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EFFECTIVE BANKING DURING THE COVID 19 PANDEMIC

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ABSTRACT

(COVID-19) or Coronavirus disease is an infectious disease caused by the SARS-CoV-2 virus. It can spread from an infected person's mouth or nose in small liquid particles when they cough, sneeze, speak or breathe. These particles range from larger respiratory droplets to smaller aerosols. The World Health Organisation (WHO) first learned of this new virus on 31 December 2019, following a report of a cluster of cases of 'viral pneumonia' in Wuhan, People's Republic of China.

As a preventive measure, a nationwide lockdown was imposed in India on 24th March 2020 which lasted for 70 days. "The economy was severely hit with unemployment reaching a high of 23.52% in April 2020" (Statista, 2020). The economy also saw a surge in digitalization, with every important activity like work and education shifting to the online mode. An effective way to support the growing digital economy was an Effective Banking Infrastructure. Banks adopted various digital ways to serve, acquire and retain their customers. Online

banking or E-Banking is a modern concept of banking in which people can do most of their banking activities (like cash transfers, check their bank balance, payment of bills, etc.) via the Internet on their phones, computers etc. Banks have kept the economy running by providing quick and easy money transfers but some strata of the population still faced problems while using online banking services.

The purpose of this study is to assess the effectiveness of E-banking during the COVID-19 pandemic and suggest the area of continuous improvement in the online services of the banks.

Keywords: COVID-19, Lockdown, E-Banking, Customer Satisfaction

Journal of Economic Literature classification numbers:

M10, M310, M300, G4

I. INTRODUCTION

Banks adopted various digital ways to serve, acquire and retain their customers.

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COVID-19

COVID-19 is a virus that belongs to the coronavirus family and was first detected in Wuhan, People's Republic of China, in late 2019. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020.

The economic impact of the COVID-19 pandemic in India has been largely disruptive. The GDP growth tumbled to -23.9% and unemployment rose to 23.52% with several people losing their jobs permanently.

A huge shift in the way most of the activities were performed was observed as work and education shifted to online mode. People became more dependent on cashless transactions and online banking.

Online Banking

Online banking or E-Banking is a modern concept of banking in which people can do most of their banking activities (like cash transfers, check their bank balance, payment of bills, etc.) via the Internet on their phones, computers etc. It can be done without physically visiting the bank branch and making the transactions through an electronic mode without the exchange of any tangible commodity along with maintaining social distancing.

E-banking is a concept in which the bank provides online bank account access to the customer on his request, mostly through a written form. E-banking provides space and time utility combined with the safety of the banks.

II. REVIEW OF LITERATURE

Rani Veena, Rani Anupam (2018) analyse that E-banking holds the potential to transform the banking industry as it offers many advantages over traditional banking. E-banking saves the time involved in banking transactions. Despite improvement in efficiency and convenience due to E-banking, it still has certain limitations as it has posed several challenges to regulators and supervisors. The quality of services provided to customers is of utmost importance today as it alone enables an organisation to stand out in the market. **Asiyanbia H. Babatunde and Isholab A. Abdulrahamon's (2018)** study has shown that the use of E-banking products is increasing and bank customers are satisfied with their E-banking experience. The banking organisations are advised to spread awareness about the electronic banking system, particularly for the non-adopters about the various advantages of E-banking to encourage its adoption. To further reduce the challenges related to the user interface, graphical presentation and pictorials should be displayed at the bank's branches.

Basias Nikolaos and Themistocleous Marinos (2013) suggested that E-banking offers customers convenience, control and cost savings. Customers can access their banking information and conduct banking activity anytime and anywhere. Cost savings is done by avoiding trips to the banks and reducing transaction cost. For the elderly and ill people, E-banking services improve their life by saving time spent waiting in lines, decreasing the bureaucracy and avoiding unnecessary trips. E-banking also benefits the customers who live in small villages where bank branches are not

present. **Sannes (2001); Reibstein (2002)** investigated that E-banking is an innovation where information technologies synergise with traditional banking services. Operating costs minimization and revenue maximization are the major drivers of E-banking services. **Dandapani (2008)** in his study on E-banking from 1999 to 2006 shows that the application of E-banking can improve banks' performance in terms of the growth in assets, reduction in operating expenses and portfolio enhancement. **Wu et al. (2006)** suggested that to constantly improve the performance of E-banking services, the following core activities are critical:

- Designing new IT infrastructure
- Upgrading transaction security
- Providing value-added content
- Delivering differentiated and diverse services
- Efficient customer relationship management
- The retention and expansion of relationships with customers who are older and have lower IT awareness.

