

## DIFFICULTIES FACED BY THE URBAN AND RURAL CUSTOMERS IN BANKING SERVICES

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**Abstract:** *Banking is the lifeline of an Indian economy. Banking system is one of the backbone of the economy and best banking services in turn has become the tools of banking activities. The predicament of the banks in the developed countries owing to excessive leverage and lax regulatory system has time and again been compared with somewhat unscathed Indian Banking Sector. An attempt has been made to understand the general sentiment with regards to the performance, the challenges and the opportunities ahead for the Indian Banking Sector. E-banking which was playing a supportive role in banking, has come to the forefront with the ever-increasing challenges and requirements. E-banking to start with was a business enabler and now has become a business driver. The present study is based on both primary and secondary data in nature.. For this study 80 sample have been collected from Satara district of Rajasthan areas only. Descriptive as well as Anova test have been used for data analysis and interpretation. This study is concluded that, Most of urban as well as rural customers are facing major banking problems in to use the different services on debit card, credit card, digital banking, mobile banking, fund transfer, etc of banking due to less of knowledge, outdated technology, no of proper training, technical bottlenecks, no electronically, less personal efficiency etc Therefore, it is recommended that banking sector should initiate the steps to create more awareness towards the uses of banking at grass root level. The banks should follow easy steps to install various types of softwares on different electronic gadgets as the exploration of baking will open more vistas for banking sector and different segment of customers an get benefits of this new age essential -financial banking services.*

**Keywords:** *Banking Services, Urban & Rural Customers, Digital Banking, Mobile Banking*

### Introduction

Banking is the lifeline of an Indian economy. Banking system is one of the backbone of the economy and best banking services in turn has become the tools of banking activities. The predicament of the banks in the developed countries owing to excessive leverage and lax regulatory system has time and again been compared with somewhat unscathed Indian Banking Sector. An attempt has been made to understand the general sentiment with regards to the performance, the challenges and the opportunities ahead for the Indian Banking Sector. E-banking which was playing a supportive role in banking, has come to the forefront with the ever-increasing challenges and requirements. E-banking to start with was a business enabler and now has become a business driver. The banks cannot think of introducing a financial product without e-banking support. Be it customer service, transactions, remittances, audit,

marketing, pricing of any other activity in the banks, e-banking plays an important role not only to complete the activity with high efficiency but also has the potential to innovate and meet the future requirements. The banking sector was early adopter of technology and in that way set an example to the other industries the need to opt for automation for taking full advantage in operational efficiency. The automation ensures the customers feel comfortable to undertake the financial transactions with plastic cards and transact from the home.

### **Review of Literature**

Dixit and Datta (2010) investigated that how the customers perceive the value of internet banking over the traditional way of banking. It identified the perceived quality of service different aspects of self-service technology. Even the role of service quality and its dimensions about customer level of satisfaction in Internet banking. The primary data collected randomly i.e 250 respondents, and questionnaire method used for data collection. Mostly descriptive statistics and correlation were used for data analysis. The study found that many factors such as perceived value, perceived service quality; customer satisfaction and their loyalty have significant impact on a customer acceptance of i-banking.

Koskosas (2011) had been studied that internet banking seeks to show an alternative to banking through “bricks and mortar” and provide an understanding of the pros and cons of going digital. From this research it have been concluded that Many traditional banks offer some digital services, but the very cheapest choices some will find are internet-only banks, which operate specifically digital. And Customers will get the best services digital that are used to from traditional banks, such as checking and savings accounts, and other financial services..

Sharma and Sharma (2011) have focused on the perceptions of customers regarding the use of i-banking services. They have structured questionnaire and administered to a particular target groups. Customers with at least one year of experience in internet banking have identified by visiting retail/ATM branches of different banks in Chandigarh. A total of 145 random samples were obtained from the banking respondents. This study was analysed with help of t-test, ANOVA and Pearson correlation. Finally it concluded that banking sector is mostly useful in assessing the impact of IT and in formulating appropriate strategies for building customer loyalty, thereby enabling them to retain customers.

Goyal and Goyal (2012) have studied that an analysis of the differences in risk perceptions between bank customers using i-banking and those not using internet banking was done and the study showed that risk perceptions in terms of financial, psychological and safety risks among customer not using the internet was more meaningful than those are using internet banking. Customers not preferring to use e-banking thought that they would be swindled when using this service and therefore, are particularly careful about high risk expectation during money transfers from and between accounts. Private and foreign banks are trying to turn more and more customer towards the usage of internet for the banking transaction.

