



Study of the Consumer Behaviour on the banking transactions

Ms. Garima Malhotra

Assistant Professor, Department of Economics, Sri Guru Nanak Dev Khalsa College, Dev Nagar,
Delhi University, Delhi

Dr. Aditi Agarwal

Assistant Professor, School of Humanities, Social Sciences and Education, G.D Goenka University,
Gurugram

Abstract:

The traditional industry worldwide is undergoing rapid change due to the digital transformation, accelerated by constantly evolving technology. It is a widely accepted fact that the world has experienced five industrial revolutions to date. The trends in the integration of information technology and industry, which occurred during the last industrial revolution, are treated as a transformation and called Industry 4.0. In Industry 4.0, information technology provides the connection between physical and digital systems. Industry 4.0 has given a substantial boost to banking digitization across the globe. Although internet banking was an essential component of retail banking even before the Industry 4.0, consumers moved online significantly post the transition. Moreover, this dramatic change continues today, internet banking has made bold steps, and the consumers want it to be part of various services. The research focusses on the issues lying behind Consumer behaviour in adopting digital banking as compared to traditional banking.

Keywords: Industry 5.0, industrial revolution, digital banking

Industry 4.0 has expedited the transition to digitalized banking and advanced the current trend by several years. In addition, it was not just a one-off effect but continues. The banking sector has altered some of its old practices and seeks new ways to make customers' lives simpler. Though Industry 5.0 foccusses more on acceptance of human machine collabrations. The research study would primarily focus that whether Industry 4.0 has actually been successfully been implemented by banks as we are adopting towards Industry 5.0. This era is crucial for banks since it has shown that things can occur quickly if they adopt the agile style of functioning. Using a flexible approach to banking and delivering financial services, the banking system may become more accessible to the general public while maintaining a high-security level.

Introduction

In uncharted surroundings created by the pandemic and economies transition into Industry 4.0, banking firms must navigate government support measures to get over the crisis quickly. Due to non-performing loans and the risk of bank failures, banks are particularly susceptible to economic downturns (Goodell, 2020). It is possible that

both the pandemic and Industry 4.0 are the greatest threats to the banking industry in living memory. To keep up with day-to-day activities like paying bills, shopping for groceries, and discovering new brands, the global community has turned to online banking (Naeem et al., 2021).

The advancement of online and digital banking is a worldwide phenomenon across emerging nations. Nevertheless, the aspirations in its growth have not been fully fulfilled since substantial disparities still exist between online and physical transactions linked to a digital bank. Data-based transmission and electricity are essential to support systems needed to enhance the security of the personal data of customers using digital payment app in digital banking. According to (Alao et al.,2020), blockchain technologies may help provide protected databases and in safeguarding data dissemination. Innovative technology systems and internet-based operation methods are essential to investigate banks with unique characteristics, particularly when the gadget is placed inside the society to record users' intents.

Cashless payment through digital technologies, a recent deployment in e-commerce and offline & physical transactions, refers to an intelligent payment option in many emerging nations to achieve sustained competitive advantage (Baicu et al,2020). Consumption and consumer behavior are essential elements in society, especially during any significant economic changes. Digitalization has been a significant element in consumer behavior that has led to new ways of living.

Technological advancements have enabled enormous innovative features for mobile devices, including implementing additional financial services, such as paying bills, account transfer, etc. Online banking may alter the current consumption process of customers and generate new transaction patterns. Online transactions refer to a type of transaction done by connecting to a server through a mobile device and completing authentication, authorization, following payment, and final confirmation of completion.

Online services have allowed for the growth of online banking while expanding the variety of providers and delivery networks (Barua et al , 2020). With the arrival of digitization through the internet, globalization and payment systems have sped up the circulation of payments and banking information from manual to online. Using electronic money (e-money) instead of hard currency in conducting transactions has created a dependence on technology. Cash management and long-distance transactions have so far been dealt with via digital wallets and internet transactions. An additional benefit of e-wallets is that another similar device may refill them through any payment method. The implementation of e-wallets (AEW) is tied to the use of digital money by implementing various payment systems, including debit and credit cards, and leveraging the internet to enable point-of-sale transactions anytime and anywhere. In addition, e-wallets utilize smartphone applications to ease online transactions, speeding up and simplifying online buying. Despite these advantages, electronic wallets do offer security concerns, require the use of a power source, and may result in wasteful expenditure (Deloitte,2020).

