



Full length article

Navigating the Digital Divide: A Study of Public and Private Sector Banking Services

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ABSTRACT

Digital banking is on trend due to the eruption of technology in this digital era. Digital banking also known as E- banking is method of accessing the banking services electronically without going to the banks physically. It has transformed the banking activities from paperwork to paperless one. Digital banking helps the customers and banks in conducting the activities speedily and accurately. It has been proven as a time saver and user-friendly service to the customers and also banks. Crowding at the banks has been reduced with the help of digital banking. The study on customer perception towards digital banking services of select public and private sector banks has been conducted in Kadapa district of Andhra Pradesh. The data was collected from total number of 200 respondents, 100 from public bank and 100 from private banks of Kadapa district. The study aims to understand about the perception of the customers of both the private and public sector banks. As per the research, private sector bank customers are more satisfied with the services of their bank compared to the public sector bank customers which shows that the digital banking services of SBI are less effective compared to the services of HDFC bank. The study has concluded that the customers of both banks are using digital banking services and agree that the factors of digital banking services help in motivating the customers.

1. Introduction

The advancement of technology in banking system has aided the issues of the busy bank customers who were unable to visit the bank due to their busy schedules. Availing the services of banks virtually is known as digital banking or E- banking. It is a more customer centric approach. Its usage helps in faster movement of services.

In India, the implementation and usage of digital banking facilitates the performance of the financial transactions in a smooth manner. The benefits of using digital banking services include:

- Transparency
- Speed
- Convenience
- Technical knowledge improvement
- Less crowd at banks
- Mobility

These factors and benefits encourage the usage of digital banking. Traditional banking is not much liked by the people due to various issues. Digital banking has improved these issues and developed the banking system which has lead to E- banking.

Inspite of its benefits, digital banking is facing many difficulties and challenges to survive in India. The challenges and obstacles are as follows:

- Lack of data security
- Lack of technical knowledge
- Internet issues
- Lack of education among customers
- Traditional banking is preferred
- Difficulty in access

2. LITERATURE REVIEW

Virk, N., & Mahal, P. K. (2012) the study has shown that the private banks managers are more effective in maintaining effective relationships with the customers compared to public banks managers. The research also shows that the customer satisfaction and working environment will be maximum if the facilities are improved by the banks. The study concluded that technological, infrastructural, sector specific as well as socio economic factors influence the internet banking services of the public and private sector banks. Agrawal, D., & Chauhan, S. (2017) has studied about the perception of customers with regard to service quality and employee satisfaction with regard to e-banking services. The study has compared and analyzed the working style between private and public sector banks. The study concluded that the private banks have been offering better services to the customers compared to the services of the nationalized banks. D. B, Dr. P. K., & Dr. Balaji. (2021) suggests that ATMs must be increased, customer service must be more effective, banks must be more friendlier and problem solver and also suggests that the banks must provide training to the customers on usage of digital banking services. Pavithra, & Geetha. (2021) focused on the customers perception towards digital banking services and found that the users of digital banking services are influenced by the factors such as transaction speed, compatibility, connectivity, security, convenience and benefits. Prasad, A. (2022) has analyzed the differences in risk perceptions between bank customers using e-banking and those who are not using it. Sharma, B., & Dubey, M. (2022) their study aims to examine the effects of Covid 19 on digital banking in India as well as the potential and problems associated with it. The report uses an explorative approach to reach conclusions, make suggestions, and come up with recommendations for the research, which is based on secondary data. The data is gathered from a number of reliable sources, publications, articles, and e-support. The majority of the data is also gathered from official government publications. Long term, digital banking has become more prevalent, and the COVID-19 epidemic has only highlighted the need for supportive, no-contact financial foundations. Customers

