



# A Study of Consumer Behaviour Towards the Digitalization of The Banking Industry

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**Abstract:** Digital wallets, online banking, mobile banking, and the Unified Payments Interface (UPI) have all become more popular in India as a result of the fast development of digital technology, which has drastically changed the country's financial sector. With particular reference to platforms like Paytm, PhonePe, Google Pay, and other digital payment apps, this study investigates customer behaviour toward digital banking solutions in Jaipur. The study's main goals are to determine the factors influencing consumer preference for digital banking, gauge customer satisfaction with digital banking services, and measure the degree of awareness and uptake of digital banking services. The research methodology used in this study combines qualitative and quantitative techniques. While secondary data came from research articles, journals, newspapers, and internet sources, primary data came from a survey that was administered to 200 respondents in several Jaipur areas. MS Excel was used to analyse the data using statistical techniques like frequency analysis, percentage approach, bar charts, and cross-tabulation. The results show that most respondents are aware of and actively utilize digital banking services because of its convenience, security, usability, and alluring incentives. Although some consumers are still affected by issues with digital literacy, security hazards, and technological accessibility, customer satisfaction levels were still found to be generally positive. The study concludes that digital banking has become an essential component of modern financial operations and highlights the importance of increasing consumer awareness, strengthening security measures, and improving customer service to encourage wider adoption of digital banking services.

**Index Terms** - Digital Banking, Cashless Transactions, Digital Payment Systems, Mobile Banking, FinTech, Consumer behaviour, UPI

## Introduction

Digital banking has become an integral part of the modern financial system due to rapid technological advancements and the increasing use of internet-based services. In India, the banking sector has experienced a major transformation with the introduction of digital payment platforms such as Paytm, PhonePe, Google Pay, internet banking, mobile banking, and Unified Payments Interface (UPI). These digital solutions have changed the traditional banking system by offering customers faster, safer, and more convenient methods of financial transactions. The growing penetration of smartphones, internet connectivity, and digital literacy has further accelerated the adoption of cashless payment systems among consumers.

The shift from traditional banking methods to digital banking has significantly influenced consumer behaviour and preferences in the banking industry. Consumers are increasingly adopting digital banking services because of their convenience, accessibility, time-saving features, and secure transaction processes. At the same time, factors such as cybersecurity concerns, lack of awareness, and limited digital knowledge continue to affect the adoption of digital payment systems among certain sections of society. In urban cities like Jaipur, the use of digital banking services has expanded rapidly due to government initiatives promoting a cashless economy and the continuous growth of fintech platforms. Therefore, understanding consumer behaviour towards digital banking solutions has become important for banks, policymakers, and digital payment service providers.

This study focuses on analysing consumer behaviour towards digital banking solutions in Jaipur with special reference to digital payment platforms such as Paytm, PhonePe, Google Pay, and mobile banking applications. The study aims to evaluate the awareness and adoption of digital banking services, identify the factors influencing consumer preference, and examine customer satisfaction levels regarding digital banking solutions.

### 1.1 Evolution of Payment Systems in India

The payment system of a nation plays a significant role in facilitating trade, commerce, and financial activities efficiently and systematically. A well-developed payment system not only accelerates the flow of money within the economy but also contributes to the overall economic growth and financial stability of the country. The payment process acts as an important component of financial intermediation by enabling the transfer and circulation of funds among various financial institutions and consumers. An effective payment system ensures smooth financial operations, reduces transactional risks, and improves the efficiency of monetary activities. In India, payment mechanisms and banking systems have experienced major transformations over time. During the early stages, transactions were carried out through coins, bills of exchange, and traditional paper-based instruments. The introduction of the company's rupee by the East India Company in 1835 brought uniformity to the monetary system across British India. Later, the Paper Currency Act of 1861 granted the Government of India the authority to issue currency notes, which reduced the role of private banks in issuing paper money. Consequently, banks introduced cheque systems and other negotiable instruments to facilitate non-cash transactions. The Negotiable Instruments Act of 1881 further formalized the use of non-cash payment methods in India.