Online banking brings about the end of payments through physical money (Demirguc-Kunt et al,2020). Reduced transaction time and better transaction efficiency related to convenience and information security are experienced by businesses and customers thanks to the quick and safe settlement of mobile payments (Disemadi et al.,2020). Online banking is exceptionally convenient (Dooseman,2020); people's actual usage is much lower than anticipated, primarily attributable to consumers not trusting a new product and not having a personal value in it. Therefore, the use of online banking in Taiwan falls below the predicted level.

Digitalization of Banking in Indian Context

As the Indian government takes steps to foster a less-cash-dependent economy, it has prepared various efforts to increase digital payments, including Digi Dhan Abhiyaan, AEPS, the PM Jan-Dhan Yojana, and BHIM (the Bharat Interface for Money) (Kumar,2018). Despite the improvements, many areas of the Indian payment system remain incomplete. Only 52% of the Indian population has a bank account in 2014, despite being part of the 121 crore population (age 15 and over). Between April 2017 and March 2018, India's population grew from 1.3 billion to 1.4 billion people, while the percentage of individuals with a bank account (15+ adults) went from 79.9% to 81.4% (Latta et al., 2021). Digital India, however, does not depend on having a bank account. The percentage of people in the 15 to 64 age bracket who had a debit card skyrocketed from 22% in 2014 to 33% in 2017 (Latta et al., 2021). Additionally, in 2017, 5% of respondents accessed their financial institution bank account through a mobile phone or the internet. To sum up, roughly 3 crore people, 3% of the Indian population, have a mobile account. Additionally, in 2017, just 28.7% of all payments were made utilizing digital payment methods.

Trust on Digitalized banking services.

At the same time, we should also not downplay safety, particularly when discussing banking and financial services. Mobile banking access is a priority for banks and the necessity to maintain a secure IT system free from failed transactions or system faults would enhance customer trust. The evidence suggests that bank fraud has been transformed from low-tech fraud into high-quality spam, computer virus, and cyber-attack solutions in Nigeria. Although the banks do have a training system for their employees, the absence of modern technology to avoid cyber assaults and poor compliance with legislation seem to have decreased the cybersecurity capability (Wang, 2020). In order to make it simpler to use, transaction/investment confirmation papers must be provided to minimize ambiguity and offer non-stop support. They require openness in handling complaints, and they also need to allow customers to track the progress of complaints actively. These problems would make transitioning to digital services easier.

In literature, Picoto and Pinto (2020) explained the customer's desire to use mobile banking in terms of the 5 social dimensions of Hofstede, and the findings

show that social distance from power and long-term orientation are significant cultural dimensions that influence mobile banking in multiple ways. By strengthening their perceptions of service quality and promoting awareness that it is convenient to use. The greatest need is to inform clients that Internet banking is safe to use and that account information is protected if they take reasonable precautions (George, 2020).

In addition, 57 percent of consumers now choose digital banking services more than before the pandemic era, according to the Capgemini World Retail Banking Report 2020. The trend is accelerating, and banks are significant consumer and community service providers thus, they have to have a well-developed staff management plan, mainly because many personnel have direct contact with clients (Buehler et al., 2020). Banks, however, should offer more active assistance and online banking education, particularly for individuals not acquainted with the subject. Banks have to take a step towards clients and turn to different communication channels because they must represent transformational leaders and actively offer consumer information (Laukkanen et al., 2008).