currently demand access to innovative financial services, regardless of where they conduct their banking. Banks must carefully take into account the numerous challenges and opportunities in order to implement an advanced transformation that will be effective. Rao, A. S. K., Dhanunjayulu, A & Reddy, K. J. C. (2022) The goals of this study are to analyze the trends in Indian digital banking, the development of digital banking in India, and the prospects offered by the country's digital banking system. The current study only uses secondary data in its analysis. Data for this study were gathered from 2018 to 2022, a 5 year span. The data for this study was gathered from outside sources like books, websites, RBI Bulletins, research articles on digital banking, and other publications. According to the survey, one of the most important developments in India's banking sector at the moment is digital banking. It facilitates the daily financial transactions of clients from all around the world. Customers moved from traditional banking to online banking as a result of digital banking. Delivering financial services to customers online while allowing them to conduct transactions around-the-clock is what is meant by "digital banking." To give their consumers the greatest customer service possible, all banks adopted digital banking. Sarkar., A and Sen., A. (2024) The study's major goal is to better comprehend the notion of Digitalization of banking services among micro and Small Entrepreneurs in the tribal districts of Jharkhand and figure out the determinants that encourage business owner to choose digital mode of transaction over conventional medium. Here with the help of this paper researcher also would try to recommend the ways and means of popularizing different banking and financial services product to industry players and FinTech start-ups. The study can be used by both public and private banking companies to satisfy client sentiment.

OBJECTIVES OF THE STUDY

1. To understand the concept of digital banking services.
2. To know the perception of customers from public and private sector banks towards digital banking services.
3. To analyze the obstacles faced by the customers of public and private sector banks in Kadapa district.

3. RESEARCH METHODOLOGY

Table 1 shows the research methodology chosen for the research

Table 1: Research methodology

Data Collection	Primary data was collected through a structured questionnaire. Secondary data was collected through research articles, journals, magazines, newspapers and websites.
Sample Design	Convenient sampling method was used for collecting the responses from the customers of SBI bank and HDFC bank in Kadapa district. Top one banks from public and private sector banks were selected based on the highest number of customers.

Sample size	The questionnaire was circulated to 380 customers from each bank through direct method and E-mail. Only 200 responses were received and remaining 180 responses were incomplete.
Questionnaire structure and design	The questionnaire has three parts. First part contains demographic profile of the customers and second part contains information of respondents about their banking services.
Tools used for data analysis	The research study has used Microsoft Excel and SPSS Software for analyzing the data.
Statistical analysis	<ul style="list-style-type: none"> • Simple Percentage analysis • Garrett's rank analysis

The above table shows the research methodology of the research study. The sample design, data collection methods/sources, nature of the research and also data analysis tools used in the research.

4. Data Analysis

Table 2.1 shows the demographic profile of the respondents

Table 2.1: Demographic profile of respondents

Variables	Attributes	Frequencies	Percentage of respondents (%)
Gender	Female	95	47.5
	Male	105	52.5
	Total	200	100
Age	18-25 Years	34	17
	25-30 Years	82	41
	30-45 Years	60	30
	45-55 Years	14	07
	Above 60 Years	10	05
	Total	200	100
Educational Qualification	High School	38	19
	Intermediate	22	11
	Graduate	122	61
	Post Graduate and above	16	08
	Others	02	01
	Total	200	100
Marital status	Married	120	60
	Unmarried	80	40
	Total	200	100

Occupation	Government Employee	16	08
	Non-Government Employee	18	09
	Business	42	21
	Professional	38	19
	House Wife	30	15
	Student	52	26
	Others	04	02
	Total	200	100
Income	Up to 25,000	64	32
	25,001-50,000	66	33
	50,001-1,00,000	44	22
	1,00,001-5,00,000	26	13
	Above 5,00,000	0	0
	Total	200	100

Source: Primary Data

The above table shows the demographic profile of the respondents which includes gender, age, educational qualification, marital status, occupation and annual income. It is evident from the table that majority of 52.5% of respondents are male and remaining 47.5% of respondents are female. Age classification shows that the majority of the respondents belong to the age group of 25-30 years and least of the respondents are from the age group of above 60 years. The majority of the respondents are married. The occupational classification shows that the respondents are mostly students with 26%. The income of the respondents is maximum at Rs.25,001-50,000.