Rombel (2006) investigated that the winners of E-banking are those banks that can successfully enhance their customer offerings while simultaneously enhancing security measures and getting their customers to believe in them. **Liao and Cheung (2002)** determine that the most important quality attributes underlying the perceived advantages of E-banking are expectations of security, network speed, accuracy, user-friendliness, convenience and user involvement. **Lang and Colgate (2003)** found that

customers who do not have an IT gap, find it easier to use internet banking services therefore they have higher satisfaction levels than the ones who do not have relevant IT skills. **Pikkarainen et al. (2004)** investigated benefits for the customers are numerous with a major focus on time saved and globally accessible service, lower cost of transactions and easy monitoring of accounts. However, it should also be noted that there are still customers who fear to make use of Internet banking, as they are concerned with the security aspects of such a system. **Hua (2009)** experimented to investigate how users perception of online banking is affected by the perceived ease of use of websites and the privacy policy provided by the online banking website. It also investigates the relative importance of perceived ease of use, privacy, and security. It was found that perceived ease of use is of less importance than privacy and security. Security is the most important factor influencing users' adoption.

Kristensen et al. (1992); Zeithami et al.

(1996); McColl-Kennedy and Scheider (2000) established that satisfied customers are key to long-term business success. **Bolton (1998); Yeung et al. (2002)** determined that companies that have a more satisfied customer base also experience higher economic returns.

Consequently, higher customer satisfaction leads to greater customer loyalty **Yi (1991); Anderson and Sullivan et al.(1993)** which in turn leads to higher future revenue **Fornell (1992); Bolton (1998).**

III. PROBLEM STATEMENT

With the lockdown being imposed, the way people banked changes structurally to online mode. But certain strata of people still were new to the concept of online banking. In this study, we are trying to acknowledge the evolution of banking in the lockdown, the problems faced by individuals in online banking during the lockdown and their recommendations for the banks.

IV. OBJECTIVE OF STUDY

1. The primary objective of the study is to find out the effectiveness of banking during the COVID-19 pandemic lockdown.
2. To identify the effect of lockdown on the type of banking
3. To identify the increase in cashless transactions
4. To analyze the ongoing changes in the banking habits of people

V. SCOPE OF THE STUDY

The study is descriptive and empirical and focuses on the problem and challenges faced by the

customers while accessing online banking services from their homes during COVID-19 lockdown.

Further in the study, recommendations are collected from the customers for the changes they wish to see in their bank's services.

The research has been conducted only in urban populations.

The study is conducted in the Ambala region. The diversity of this region makes it more resourceful to conduct the research. Primary data was collected from a heterogeneous sample population of 160 individuals through an online survey.

VI. RESEARCH DESIGN

The methodology employed is descriptive empirical research, in obtaining information about banking experiences during the lockdown via a survey.

The survey data is collected from 160 target respondents, selected randomly, through an online design questionnaire. The data for the study was collected through an online questionnaire sent through the mail to various respondents.

Targeted respondents are the general public who are at the legal age to hold a Savings and/or Current Account in any of the retail banks in India.

VII. DATA ANALYSIS

It is done to uncover the pattern and trends in the data set of the study conducted on "Effective Banking during the COVID-19 Pandemic". The data is collected from 160 individuals in the

Ambala region to understand the situation and analyze the parameters within a certain set of variables.

The collected data is systematically recorded to retain the information to get the most accurate and possible results.

The confirmation of the hypothesis is done after the analysis of the data prepared based on data collected from the respondents.

Question	Option	Number	Percentage
Q1. Age	18-25	55	34%
	26-35	25	15.9%
	36-45	58	36%
	46-55	19	12%
	56-65	3	2.1%
	65+	0	0
Q2. Gender	TOTAL	160	100
	Female	48	30%
	Male	112	70%
Q2. Occupation	TOTAL	160	100
	Private Job	112	69.6%
	Govt. Job	2	1.4%
	Businessman	0	0%
	Student	46	29%
	TOTAL	160	100

Q3. Did you adopt online banking during the lockdown?	Yes	134	84%
	No	26	16%
	TOTAL	160	100
Q4. How much were you dependent on cashless transactions during the lockdown?	Dependent	63	36.2%
	Partially Dependent	86	53.6%
	Independent	11	11%
	TOTAL	160	100
Q5. Are you satisfied with your banking experience?	Satisfied	54	33.7%
	Partially Satisfied	90	56.3%
	Dissatisfied	16	10.0%
	TOTAL	160	100
Q6. Will you continue using online banking post the pandemic?	Yes	155	97%
	No	5	3%
	TOTAL	160	100
Q7. Were you financially stressed during the pandemic?	Yes	32	20%
	No	128	80%
	TOTAL	160	100
Q8. If you were financially stressed during the pandemic, were you able to get financial assistance from your bank?	Yes	16	50%
	No	16	50%
	TOTAL	32	100
Q9. Do you think that online transactions are secure?	Yes	146	91.3%

	No	14	8.7%
	TOTAL	160	100

VIII. DATA INTERPRETATION

According to the data collected from the study conducted, the interpretation of data is done as follows-

- The sample population is heterogeneous and the data collected is compared on three different variables i.e. Age, Occupation, and Gender.
- Banking facilities are mostly used by the working class population aged between 36-45.
- A large number of the emerging working class aged between 18-25 also uses banking services which shows the awareness in the minds of the upcoming generations concerning money and banking.
- 29% of the students also use banking services. It is helping in creating a more educated and aware generation of bank customers and helping India become a digital and cashless economy.
- From the sample population, 76.8% of respondents are males. It highlights the fact that women still do not participate actively in the banking industry and it should be improved.

