

Consumer's Perception towards Online Banking Services

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Article Information:

Received: December 12, 2022, Accepted: March 12, 2023, Published: March 31, 2023

Abstract

In order to determine whether consumers would continue to use the Unified Payment Interface (UPI) for electronic payments, this study looks at the impact of consumer resistance-related issues. The findings suggest that privacy concerns and usage barriers are the two crucial factors to be addressed to break down consumer resistance towards continuing usage of UPI. It also covers consumer behavior, and the entire study is primarily oriented toward existing UPI customers. The basics, such as the workings of UPI and customer concerns, are explained in detail. Multiple Regression Analysis revealed that various factors significantly influence the adoption of cashless payment modes by online consumers and limit consumers' ability to pay for their purchases online.

Keywords: Unified Payment Interface, Consumer Resistance, Usage Barrier, Consumer Concern, Regression Analysis

JEL Codes: GO, G1, G2, G3, F3

How to Cite:

Rupan, A., Qurehi, A., Kumar, K. (2023). Consumer's Perception Towards Online Banking Services. *International Journal of Finance Research*, 4(1). 1 - 12. DOI: <https://doi.org/10.47747/ijfr.v4i1.974>

1. Introduction

You certainly spotted several QR codes with the instructions to scan them to pay and receive discounts on the walls of shopping centres or gas stations where you filled up your automobile. Your mobile devices can scan these barcodes to send direct payments using UPI apps. If you've ever questioned how it functions. The application of cutting-edge technologies has simplified this difficult process. The amount debited from your account and the amount credited to the merchant's account both happen in one minute or less, which is quicker than the standard card

swipe process. It is possible because of the Unified Payment System. (Dr. Dinesh Chand & Mr. Sunny Gupta, 2021)

India's national payments company created UPI. The Reserve Bank of India controls the interface, which operates by immediately moving money between two bank accounts on a mobile platform. It is based on a financial transfer service called Immediate Payment. With the aforementioned circumstances in mind, NPCI carried out a pilot launch with 21 member banks. Dr. Raghuram G. Rajan, the Governor of the RBI, conducted the pilot launch on April 11, 2016, in Mumbai. Beginning on August 25, 2016, banks have begun to publish their UPI-compatible apps to the Google Play store. (Muralidhara & Murali, n.d.)(UPI Challenges and Direction in Fund Management with Special Reference Banking Sector)

With a GDP of USD \$2.3 trillion, India has the seventh-largest economy in the world. For an economy of its scale, India relies heavily on cash. As of March 2016, India has a total of Rs. 16,415 billion in circulation, or around 12.04% of the country's GDP, compared to Brazil (3.93%), Mexico (5.32%), and

China (8.8%). High reliance on cash has its own set of issues, including the cost of producing, storing, and managing cash, the use of counterfeit money, and most crucially, the absence of transactional records, which encourages tax fraud. As the economy expands, these issues will inevitably become worse.

UPI takes advantage of India's high teledensity to make mobile phones the primary method of payment for both consumers and businesses and to make digital payments available to everyone in the nation. UPI has grown quickly, which can be ascribed to the growing ecosystem supported by banks and growing user adoption; nonetheless, for these early adopters, the major application has been to send money from one person to another. It is essential to develop merchant-centric UPI payments systems for UPI to realise its full potential. The technological architecture, transactional procedures, and security mechanisms of UPI are explained in this article, which can be used to create creative business solutions. India's digital payment acceptance infrastructure is currently insufficient for merchants, but merchant-centric UPI solutions have the ability to close this gap (Rahul Gochhwal, 2017).

After November 8, 2016, the Demonetization era had a significant influence in the expansion of digital payments in India. Additionally, as part of government reforms, Prime Minister Mr. Narendra Modi has heavily promoted cashless transactions. Calculations based on information from the Reserve Bank of India and the National Payments Corporation of India show that for the first half of current fiscal year, there were around 11.8 billion digital transactions. The market for digital payments has been significantly impacted by the smart phone, which has become an important part of people's online personal, professional, and financial lives. The ecosystem of smartphones made it relatively simple to integrate different applications and technologies into modern life (Indoria, 2021).

Privacy difficulties and computer hackers are the biggest drawbacks of a cashless society. The invasion of privacy is one of the key concerns with the deployment of a smart card/chip that would record and manage all financial activities electronically. Many people may think that the government has significant control over society because it has access to this kind of sensitive

information if all private financial information is made available to government authorities. As a measure to protect their privacy, people value the opportunity to make part of their purchases with cash, with absolutely no record, electronic log, or audit trail of those transactions (Olalekan S. Akinola, 2012).