Rani (2012) investigated that consumer perception toward the usefulness and willingness to use ebanking services. Customer satisfaction level towards the e-banking has been identified. A questionnaire has been designed to collect the data from the respondents in Ferozepur district. Basically percentage and ANOVA methods used to analyze the data analysis. The study showed that about 60 per cent people have positive perception about e-banking. In spite of having positive perception about e-banking services only 52.9 per cent respondents are using it frequently. It is concluded that customers using various services provided by their respective banks and the highest used services are the ATMs and bill payment across various income groups followed by viewing of the account history.

Nochai and Nochai (2013) examined that the internet banking service dimensions that will have the impact on customer satisfaction among top three banks in the Bangkok; Bangkok Bank, Kasikorn Bank and Siam Commercial Bank. Questionnaires were used to collect data from 450 respondents by using quota sampling. Multinomial logistic regression analysis was employed to obtain the important internet banking service dimensions that have the impact on customer satisfaction. They concluded that providing 24 hours-7days service, completing a task accurately, contacting staff to check immediately, providing accurate information and up-to-date, transaction process is fast and providing digital registration times were the important factors that have the impact on customer satisfaction.

From the above review of studies, it is found that various researchers had studied the aspects of banking, its introduction, its development, adoption by the customers, customers' problem attitude towards the banking service, its success and security related issues. But, none of them studied the problems faced by customers during the usages of internet banking. Therefore, the present study is undertaken to fill this gap in the existing literature.

### **Objective of the Study**

- To know the different problems faced by the banking customers towards banking transaction.
- To identify the various problems faced by customers during the usages of i-banking and
- to suggest the ways to improve i-banking services in Indian banking system

### Methodology of the study

The present study is based on both primary and secondary data in nature. The primary data have been collected with help of Questionnaires method. And the secondary data have been collected from, books, journals, magazine, annual reports and research related websites. For this study 80 sample have been collected from Satara district of Rajasthan areas only. Descriptive as well as Anova test have been used for data analysis and interpretation.

### Hypotheses of the study

**Hypotheses -1:** There is no difference between urban customers and their problems in banking services

**Hypotheses -2:** There is no difference between rural customers and their problems in banking services

### Data analysis

**Table:1 Demographical profile of the respondents**

| Gender          | Urban Respondents | Percent    | Rural Respondents | Percent    | Total     | Percent    |
|-----------------|-------------------|------------|-------------------|------------|-----------|------------|
| Male            | 42                | 76.36      | 25                | 75.76      | 67        | 76.14      |
| Female          | 13                | 23.64      | 8                 | 24.242     | 21        | 23.86      |
| <b>Total</b>    | <b>55</b>         | <b>100</b> | <b>33</b>         | <b>100</b> | <b>88</b> | <b>100</b> |
| Age             |                   |            |                   |            |           |            |
| Bellow 25       | 7                 | 12.73      | 4                 | 12.12      | 11        | 12.5       |
| 26-35           | 15                | 27.27      | 10                | 30.30      | 25        | 28.41      |
| 36-45           | 21                | 38.18      | 12                | 36.36      | 33        | 37.5       |
| 46 and above    | 12                | 21.82      | 7                 | 21.22      | 19        | 21.59      |
| <b>Total</b>    | <b>55</b>         | <b>100</b> | <b>33</b>         | <b>100</b> | <b>88</b> | <b>100</b> |
| Income          |                   |            |                   |            |           |            |
| Bellow 10000    | 11                | 20         | 14                | 42.42      | 25        | 28.41      |
| 10000-25000     | 14                | 25.45      | 10                | 30.31      | 24        | 27.27      |
| 25001-50000     | 17                | 30.91      | 8                 | 24.24      | 25        | 28.41      |
| 50000 and above | 13                | 23.64      | 1                 | 3.03       | 14        | 15.91      |
| <b>Total</b>    | <b>55</b>         | <b>100</b> | <b>33</b>         | <b>100</b> | <b>88</b> | <b>100</b> |
| Occupation      |                   |            |                   |            |           |            |
| Employees       | 26                | 47.27      | 12                | 36.36      | 38        | 43.18      |
| Businessman     | 17                | 30.91      | 16                | 48.49      | 33        | 37.5       |

