perceived usefulness and ease of use of digital banking platforms as reported by users.
4. To examine the behavioural intentions of users regarding the continued use of digital banking services.
5. To measure the level of trust users have in digital banking platforms and identify factors that contribute to this trust.

Research Methodology

A quantitative approach was adopted for this study, utilizing a structured questionnaire distributed to respondents in Dombivli city. The sample was selected to ensure representation across various demographic factors. Data analysis involved descriptive statistics and reliability tests, specifically Cronbach's Alpha, to assess the consistency of the survey instruments. The survey measured variables related to operational performance, financial challenges, perceived usefulness, and ease of use of selected commercial and cooperative banks.

Data Analysis and Interpretation

1. Gender Distribution

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	33	44.0	44.0	44.0
Female	42	56.0	56.0	100.0
Total	75	100.0	100.0	

Analysis:

The sample consists of 75 respondents, with females (56%) outnumbering males (44%). This gender distribution may indicate a higher engagement of females in digital banking services within the studied population. Future marketing strategies could be tailored to address the preferences and concerns of female users.

2. Age Distribution

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
Up to 25 Years	2	2.7	2.7	2.7
26 to 35 Years	12	16.0	16.0	18.7
36 to 45 Years	30	40.0	40.0	58.7
46 to 60 Years	31	41.3	41.3	100.0
Total	75	100.0	100.0	

Analysis:

The majority of respondents fall within the age groups of 36 to 60 years (81.3% combined). This suggests that digital banking services are predominantly used by middle-aged individuals, who may have more financial responsibilities. The low representation of younger users (up to 25 years) indicates potential areas for growth in attracting younger demographics.

3. Education Level

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
Up to SSC	2	2.7	2.7	2.7
HSC	2	2.7	2.7	5.3
Graduate	10	13.3	13.3	18.7
Post Graduate	44	58.7	58.7	77.3
Professional Degree	17	22.7	22.7	100.0
Total	75	100.0	100.0	

Analysis:

A significant majority (58.7%) of respondents hold postgraduate degrees, indicating a highly educated sample. This could correlate with higher trust and perceived usefulness of digital banking services, as individuals with advanced education may have a better understanding of financial products. The low

percentage of respondents with lower educational attainment suggests that banks may need to develop tailored educational resources to engage this demographic.

4. Occupational Status

Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Students	1	1.3	1.3	1.3
Homemakers	1	1.3	1.3	2.7
Service	56	74.7	74.7	77.3
Business	2	2.7	2.7	80.0
Professional	15	20.0	20.0	100.0
Total	75	100.0	100.0	

Analysis:

The occupational data shows that a vast majority (74.7%) of respondents are in service-related roles. This could imply that digital banking is more relevant to individuals in service sectors who may rely on efficient banking solutions for their financial transactions. The presence of only 1.3% of students suggests a need for banks to target this demographic more effectively, potentially through educational partnerships.

5. Bank Distribution

Name of the Bank	Frequency	Percent	Valid Percent	Cumulative Percent
Bank of Maharashtra	32	42.7	42.7	42.7
Bank of India	9	12.0	12.0	54.7
Union Bank of India	6	8.0	8.0	62.7
Dombivli Nagari Sahakari Bank	14	18.7	18.7	81.3
Thane Janata Sahakari Bank	8	10.7	10.7	92.0
Abhinav Sahakari Bank	6	8.0	8.0	100.0
Total	75	100.0	100.0	

Analysis:

- The **Bank of Maharashtra** has the highest representation with **42.7%**, indicating it may be the most preferred bank among the respondents.
- The **Bank of India** and **Union Bank of India** have lower frequencies (12.0% and 8.0%, respectively), suggesting less engagement with these banks in this demographic.
- **Dombivli Nagari Sahakari Bank** also has a significant presence (18.7%), indicating a strong local preference.
- The data highlights the importance of understanding customer preferences among different banks, which can guide service improvements and marketing strategies.

Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Operational Performance	75	20	100	85.07	12.326
Financial Performance	75	60	92	72.53	10.528
Challenges	75	20	96	63.73	13.821
Perceived Usefulness	75	20	100	81.80	12.326
Perceived Ease of Use	75	20	100	78.60	11.648
Behavioural Intention to use	75	20	100	78.80	12.906
Trust on Digital Bank	75	20	100	75.15	13.271

Analysis:

- **Operational Performance** has the highest mean score (85.07), suggesting that respondents perceive the operational aspects of digital banking positively.
- **Financial Performance** is lower (mean = 72.53), indicating potential areas for improvement in financial services offered by banks.
- The **Challenges** variable shows a mean of 63.73, suggesting that respondents face notable challenges in using digital banking services.
- **Perceived Usefulness** and **Perceived Ease of Use** are relatively high (mean = 81.80 and 78.60, respectively), indicating that users generally find digital banking beneficial and user-friendly.
- The mean score for **Trust on Digital Bank** (75.15) suggests a moderate level of trust among users, which is crucial for customer retention and engagement in digital banking.

Cronbach's Alpha Value analysis

Sr. No.	Variables	No. of Statements	Cronbach's Alpha Value
1	Operational Performance	5	0.870
2	Financial Performance	5	0.779
3	Challenges	5	0.779
4	Perceived Usefulness	4	0.890
5	Perceived Ease of Use	4	0.911
6	Behavioural Intention to use	4	0.892
7	Trust on Digital Bank	5	0.915

Analysis:

All variables exceed the acceptable threshold of 0.700, confirming high internal consistency and reliability. The Trust on Digital Bank variable has the highest Cronbach's Alpha (0.915), indicating it is particularly robust, indicating customers confidence for selected banks. These results validate the use of the Likert

scale in the questionnaire, affirming that it effectively measures customers perception and usage of digital banking services of selected banks in the Dombivli city.

Summary of Analysis

The analysis of demographic factors reveals critical insights about the population engaged with digital banking in this study. The predominant age group indicates a mature user base, while the high educational attainment suggests that users are likely to be financially literate. Additionally, the occupational distribution highlights the relevance of digital banking services for those in service-oriented roles. These findings can inform targeted marketing strategies and service development to enhance user engagement and satisfaction. By understanding these demographic insights, banks can tailor their services and outreach programs to better meet the needs of their diverse customer segments. In case of Bank Preference The dominance of certain banks highlights potential areas for banks to improve their services based on user preferences. High scores in operational performance and perceived usefulness suggest that users generally have a positive experience with digital banking, although challenges remain. These insights can guide banks in refining their digital services and enhancing customer satisfaction. Further research could explore specific challenges faced by users and develop targeted strategies to address them.

Limitations

This study's limitations include its reliance on self-reported data, which may introduce bias. The sample size, while adequate, may not fully represent the entire population of digital banking users because of selected banks. Additionally, the study is limited to a specific geographic area, which may affect the generalizability of the findings.

conclusion

The study's findings on bank distribution and variable analysis illustrate a complex landscape of user preferences and perceptions in digital banking. While certain banks excel in operational performance and user satisfaction, others lag in financial performance and user trust. To optimize their offerings, banks must prioritize understanding customer needs, addressing challenges, and enhancing trust through effective communication and service improvements. By leveraging these insights, banks can formulate targeted strategies to improve customer engagement, satisfaction, and loyalty in an increasingly competitive digital banking environment. Ultimately, this analysis serves as a foundation for further research and action, paving the way for banks to adapt and thrive in the dynamic digital banking landscape.

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