The majority of payments are made using electronic devices in this country, yet internet usage and penetration are not at that level in most regions, creating the condition of digital illiteracy. There is also an increase in individuals that want to conduct business online; it is evident that the cyber security infrastructure is not up to par. This means that there are insufficient mechanisms in place to combat fraud, which increases the likelihood of online fraud, which is already happening at some level. Many claim that using cash will allow them to preserve their privacy; however, cashless payment systems do not offer the same freedom, and the risks of losing their secrecy are higher than with regular transactions (with cash) (Dr. Seema Rathee & Gunjan Bhayana, n.d.).

Research objectives are (1) analysing the perception of consumers towards online banking, (2). determining the frequency and reason for usage of online banking, (3). determining the problems faced by consumers while using online banking.

2. Review of literature

(Muralidhara & Murali, n.d.) After demonetization and the digital India initiatives, the Indian banking sector has been working hard to promote digital payments. In order to enable digital payments the unified payment interface was launched which facilitated an amazing, revamped, and cost-effective breakthrough for enabling digital payment services. The increasing popularity of smartphones, technological advancements, and efficient internet communications have foreshadowed a surge in the use of mobile payment services by consumers, financial institutions, and particularly banks. Unified Payment Interface (UPI) is a possibly novel method of transmitting funds utilizing a virtual payment system to establish a paperless and cashless economy. Through services like instant payments using QR codes, the payment of different fees, financial transfers between wallets and bank accounts, donations, the purchase and renewal of insurance, and the payment of utility bills through Bharath BillPay, among others, UPI gives significant advantages. Users can now integrate their overdraft accounts and one-time payment mandates with greater security thanks to UPI 2.0 from NPCI.

(Olalekan S. Akinola, 2012) The digital payment landscape is sprouting in the country at a dizzying step. After the demonetization, complete turnaround in the payment landscape has been observed. The technology revolution and government initiative of cashless economy, followed by demonetization saga has enabled the evolution of multiple non-banking players in the payment space. While these e-wallets have made substantial grounds in the Indian economy system, it becomes eminent to analyze the customers' perception towards these e-wallets. Its disadvantages include "Computer hackers" who are a risk in a cashless society. Computer gurus, often known as "Yahoo-Yahoo Boys," who con unwary people, groups, and organizations into parting with money online, may modify records, fabricate billionaires, build up phony businesses, and other things. In other words, they might add to the problem of identity theft and establish an electronic underground society.

(Dr. Neeraj K. Gupta, n.d.) Use of currency notes: In India, cash is typically used in large quantities for transactions. Particularly, people who live in rural areas of India make close to 80% of their transactions in cash. People are starting to use cash notes for transactions as tradition and habit. Computer illiteracy: Only 8%–10% of Indians are computer literate, and 88%–90% of Indians don't comprehend computers or the internet, making it impossible for them to use the digital payment system. Use of ATM Card: Although India has many digital payment options, ATM cards are still widely used for cash withdrawals and payment of transactions. They did not transfer money via digital payment methods or digital wallets

(Masihuddin M.et.al. in 2017) A survey on e-payment systems: elements, adoption, architecture, challenges, and security concepts was undertaken. This study tracked people's knowledge of electronic payment system ideas, including benefits, drawbacks, and other security issues. Despite a number of problems, it is concluded that EPayment systems aid in improving consumer comprehension and satisfaction. The impression of conducting business online is certain to grow as technology advances, and consumers have broadly embraced electronic payment systems.

(Deepika in 2016) A study on Cashless Transaction: Methods, Applications, and Challenges was carried out. According to this study, users are aware of utilising digital money by viewing numerous commercials as a result of the government's decision to demonetize. This also discussed the ideas, developments, approaches, potential risks, and difficulties associated with adopting digital currency.

To determine whether it is feasible to build a cash-less society through increased actual use, researchers have performed a study titled "Cash-less Society: Drives and Challenges in Nigeria." This study examined the viability of a cashless economy in Nigeria by looking at time savings, knowledge of the issue, and the suitability of the educational and technological environment[3]. Less than 34 of respondents, according to research, used cashless transaction systems to buy stationery, fruits, and vegetables. Less than 34 of consumers reported having trouble utilising e-payment applications because of security concerns and software programs .

(Rudresha C.E, 2019) Many rural and even some metropolitan residents still lack a working bank account necessary for making internet payments. India's population is largely concentrated in rural areas, where appropriate internet infrastructure is lacking and it is impossible to conduct online transactions. There are still some locations that only accept paper money and refuse to accept debit or credit cards. Customers find it exceedingly challenging to use their cards to make purchases at these establishments. India's small retailers still only accept paper money since they cannot afford to invest in digital infrastructure. People will spend exorbitant amounts of money on goods and services, which is out of our control. It takes some time to get a new debit or credit card if you lose your current one.