Table 2.2 shows the banking profile of the respondents

Table 2.2: Banking profile of the respondents

Particulars		Frequencies	Percentage of respondents (%)
Type of bank	SBI bank (Public sector bank)	100	50
	HDFC Bank (Private sector bank)	100	50
	Total	200	100
Type of bank account	Savings account	66	33
	Current account	134	67
	Total	200	100
Years of accessing	1-3 Years	40	20

	4-6 Years	108	54
	7-9 Years	46	23
	10 Years and More	06	03
	Total	200	100
Frequency of usage of digital banking services	Daily	64	32
	Weekly	48	24
	Monthly	46	23
	Yearly	42	21
	Total	120	100

Source: Primary Data

The above table shows the banking profile of the respondents. 50% of the respondents belongs to SBI bank (Public sector) and the remaining 50% belongs to HDFC bank (Private sector). 67% of the respondents have current accounts in their banks. Years of accessing of the respondents is maximum at 4-6 Years with 54%. The frequency of usage of digital banking services by the respondents is daily with 32%.

Table 2.3 shows the customer perception towards digital banking services

Table 2.3: Customer perception towards digital banking services

Digital Banking Services	No. Of responses	Percentage of responses (%)	Rank
Debit and credit cards	132	66	I
ATM Facilities	108	54	II
Transfer funds	100	50	III
Loan facilities	86	43	IV
UPI Payments	78	39	V
Make bill payments	76	38	VI
Digital Lockers	56	28	VII
Insurance facilities	54	27	VIII
View accounts statements	50	25	IX
Net banking	42	21	X

Source: Primary Data

The above table represents the perception of customers towards digital banking services. The respondents use debit and credit cards mostly for various purposes. Debit and credit cards stands top due to easy to carry and easy to operate nature. ATM facilities with 54% transfer funds with 50%, loan facilities with 43% and UPI

payments with 39% stands in top five ranks. Bill payments, digital lockers, insurance facilities, viewing accounts statement and net banking comes in the bottom five ranks.

Table 2.4 shows the customer perception towards the motivational factors to adopt digital banking services

Table 2.4: Customer perception towards motivational factors to adopt digital banking services

S.No	Motivational factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Transaction Speed	68 (34%)	26 (13%)	60 (30%)	42 (21%)	04 (02%)
2.	Availability	46 (23%)	44 (22%)	70 (35%)	36 (18%)	04 (02%)
3.	User friendly	22 (11%)	76 (38%)	28 (14%)	60 (30%)	14 (07%)
4.	Promptness	68 (34%)	72 (36%)	26 (13%)	24 (12%)	10 (05%)
5.	Connectivity	22 (11%)	34 (17%)	80 (40%)	46 (23%)	18 (09%)
6.	Data security and privacy	26 (13%)	36 (18%)	80 (40%)	48 (24%)	10 (05%)
7.	Convenience	26 (13%)	44 (22%)	36 (18%)	32 (16%)	62 (31%)

Source: Primary Data

The above table shows the perception of the customers towards motivational factors in adoption of digital banking services. 34% of the respondents strongly agree that transaction speed is the most satisfied motivational factor among the other factors. Availability factor receives a neutral response. Promptness factor receives strongly agree and agree response at maximum. Most of the respondents have shown neutral response towards other factors due to lack of knowledge of the other factors by the respondents.

Table 2.5 shows the problems faced by the customers while using digital banking services

Table 2.5: Problems encountered by customers during digital banking services usage

Problems	No. Of responses	Percentage of responses (%)	Rank
Internet issues	100	50	I
Not easily accessible	78	39	II
Less responsiveness	76	38	III
Low responses	74	37	IV
Time consuming	62	31	V
Delayed services	26	13	VI

Source: Primary Data

The above table shows the problems encountered by the respondents during the usage of digital banking services. It is evident that internet issues stands top with the highest percentage of 50%. Disruption of internet networks leads to inconvenience and interruptions in the transactions. The respondents feel that there is a very low delay in services by the banks with 13%. Difficulty in accessibility, low responsiveness and time-consuming factor comes one after another with 39%, 38% and 37%.