Rationale for research

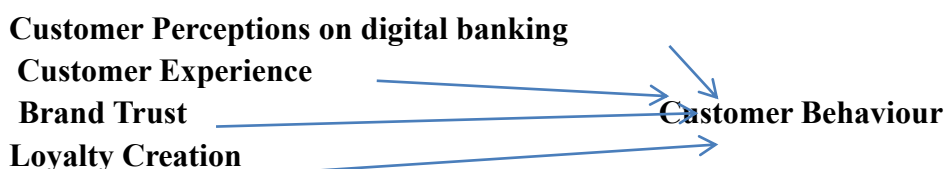
Digital transformation is an utmost top priority for every Indian bank today. Investments in technology and innovation are skyrocketing. With diminishing margins on deposits, rising competition, and an evolving consumer mindset, digitalization is no longer a choice but a necessity for Indian businesses and banks equally (Bhadrapa , 2021). Digital banking services have become widely recognized in their relevance over digital technology. Technology interfaces have allowed banks to thrill consumers with quick financial services (Oliveira et al, 2017). Recognizing the potential of digital technology, the UK Government has planned to connect all homes and businesses to the internet (OFCOM, 2009), open up service opportunities that allow banks to use digital banking for service marketing. This means that banks can offer services that customers can access via digital channels efficiently. After the financial crisis of 2008, many banks struggled to profit, pushing them to innovate and minimize cost. They started exploring the benefit of digital banking. The competition encouraged banks to use digital channels to automate processes and provide better services (Alalwan et al 2016). Digital Banking Research believes that it provides Banks with new channels via which services may be provided more conveniently and economically (Akinici et al 2004; Koenig-Lewis et al. 2010; Chong et al, 2010). The global economic crisis has made consumers more demanding and compelled companies to focus on customers, commit to providing excellent services, and improve organizational performance (Pekovic & Rolland, 2020). Accessibility to banking is constantly evolving, and with expanding digital banking penetration, the use of branches has decreased (BBC, 2016). As a result of this move towards digital banking, the banks' marketing and financial management models are changing, client acquisition and retention are not being decided exclusively in the branches. This shift

has made digital banking significant in terms of customer experience, happiness, and loyalty. How they contribute to banks' financial success is how to accommodate these clientele demands, and generate profit. With accelerated technological innovation, banks confront the task of enhancing their customer experience and profit, after the financial instability, increased FCA inspection and decreased consumer trust. Customers expect excellent quality of service, convenience, and improved experience via digital gadgets. However, studies into digital banking have emphasized the uptake (Martins et al. 2014; Hanafizadeh et al, 2014; Chong et al., 2010) than exploring customer experience and the perceptions of banks and employees make decisions on how to offer services. Therefore, Hoehle, Scornavacca, and Huff (2012) noted that prior research did not identify all problems relating to the use of e-banking. Although digital banking is widespread among significant banks, the effect on customer experience and bank performance is still significant to analyze, particularly for diverse customers (Keisidou et al. 2013; Patsiotis et al., 2012; Garg et al 2014). This will allow various banks to fine-tune their tactics following their overall business plan. This study provides a comprehensive perspective of the benefits of digital banking for banks and consumers. The research examined customer experience, satisfaction, loyalty, and financial performance literature. It analyses bank financial data and staff and consumer views to discover the connections between digital banking services, enhancing customer experience and financial success. This helps develop a Digital Banking, Customer Experience, and Development Framework, which will include the three perspectives mentioned above.

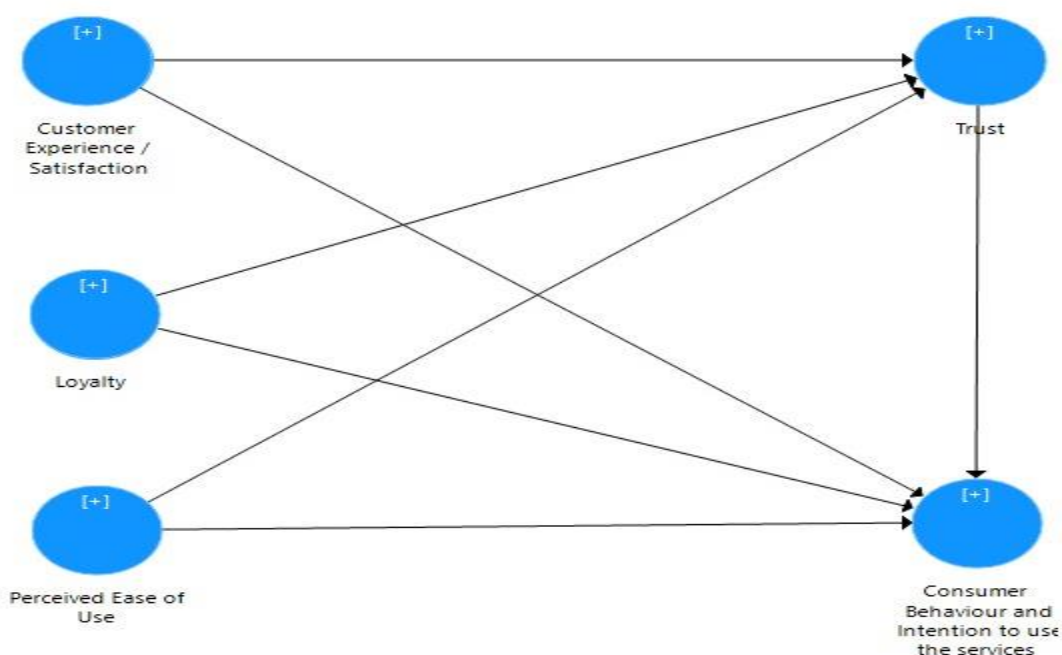
Moreover, digital banking is novel compared to other established technologies, and banks are always looking for creative methods to provide services. Based on the professional experience of the researcher, we have seen gaps in the ability of banks to assess the impact of digital banking. This will bring fresh insights into the existing banking model and marketing strategy, allowing institutions to use digital banking to change consumer behavior due to the pandemic. The study presented in this thesis seeks to examine the efficacy of digital banking and the associated customer experience in the current economic situation.