(Ramya et al., 2017) Losing your phone can be a double whammy because you will be reliant on it for all of your mobile transactions. In addition to putting you at risk for identity theft, it could leave you defenceless if you don't have access to physical money or any other form of payment. This can be particularly difficult if you're travelling abroad or to a remote location where there aren't any banks or other payment options. The requirement to keep your phone continually

charged is another disadvantage. You will be left stranded if the phone dies on you, especially if you are in the middle of making an essential purchase or responding to an emergency. Overspending, Although using a card or mobile wallet is convenient, it could also lead an unwary population into a spending trap. The pain of leaving with money is allegedly felt more keenly if you use actual cash as opposed to a credit card. Consequently, utilising cash rather than cards or a mobile wallet functions as a natural defence for people who struggle to manage their spending. This is the reason why people could wind up overspending and causing havoc with their budgets.

3. Research Methodology

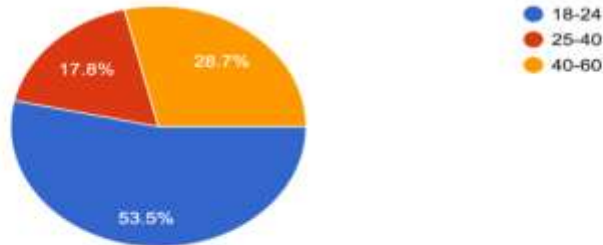
Primary Data is the foundation of the investigation. A questionnaire with eleven questions was created for the purpose of gathering data, and it was distributed to 100 people of different ages to get different perspectives. Based on the findings, we were able to determine how many people prefer cashless transactions, what challenges they have encountered, and how they defend themselves against financial fraud. Both qualitative and quantitative research are being done in this project. By sending them a thorough and organised questionnaire, the respondents provided the primary data that was gathered. To ensure that the data is unbiased, 100 respondents were used to collect it, representing a wide range of age, gender, occupation, and income categories. The questionnaire had two main aspects. The first was all the demographic information, and the second was related to the research problem, and it asked the respondents an open-ended question with opinion-based options. The information gathered from the questionnaire was analysed, administered, and then recorded in this research study.

4. Result and Discussion

As we must determine whether the impact of cashless forms of transaction is favourable or detrimental on consumer perception. Therefore, the findings of consumer perception towards online banking's questionnaire question are shown in pie charts as follows. It is clear with the research that the younger population(18-24) are the ones involved in usage of UPI, however that being said it is also highlighted that with upi based services there is a clear stigma attached regarding the security for big amounts despite users using them for day-to-day payments. Surprisingly another common problem amongst all age groups turns out to be Server Problems, so although UPI based services are providing aplenty through personal experiences Server Problems do seem to be a recurring problem which seem to be a barrier for further growth for UPI.

AGE

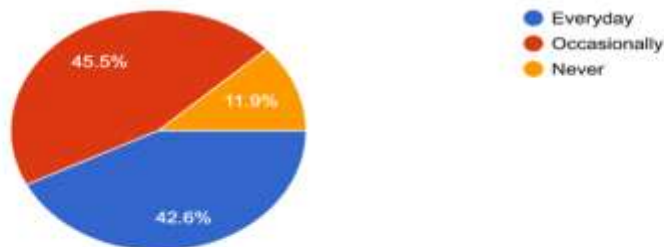
101 responses



This analytical figure shows the percentage of different age groups that have taken this survey and therefore making this survey free from all the bias.

How often do use online banking services?

101 responses



This analytical figure demonstrates the relevance and frequency of usage by demonstrating that the majority of customers utilise online banking services daily or very often. In this study, it shows that a very less percent of the respondents (approx. 10 percent) choose to not utilise these online services.

What kind of digital transaction would you prefer?

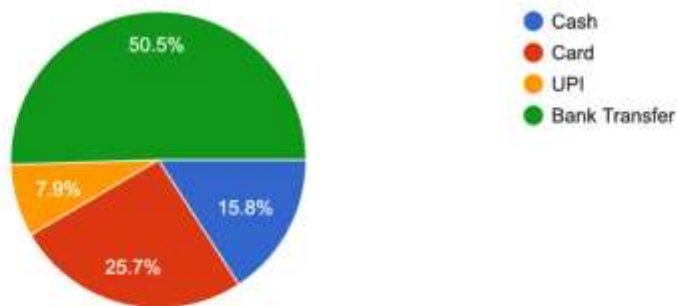
101 responses



This analytical figure shows that majority of the people that opt for online banking services prefer to use upi as a mode of transaction.