As commercial and business activities increased, the use of cheques and demand drafts became more common, leading to the development of clearing systems under the supervision of the Reserve Bank of India (RBI). However, traditional payment methods involved physical processing and delays in fund transfers. To overcome these limitations, electronic transfer systems such as Telex transfers and other banking communication methods were introduced. Over time, India's payment system evolved rapidly with technological advancements and the increasing adoption of electronic banking services. The RBI played a major role in promoting secure, reliable, and efficient electronic payment systems to reduce dependence on paper-based transactions and improve customer convenience. The growth of internet banking, mobile banking, digital wallets, and Unified Payments Interface (UPI) has significantly transformed the banking sector in India. Today, digital payment systems provide faster, safer, and more convenient financial services, making them an essential component of the modern financial ecosystem.

### 1.2 Communication networks and payment systems:

The Reserve Bank of India (RBI) recognized the importance of developing advanced information technology systems to improve interbank and intrabank communication for creating a secure, reliable, and efficient payment and settlement system. To strengthen banking communication networks, the RBI formed a committee under the chairmanship of T. N. Iyer to examine the development of messaging systems for banks. Based on the committee's recommendations, BANKNET was introduced in 1991 to enhance communication and data exchange among banks. The introduction of these communication networks significantly improved banking operations, reduced delays in transaction processing, and strengthened the efficiency of the Indian payment system.

### 1.3 FinTech innovations and products:

Advancements in communication and messaging networks within the banking sector have significantly increased the adoption of information technology by financial institutions. The growing demand for technology-driven financial services has transformed traditional banking operations and encouraged the development of innovative financial products to meet customer expectations. The combination of finance and technology, commonly known as FinTech, has emerged as a major force in the modern banking industry. FinTech services are attracting not only existing banking customers but also individuals who previously had limited access to financial services. In addition to banks, non-banking organizations such as retailers and telecom companies are also entering the financial services market by offering digital payment and financial solutions to consumers.

### 1.4 The main FinTech inventions can be simply categorized as follows:

- Payments, clearing and settlements.
- 2. Deposits, lending and capital raising
- 3. Market provisioning
- 4. Investment management
- 5. Data analytics and risk management

### 1.5 Indian FinTech industry landscape:

FinTech has emerged as an effective solution to several limitations of traditional financial institutions, such as limited accessibility, inefficient customer service, and slow financial processes. In India, the growth of FinTech has created opportunities to improve the banking and financial services sector through innovation and technology-driven solutions. With the active participation of regulators, service providers, investors, and financial institutions, the Indian financial sector has experienced significant transformation in recent years. Today, FinTech companies are changing the way businesses and consumers interact by offering faster, more convenient, and technology-based financial services. Various FinTech products and services, including digital payments, online banking, mobile wallets, lending platforms, and investment services, are now widely available in the Indian financial market.

### 1.6 Legal Framework for Payment Systems in India:

The current legal framework governing payment systems in India is defined under the Payment and Settlement Systems Act, 2007 along with the rules and regulations issued under this legislation. According to the provisions of the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), a sub-committee of the Central Board of the Reserve Bank of India (RBI), the RBI is responsible for regulating and supervising payment and settlement systems in the country. The BPSS plays an important role in approving policies, setting operational standards, and monitoring payment system activities to ensure safety, efficiency, and reliability in financial transactions. Under the Payment and Settlement Systems Act, the RBI also issues regulatory guidelines for the functioning and operation of payment systems, including Prepaid Payment Instruments (PPIs) and Payment Service Providers (PSPs). In addition, organizations such as the National Payments Corporation of India (NPCI) and Payment Council of India (PCI) were

## I. REVIEW OF LITERATURE

**3.1 Rajanna, K. A. (2018).** Investigated India's rise in cashless transactions Considering its high rate of cash transactions and digital illiteracy, cyber security, internet access, fees associated with digital transactions, low awareness, illiteracy, and lack of infrastructure, it is also analysed that India cannot become a cashless economy in its whole. The Indian government, both central and state, is striving to enhance the proportion of cashless transactions by endorsing digital payment systems, relaxing foreign direct investment regulations, authorizing payment banks, raising public awareness, and providing incentives for retailers and consumers to adopt these systems.