Table 2.6 shows the perception of customers on reasons for non-usage of digital banking services by other people

Table 2.6: Customer perception on reasons for non-usage of digital banking services by other people

Reasons	No. Of responses	Percentage of responses (%)	Rank
Data privacy issues	120	60	I
Old traditional banking system is given preference	80	40	II
Lack of computer and technical knowledge	74	37	III
Insufficient services by banks	72	36	IV
Lack of education	42	21	V
Delayed services through online system	32	16	VI

Source: Primary Data

The above table shows the perception of customers towards the reasons for the non-usage of digital banking services by other people. The respondents think that the data privacy issues plays a major role in the non-usage of the digital banking services. Preference to old traditional banking system and lack of computer and technical knowledge stands at second and third with 40% and 37%. Lack of education and delayed services through online system comes in bottom two with 21% and 16%.

FINDINGS

- ❖ 47.5% of the respondents are female and 52.5% of the respondents are male.
- ❖ Majority of 41% of the respondents belongs to the age group of 25-30 years and least 5% belongs to the age group of above 60 years.
- ❖ Major 61% of the respondents are graduates which has helped in understanding the behaviour and perception of customers who are educated.
- ❖ 60% of the respondents are married which shows that people who are married are more interested in saving their money.
- ❖ 26% of the respondents are students. Most of the students have joint accounts with their parents accounts.

- ❖ 33% of the respondents have the income of Rs.25,001-50,000 and none has the income of above Rs. 5,00,000 which shows that the Kadapa district is not much economically strong.
- ❖ 50% of the respondents are the customers of SBI bank and 50% of the respondents are customers of HDFC bank.
- ❖ 67% of the respondents are current account holders and 33% of the respondents are savings account holders.
- ❖ 32% of the respondents use the digital banking services daily for their transactions as they are convenient to use.
- ❖ Debit and credit cards stands top with 66% of responses in the digital banking services as they are easy to carry, no issues of internet and can be used anywhere conveniently.
- ❖ Although the banks are striving hard to promote net banking, it still stands least with 21% of responses may be due to lack of proper awareness and knowledge about it.
- ❖ Respondents are highly satisfied with the motivational factor of promptness which shows that the fast and secured payments are encouraged.
- ❖ Internet issues acts as a key obstacle in using digital banking services which shows that the customers have faced this problem while doing their financial transactions.
- ❖ Data privacy issues demotivates people in adopting the digital banking services which shows that customers are scared of data being stolen.

SUGGESTIONS

- ❖ Banks need to focus more on improving digital banking services by creating awareness among the customers.
- ❖ Demonstrations on how to avail these services must be provided through posters, videos at banks and advertisements must focus on promoting digital banking.
- ❖ Internet issues must be solved for the convenient payments by the customers.
- ❖ Data privacy assurance must be provided to the customers for encouraging e payments.
- ❖ All the e banking services must be effectively put on work and should be maintained accurately.
- ❖ More surveys and feedback must be collected by banks to understand the perception of customers about digital banking and try to improve them.

5. CONCLUSION

The study concludes that most of the customers are aware of digital banking services and are using these services daily for their transactions in their personal and business purposes. Convenient use feature of the digital banking services is the reason for the hike in use of the digital banking. The implementation of E- banking enhances the development of an economy in a smoother way and promotes in digital world. It provides transparency and reliability in transactions for accountability of transactions. It helps the customers in providing instant feedback and instant service by fast and delay less services. E- banking services helps not only customers but also banks to know their customers and let know the customers about their policies, services and other features of the banks to their customers. Hence, it is concluded that digital banking services play a crucial role in economic development as well as personal and professional development of availing banking services.

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QUESTIONNAIRE

<https://forms.gle/NGybmKLfp1dzztcP9>

The above link is the google form in which questionnaire was created for data collection