WHICH PAYMENT METHOD WOULD YOU PREFER FOR A TRANSACTION OVER Rs 50000/-

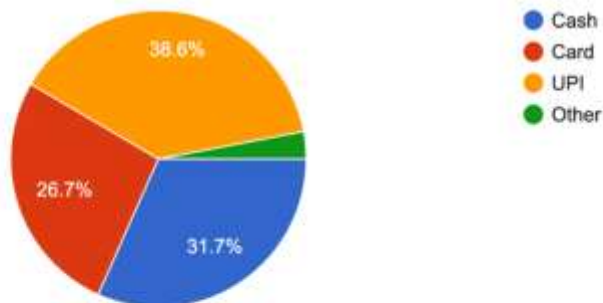
101 responses



This analytical figure shows that majority of the people prefer online banking even for large sums of money.

Which method of payment would you like to use while making a purchase at a convenience store?

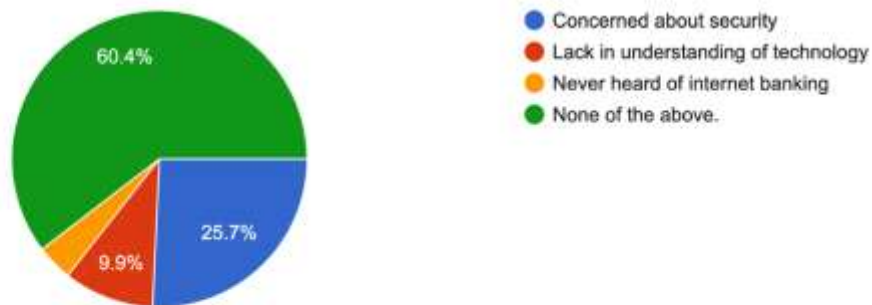
101 responses



This analytical figure shows that majority of the people prefer online banking even for small sums of money.

What are the primary reasons if you haven't used online banking?

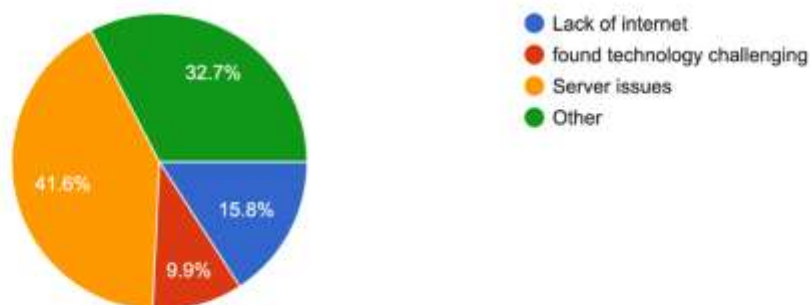
101 responses



This analytical figure demonstrates that those who have not chosen online banking services are hesitant due to security and other cyber-related concerns.

What are the most common barriers in cashless based services?

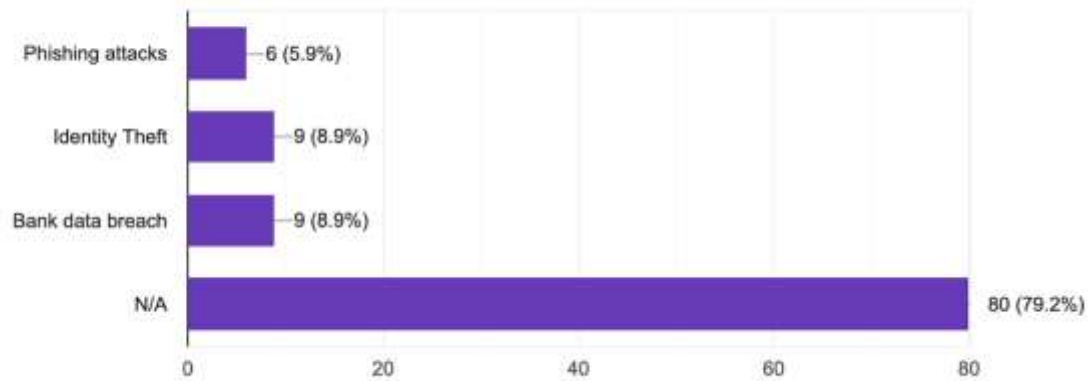
101 responses



This analytical figure shows that even though people are opting for online banking services they are majorily constantly facing server issues.

Which of these security issues have you been a victim of ?