**3.2 Josephine Lourdes De Rose, V. (2017).** The study aimed to analyse the factors influencing consumers' preference for online payments. The study proposes that payment is exceptionally helpful and varied from conventional payment ways. Since we can pay for products or services online whenever of day or night, we

do not need to invest energy filling in banks or dealer workplaces sitting tight for your swing to execute. We can transfer funds, buy stocks, and use other associated services taking care of cash or cheques in so far as banks are giving similar services online. Concerning our fiscal circumstances moment e-payments are a blast for the general public. They offer further security, comfort, and on-the-date payments incontinently in bills and keep us refreshed on our capital-related exercises. It keeps down from solicitude in taking care of cash and redundant exercise in futility. With every one of the points of interest comprehended it's about time that we move towards-Payments which would make us more brilliant citizens.

**3.3 Kumar, A., & Kumar, Y. H. (2020).** Her exploration has shown that, in comparison to developed countries like Australia, India lags significantly before in the use of Debit and credit cards, challenging government action to promote cashless deals. also, they've shown off that there's a gender gap in the adoption of digital payment styles. The report punctuated that the government should play a commanding part in perfecting digital payment systems by furnishing duty breaks, favourable programs, and fiscal impulses to encourage individualities to exercise cashless deals more constantly.

## II. OBJECTIVES OF THE STUDY

1. To evaluate the level of awareness and adoption of digital banking solutions among consumers in the Jaipur
2. To determine the elements affecting consumer preference for digital banking services over conventional banking methods in Jaipur.
3. To assess the satisfaction levels of customers using digital banking solutions in Jaipur.

## III. RESEARCH QUESTIONS

1. What is the level of grasp and adoption of digital banking solutions among consumers in the Jaipur?
2. What elements affect consumer preference for digital banking services over conventional banking methods in the Jaipur?
3. How comfortable are consumers with the digital banking services available in the Jaipur?

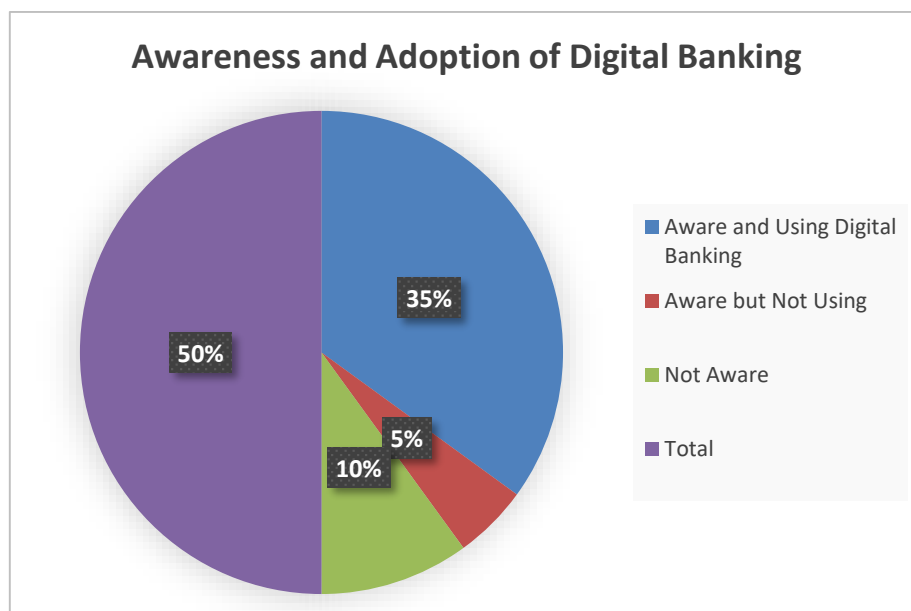
## IV. SCOPE OF THE STUDY

- It examines consumer attitudes, significance, and actions toward digital banking systems, as well as the elements influencing their uptake and applications.
- The study's goal is to identify and investigate the obstacles older persons encounter while attempting to use digital banking services.
- More comfort, security, and timely bill payments that keep us informed about our financial activities.
- The study keeps a variety of digital banking services, including digital wallets, online and mobile banking, and other fin-tech apps.