Based on the above review a conceptual framework model has also been constructed

From the Conceptual Frameworks point of view, digital banking, Customer Perceived Value, Customer Experience, Loyalty Value Creation, Customer experience in relation to the employees, Brand Trust are the theoretical models are retained in the research. One commonality between customers and banks is the desire to achieve value from digital banking.



Model underlying Consumer Behaviour



The themes and components of research are as follows:

Customer Perceived Value – focusses on what banks and customers gain through mutual interaction. In this case, customers expect improved service quality, customer experience and satisfaction, while banks expect improved loyalty and financial performance. In strategic marketing, these values are tested using service quality and how satisfied and loyal customers are (Klaus & Maklan, 2013; Keisidou et al., 2013; Chang & Tseng, 2010). Some researchers regard perceived value as the ultimate goal of e-commerce (Piyathasanan et al., 2015; Zott et al., 2011), which can be created via innovation (Aspara et al., 2010).

Customer Experience – focusses on the interaction between customers and banks, and how it impacts their loyalty and financial performance (Klaus & Maklan, 2013; Garg et al., 2014; Keisidou et al., 2013).

Loyalty Value Creation – focusses on what banks and customers gain through

mutual interaction. In this case, customers expect improved service quality, customer experience and satisfaction, while banks expect improved loyalty. In strategic marketing, these values are tested using service quality and how satisfied and loyal customers are (Klaus & Maklan, 2013; Keisidou et al., 2013). Some researchers regard perceived value as the ultimate goal of e-commerce (Piyathasanan et al., 2015; Zott et al., 2011), which can be created via innovation (Aspara et al., 2010).

Brand Trust - Many customers will choose and stay loyal to a firm due to trustworthiness associated with brand image, which affects service perceptions. Keisidou et al. (2013); Liang et al. (2009); Fathollahzadeh et al. (2011); Akhter et al. (2011); Levy & Hino (2016)

Customer Behaviour in using the services – focusses on the attributes of the interaction between customers and banks (e.g. service quality; convenience; interface design and functional quality; trust; brand; digital innovation; perceived usability; value and risks) (Klaus & Maklan, 2013; Keisidou et al., 2013; Jun & Palacios, 2016; Alalwan et al., 2016). Customer and employee behaviours are gauged to see how they perceive technology uptake (Chang & Lin, 2015).

In today's environment, digitalization and intelligibility are essential. The fourth-generation industry is called "Industry 4.0" or "the Fourth Industrial Revolution," and it is characterized as a new degree of organization and control throughout the full value chain of the product's lifetime. Big data, technology, cyber security, and the Internet of Things (IoT) are all part of the "Industry 4.0" agenda. A new developing technology known as "Industry 4.0" in the banking industry has been studied in relation to India's banking sector. This study focuses on combining publications published in the last few years in order to better understand the issue and recommend opportunities for future research.

Conclusion

Prior to the advent of online banking, banking was a time-consuming endeavor. Physical records were required for customers to maintain track of their transactions or banking history. However, the advent of digital technology has made it possible for everyone to transform your banking process from paper to digital. Banks responded to rising client demands by developing new products and services that guarantee client happiness through a range of goods and solutions. Digitalization transformed the way banks operate, what they provide, and how customers interact with them. Banks and other mobile service providers must better understand their customers' day-to-day lives in order to seamlessly incorporate their future services into the value creation processes of their customers. This is especially important as the banking sector undergoes quick and broad transformation.

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