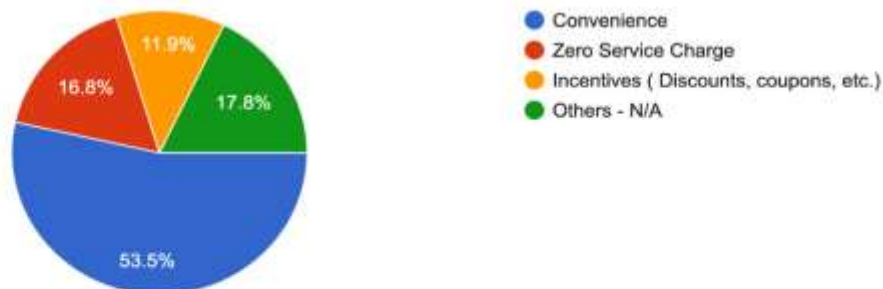
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This analytical figure demonstrates that, despite the stigma associated with internet banking and the security issues it raises, very few people have really fallen victim to such threats or issues.

What propelled your decision to choose upi- based services?

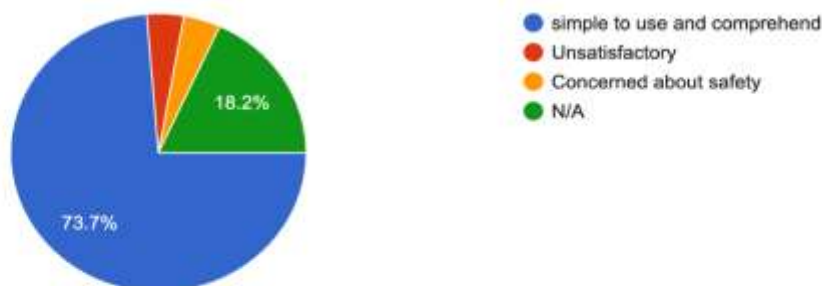
101 responses



The majority of consumers have selected online banking services since they are more convenient, according to this analytical study.

How has your experience with UPI been so far?

99 responses



Last but not least, this analytical data demonstrates that the majority of those who have chosen online banking services are quite satisfied with how easy it is to use and understand.

5. Conclusion

According to the coefficient table which shows that all independent variables has impact on consumer perception. Finally, we can argue that the government's demonetization strategy has caused awareness of the Cashless Payment System to grow among Indians. A few Customers had numerous issues when utilising digital wallets, including WIFI issues, smart phone issues, cybercrime, and others. Therefore, in order to address these issues, the government should conduct various security measures. Programmes for digital literacy to educate individuals about the many forms of electronic payment systems. In addition to addressing these problems, cashless payment systems provide users convenience. With an increasing GDP of India, it is also understood that digitalisation of payments is spreading in the entire country, this being said various measures to ensure the safety of the customers and their education is pivotal. Most individuals are racing to cashless transactions because they have little cash on hand and can see a long-term constraint coming. Better accountability, scalability, and transparency are benefits of digital transactions. The new initiative will force more businesses to accept digital currency. The king may no longer be cash. To get by during the cash shortage, everyone—from the local vegetable vendor to the chai and bhelpuri-wala—are using digital payment methods. To learn more about user behaviours and the adoption rate of digital payment systems, ET Wealth launched an online poll. The research shows that while more individuals are becoming accustomed to cashless transactions, some mental barriers prevent many from embracing the more recent systems. The results also imply that those who have switched to cashless payment methods may be vulnerable to security risks due to their usage patterns.

Digital payments come with numerous risks, many of which are much more serious than keeping cash on hand. Data from tens of thousands of debit card users were recently stolen, exposing the inadequacy of banking institutions to protect electronic money. Gemalto, a digital security firm, reports that in 2014, over a billion records were compromised. Additionally, our nation has a very weak system for filing complaints when identity theft occurs; for instance, if an Aadhar ID is stolen, there is no instant way to get it back. If they lose their money online,]people don't have

any simple options. Going cashless can also affect people's saving habits; studies have even proven that plastic money encourages overspending. Contrarily, it is challenging to persuade people to part with their money. Although the government has been encouraging individuals to save money, a cashless society will exacerbate the Demonstration impact. These issues clearly highlight the problems that would exist if our country would turn to a cashless economy in its entirety hence for better or for worse turning into a cashless economy seems like a idea that is far-fetched.

The nature of the study is exploratory, in this paper data is gathered by a student. It may be possible that people from different fields have different response. The research conduct in different geographical area where online banking is considered as more popular technology may also have chance of positive results. Whereas if the same research is conducted in an area where there is a lot of dilemma and tension regarding online banking, there are chances of a negative result.

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