



## IMPACT OF ONLINE BANKING ON RURAL CUSTOMERS : A STUDY

DR. ARUN MONDAL <sup>1</sup>

<sup>1</sup> ASSOCIATE PROFESSOR IN COMMERCE, BANGABASI COLLEGE, KOLKATA.

### ABSTRACT:

Banks deliver online banking facilities to customers with the help of advanced technology. Rural customers avail online banking less than urban customers. Banks emphasize to increase online banking habit among rural customers. Rural customers are not properly aware about online banking. Both private and public sector banks have inadequate number of branches in villages. The infrastructure of banks in rural areas is very poor. The internet service in villages is very poor. Rural customers have inadequate knowledge about online banking. Rural customers ignore online banking due to high bank charges. Rural customers avoid online banking due to security threat. The study is based on both primary and secondary data. Primary data has been collected from the state of West Bengal. Secondary data has been collected from journal articles. In this paper, an attempt has been made to find out the impact of online banking on rural customers.

### KEYWORDS:

**BANK, ONLINE BANKING, RURAL, RURAL CUSTOMERS.**

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### I. INTRODUCTION

Banks emphasize on online banking to increase the level of customer satisfaction. The banking habit of rural people is less than urban people. Urban customers avail online banking facilities more than rural customers. Rural masses avoid online banking due to inadequate knowledge about modern technology. Many rural people use mobile phone but they are not interested in online banking due to security threat. Highly educated people prefer online banking more than traditional banking. Banks must take necessary steps to increase online banking habits among rural customers. Rural masses face difficulties to avail online banking due to poor internet service in rural areas. The number of automated teller machines in rural areas is very less. The awareness about online banking among rural masses is inadequate. Rural customers prefer traditional banking more than online banking due to lack of knowledge about online banking facilities. Rural customers suffer to avail online banking due to poor infrastructure of banks.

### II. LITERATURE REVIEW

Banks adopt various strategies to enhance customer satisfaction through e-banking as the competition between banks has increased in recent years (Sohail and Shanmugham, 2003). Banks are not able to deliver e-banking facilities properly due to inadequate

infrastructure. E-banking deliver various services such as accounts information, foreign exchange transaction etc. (Jindal, 2016). Online banking is based on internet whereas traditional banking is based on branch banking (Santhiya and Saravanan, 2018). Mobile banking depends on the technology adopted by the bank. Mobile banking faces several challenges such as economic challenges, regulatory challenges and demographic challenges (Deshwal, 2015). Urban customers prefer internet banking more than rural customers (Yadav, 2016). Banks deliver technology based services to customers as the preference of customers changes with the change in technology (Sunith, 2019). Bank employees face difficulties to deliver e-banking services properly to customers as they have inadequate knowledge about advanced technology of e-banking (Sahu, 2016). E-banking is essential for banks to survive in the competition of banking industry (Balogun et al., 2013). Banks are forced to deliver, advanced technology based services to customers due to digital revolution in banking sector (Mansuri, 2021). Customers avail wide range of financial services through e-banking (Faisal and Tayachi, 2021). The major problem of e-banking is lack of security. Banks should adopt modern technology to deliver e-banking services to customers (Panda and Misra, 2017). E-banking provides better banking facilities than traditional banking as the cost of