- 70% of the sample population belongs to the private sector. It shows the changing work dynamics in the urban population.
- Mobile banking grew as the most popular means of banking during the COVID lockdown, with 84% of people adopting it owing to the ease of use of the device and digital knowledge that people possess today. Internet banking is the second largest used means of digital banking with a high number of people quickly adopting the online banking mode.
- A large number of the population is dependent on doing cashless transactions. The usage of cashless transactions is an upward trend in today's time with several options available, added security, speed and accuracy.
- Around 34% of the sample population is satisfied and 56% partially satisfied with the digital banking experience provided by their banks. But there are still 10% who are still looking for better online services hence creating opportunities for the banks to attract these customers by providing better digital services.
- 97% of people agree to continue using online banking post the pandemic as they are highly impressed by the speed and accuracy of digital payments.

- Only around 20% of the sample population was financially stressed during the lockdown. Half of them were able to avail financial assistance from their banks, while the other half who were not able to get any such assistance are highly dissatisfied with their banks. Banks, in general, should look out for options to satisfy such customers.

- 91.3% of the sample population believes that online transactions are secure, this highlights the level of literacy and awareness amongst the people and is conducive to achieving the goal of a cashless Indian economy.

- People have adapted fast to the changing environment in the banking sector, presenceless customer services are being availed, people are going digital and the banking industry is evolving each day to enhance their customer services with the help of advanced technologies such as AI chatbots, EVA in case of HDFC Bank, e-KYC etc.

IX. CONCLUSION

The study is about “Effective Banking during the COVID-19 Pandemic” and the tool of data collection was the primary data collection technique i.e. questionnaire and interviews from the customers of various banks. After conducting a detailed analysis of the data, the following conclusion is drawn from the study:

- The majority of the respondents lie between 36-45 years of age.

- From the data analysis, it is concluded that a majority of people opted for online banking services during the lockdown period and are largely dependent on cashless transactions sighting various advantages like safety, speed, accuracy and security of transactions.

- Around 34% of the sample population is satisfied and 56% partially satisfied with the digital banking experience provided by their banks. But there are still 10% who are still looking for better online services hence creating opportunities for the banks to attract these customers by providing better digital services.

- 91% of the sample population believes that online transactions are a better and a secure way of money transfers. 9% are still apprehensive about the safety of online transactions.

- The banks should take necessary steps to educate the customers regarding the new technologies and other services offered by the banks. Banks may provide this knowledge through phone calls or emails and also friendly approach is necessary.

X. RECOMMENDATIONS

(Based on recommendations by the respondents during the survey)

Most of the recommendations made by the respondents include - making things easier for the elderly customers, providing proper guidance and

assistance to the customers and looking out for cases of online fraud. The banks should increase mobile ATM services and work on reducing transaction delays.

They should also increase the number of branches and ATMs in villages and improve the customer care services.

Innovative methods like using biometric authentication for transactions with OTP and remote locking systems or uninstalling systems of mobile banking apps can also be implemented.

As a part of giving back to the society, the banks can provide financial help to the family of deceased people who are financially weak, provide easy loans to entrepreneurs as financial aid during the pandemic period, provide education loans through the easy process with lesser ROI, reduce the interest on personal loans taken during the pandemic, provide vehicle loans with low rates of interest in the covid situation, in rural areas, provide more loans with easy instalment for animals/dairies, provide farmers with financial aid at lesser ROI to help them in the pandemic period and for people above fifty years, banks must introduce pensions schemes for their account holders in pandemic situations.

Technically, the banks can increase the amount for one-time transaction limits in such a pandemic period to help in reducing people's traffic, provide services in regional languages and there should be no limit on the download size of the statements with ease to use apps. Banks should ensure that servers work properly in rural areas and reduce the costs of banking operations.

As per the customers, the banks should also decrease service tax or stop service tax temporarily

for financial transactions. They can also provide an overdraft policy on salary account, provide a concessional advance for taxpayers, increase the amount for daily transactions, increase the number of free withdrawals and get rid of the mandatory minimum balance available in an account.

In the pandemic period, increase mobile van facility in all areas with proper sanitization, they can provide doorstep services, provide mobile ATM facilities in rural remote areas.

In terms of operations, banks should provide proper sanitization in all branches of banks, provide ATM van facilities at regular intervals, increase the efficiency of staff members, provide better credit card services, lower the interest rates and provide entrepreneurship plans for experienced and good track record salaried class.

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