## V. RESEARCH METHODOLOGY

### 1. Statistical Data Analysis:

- i. Awareness and Adoption of Digital Banking:



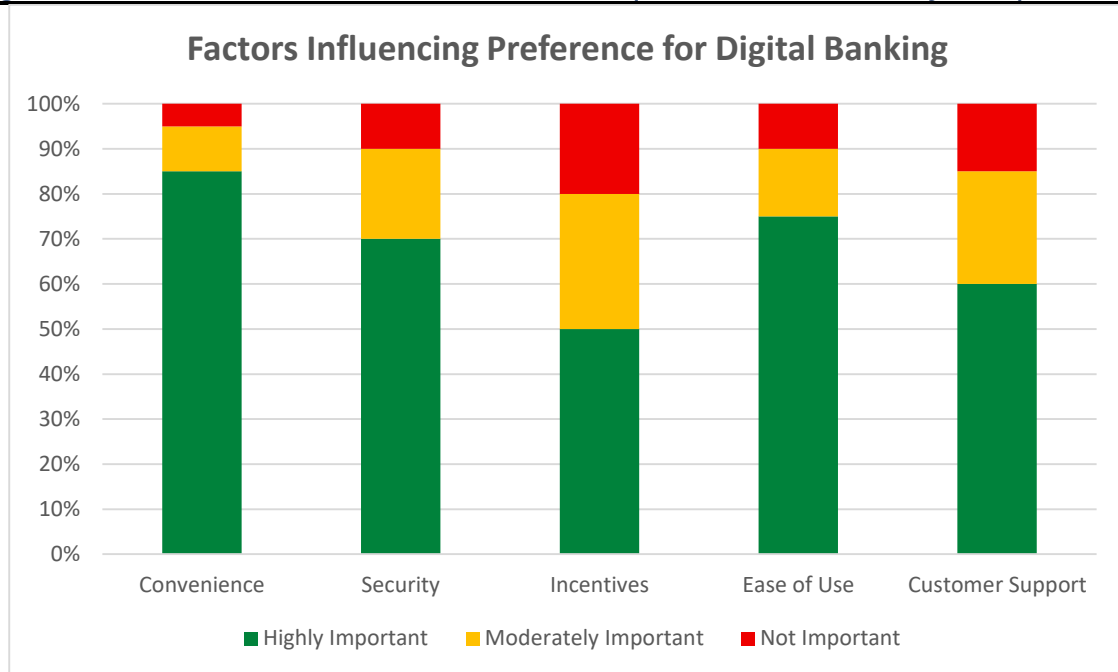
Digital banking services are becoming more and more popular, as seen by the 80% of respondents who claimed to be aware of them. Digital banking is actively used by 70% of those who are aware, suggesting a trend toward positive adoption. However, 20% of respondents stated they were still unaware of internet banking, indicating a large disparity that calls for targeted awareness programs to reach this demographic.

	Number of Respondents	Percentage (%)
Aware and Using Digital Banking	140	70%
Aware but Not Using	20	10%
Not Aware	40	20%
<b>Total</b>	<b>200</b>	<b>100%</b>

ii. Factors Influencing Preference for Digital Banking:

Several factors influence the preference for digital banking, with convenience emerging as the most critical, rated highly important by 85% of respondents. Security follows closely, with 70% considering it a significant factor. Incentives, such as cashback and rewards, motivate 50% of respondents to opt for digital banking, while 75% value user-friendly interfaces, emphasizing the importance of intuitive app designs. Although slightly less critical, customer support remains a key consideration, with 60% rating it as highly important.