e-banking is less than traditional banking (Hada, 2020). Customers need not visit bank office to avail e-banking services (Peter, 2020). Public and private sector banks adopt e-banking for customer satisfaction (Prasad et al., 2019). E-banking is also referred as online banking, phone banking, virtual banking (Kumari and Chattoraj, 2020). Banks provide various types of e-banking services such as mobile banking, door step banking, phone banking (Arya, 2019). Efficiency in service is very important for commercial banks to retain customers. Customer service play vital role for business growth in competitive scenario of banking sector (Kamboj et al., 2022). Banks play vital role for economic growth. The activities of banks include distribution of loans and mobilization of deposits. Banking system in India include commercial banks, development banks and co-operative banks (Rehman and Lakshmi, 2024). Banks provide agency services such as purchase of securities, collect utility bills for government departments etc. Banks guide the customers about the investment of their money (Goud, 2021). E-banking enable customers to perform various tasks such as checking account balances, transferring fund between accounts, payment of bills (Subedi and Adhikari, 2024). Digital banking has various advantages such as reduction in human error, reduction of cost for banks and customers (Anthony, 2017). Banks promote trade, commerce and industry. The role of banks is essential to increase national savings and investments (Samuel et al., 2024). Electronic banking is also known as internet banking. The development of e-banking industry in India is very significant (Yuvaraj et al., 2023). Banks adopt artificial intelligence to improve the quality of service (Svoboda, 2023). The adoption of technology has brought significant changes in banking sector (Kapparashetty, 2020). The concept of banking is changing due to digitization (Sreenivasamurthy, 2022). In India, scheduled commercial banks are divided into different parts such as nationalized banks, private banks and regional rural banks (Sah, 2024). Mobile banking provides banking services to customers round the clock (Jhamb, 2022). Banks are forced to concentrate on internet banking due to digital development (Roy et al., 2023). Security threat is the major problem of digital banking (Kavitha, 2024). Rural economy plays vital role in the development of Indian economy (Kher, 2013). The purpose of regional rural banks is to increase banking habits among rural masses (Tagariya and Pachal, 2016). Money lenders exploit farmers and businessmen in rural India (Nandini et al., 2021). The number of bank branches should be increased in rural unbanked areas to reduce rural poverty (Burges and Pande, 2005). Regional rural banks play essential role for the development of financial activities in rural areas (Deb, 2020). Regional rural banks provide credit to small farmers, small entrepreneurs and artisans to develop rural economy (Barot and Japee, 2021). Rural banking is adopting modern technology to allow the customers to avail banking facilities easily (Parmer et al., 2013). Many people in rural areas are not availing banking facilities inspite of having mobile phones (Mohapatra et al., 2020). E-banking is replacing traditional banking in rural

areas of India (Puttaswamy, 2018). Rural banks focus on the development of agricultural sector (Dhanraj and Kumar, 2016). The role of regional rural banks is essential to develop rural economy (Karunakaran, 2020). Regional rural banks deliver banking services to rural people for rural development (Sharma et al., 2019). The restructuring policy of banking sector by the Government of India has enhanced the performance of rural banks (Khankhoje and Sathye, 2008). Involvement of rural masses is required for digital transactions in rural banking sector (Das et al., 2017).

### III. ONLINE BANKING AND RURAL CUSTOMERS

The study is based on both primary data and secondary data. Primary data has been collected from the state of West Bengal. The sample size of the study is 200. 67% of the respondents are male and 33% of the respondents are female. 27% of the respondents are between the age of 20 years to 30 years. 34% of the respondents are between the age of 31 years to 40 years. 25% of the respondents are between the age of 41 years to 50 years. 12% of the respondents are between the age of 51 years to 60 years. 2% of the respondents are above 60 years of age. 21% of the respondents have studied upto class twelve. 72% of the respondents are graduates. 7% of the respondents are post graduates. 64% of the respondents are service holders. 29% of the respondents are businessmen.

Urban customers avail online banking more than rural customers. 89% of the respondents agree that urban customers prefer online banking more than rural customers. Rural customers ignore online banking due to security threat. 66% of the respondents agree that rural customers do not prefer online banking due to security threat. The infrastructure of banks in villages is very poor. 93% of the respondents agree that rural customers face problems to avail online banking facilities due to inadequate infrastructure of banks. The internet service in villages is very poor. 79% of the respondents agree that rural customers suffer to avail online banking due to poor internet service. Private sector banks deliver better online banking facilities than public sector banks. 78% of the respondents agree that private sector banks deliver online banking services more effectively than public sector banks. The number of automated teller machines is very less in villages. 84% of the respondents agree that the number of automated teller machines is inadequate in rural areas. Rural masses are not aware about online banking. 68% of the respondents agree that the awareness of rural customers regarding online banking is very less. Many rural people do not avail online banking inspite of having mobile phones. 73% of the respondents agree that rural customers avoid online banking inspite of having mobile phones due to lack of technological knowledge.

### IV. CONCLUSION

Customers can avail online banking facilities without visiting bank office. Rural masses have inadequate knowledge about online banking. Banks must take necessary steps to increase awareness about online

banking among rural customers. Banks have inadequate number of branches in rural areas. Banks should increase the number of branches in rural areas. The number of automated teller machines should be increased in villages. The infrastructure of banks in rural areas is very poor. Banks face difficulties to deliver online banking facilities to rural customers due to poor infrastructure of banks in rural areas. Rural customers avoid online banking due to high bank charges. Rural customers avoid online banking due to poor internet service in villages. Rural customers can save time by availing online banking. The cost of online banking is less than traditional banking. Banks should take proper steps to increase online banking habit among rural customers. Rural customers need not visit bank branches to avail online banking facilities. The inclination of rural customers towards online banking has increased in recent years.

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