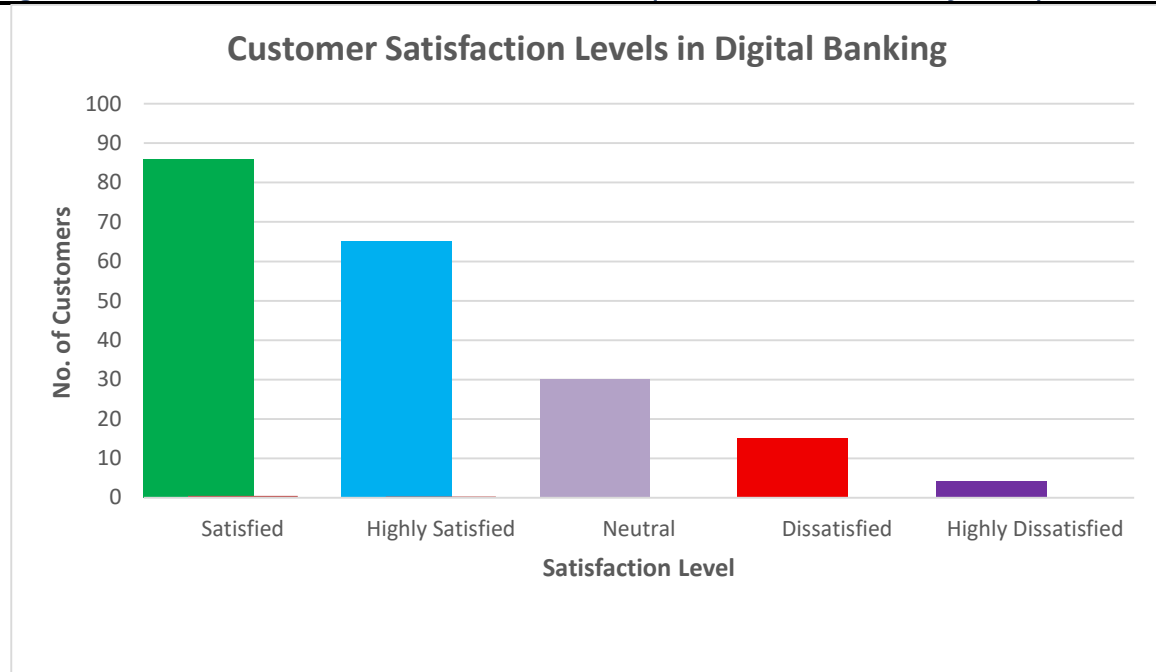
Factor	Highly Important (%)	Moderately Important (%)	Not Important (%)
Convenience	85	10	5
Security	70	20	10
Incentives	50	30	20
Ease of Use	75	15	10
Customer Support	60	25	15



### iii. Customer Satisfaction Levels in Digital Banking:

Based on a research-driven analysis, customer satisfaction levels for digital banking in Jaipur reveal promising trends. Among the 200 respondents, 43% (86 customers) are "Satisfied," making it the most common sentiment, followed by 32.5% (65 customers) who are "Highly Satisfied." A smaller segment, 15% (30 customers), expressed "Neutral" feelings about their experience. However, there are areas of concern, as 7.5% (15 customers) reported being "Dissatisfied," and 2% (4 customers) indicated they were "Highly Dissatisfied." These findings highlight overall positive satisfaction levels, though there is room for improvement, particularly in addressing the concerns of the dissatisfied minority.

Satisfaction Level	Number of Customers	Percentage
Satisfied	86	43%
Highly Satisfied	65	32.5%
Neutral	30	15%
Dissatisfied	15	7.5%
Highly Dissatisfied	4	2%
<b>Total</b>	<b>200</b>	<b>100%</b>



## VI. FINDINGS

The data analysis produced the following findings: Over 60% of those surveyed have basic digital literacy. As a result, they bank electronically. Given that over 80% of respondents are aware of it, Paytm is the most popular financial app. Over 80% of respondents use Paytm, whereas roughly 40% use Google Pay, Phone Pay, and BHIM UPI. More over 70% of respondents use an ATM or debit card, making it the most common e-banking method. While EFT is a less popular technique, 50% of respondents also prefer online banking and internet banking at home. The use of branch banking is declining. The majority of respondents utilize ATMs, internet banking, and mobile banking one to three times per month. Internet banking is the next most popular mode, behind mobile banking.

## VII. CONCLUSION

In the modern banking era, electronic banking is becoming more and more popular. The banking industry's use of technology has fundamentally altered how banks operate. Consumers can save time and effort by completing their financial transactions quickly. However, some consumers lack the computer skills necessary to utilize e-banking or are not fully aware of the various electronic options. According to this report, people utilize online banking more frequently than they do traditional or branch banking. There is a strong and favorable correlation between using and being aware of the many e-banking options.

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