|                           |           |            |           |            |           |            |
|---------------------------|-----------|------------|-----------|------------|-----------|------------|
| House wife's              | 8         | 14.55      | 3         | 9.09       | 11        | 12.5       |
| Others                    | 4         | 7.27       | 2         | 6.06       | 6         | 6.82       |
| <b>Total</b>              | <b>55</b> | <b>100</b> | <b>33</b> | <b>100</b> | <b>88</b> | <b>100</b> |
| Educational qualification |           |            |           |            |           |            |
| Up to 10 <sup>th</sup>    | 11        | 20         | 12        | 36.36      | 23        | 26.14      |
| Graduate                  | 25        | 45.45      | 16        | 48.49      | 41        | 46.59      |
| Professional              | 14        | 25.46      | 4         | 12.12      | 18        | 20.45      |
| Others                    | 5         | 9.09       | 1         | 3.03       | 6         | 6.82       |
| <b>Total</b>              | <b>55</b> |            | <b>33</b> | <b>100</b> | <b>88</b> | <b>100</b> |

### Demographical Profile

The present research is of exploratory-cum-descriptive in nature. A sample of 88 respondents, who use Banking services is taken on the basis of judgement sampling from the Satara district of Maharashtra (Table 1).

Majority of 76.36 per cent and 75.76 per cent respondents are male in urban and rural areas. And 23.64 per cent and 24.242 per cent respondents are female in rural and rural areas.

Like this out of 55 urban respondents 21 respondents (38.18 per cent) are from the age-group of 36-345 years, followed 26-35 years, 46 and above and Bellow 25. And out of 33 rural respondents 12 respondents (36.36per cent) are from the age-group of 36-345 years, followed 26-35 years, 46 and above and Bellow 25 respectively.

Out of 55 urban respondents, 17 respondents (30.91 per cent) belong to the income group of Rs. 25001-50000 per month and closely followed by income group of Rs 10000-25000, Rs 50000 & above and Bellow Rs 10000. Similarly out of 33 urban respondents, 14 respondents (42.42 per cent) belong to the income group of Bellow Rs 10000 per month (less income group) and followed by income group of Rs 10000-25000, Rs 25001-50000and Rs 50000 & above respectively.

On the other hand, 26 respondents (47.27 per cent) are from service class and per cent 30.91 are from Businessman class who use banking services in urban areas. And 16 respondents (48.49 per cent) are from s Businessman class and per cent 36.36 are from service class who use banking services in rural areas.

Most of the urban respondents having graduate qualification and professional qualification *i.e.* 45.45 per cent and 25.46 per cent of respondents are using banking services. Like this majority of the rural respondents having graduate qualification and Up to 10<sup>th</sup> class *i.e.* 48.49 per cent and 36.36 per cent of respondents are using banking services.

**Table 2: Problems faced by urban Customers while using Banking services**

| Statement  | Very much | Much | Little | Not at all | Total | Mean | SD       |
|--|-----------|------|--------|------------|-------|------|----------|
| Lack of knowledge  | 10        | 15   | 18     | 12         | 10    | 13.5 | 3.5      |
| Lack of proper guidance                                      | 12        | 17   | 13     | 13         | 12    | 13   | 2.217356 |
| Obsolete technology  | 10        | 21   | 14     | 10         | 10    | 12   | 5.188127 |
| Technical bottlenecks  | 9         | 19   | 13     | 14         | 9     | 13.5 | 4.112988 |
| Frustration in getting work done electronically              | 7         | 23   | 16     | 9          | 7     | 12.5 | 7.274384 |
| Increased work efficiency but reduced personal efficiency    | 11        | 20   | 17     | 7          | 11    | 14   | 5.85235  |
| Strain due to internet banking as compared to manual banking | 12        | 18   | 19     | 6          | 12    | 15   | 6.020797 |

**Problems faced by urban Customers while using Banking services**, shows that 25 no of respondents faced problems due to lack of knowledge and 29 respondents due to lack of proper guidance. 31 respondents faced problems due to obsolete/outdated technology. 28 respondents faced problems due to technical bottlenecks and 30 respondents due to frustration in getting work done electronically. 31 respondents faced problems due to increased work efficiency but reduced personal efficiency and 30 respondents because of strain due to internet banking as compared to manual banking.

Table 3 shows the problems faced by the customers in banking services. Frustration in getting work done electronically is put at the top ( $X = 12.5$ ,  $S.D.= 7.274384$ ) followed by Strain due to banking as compared to manual banking is put at the top ( $X = 15$ ,  $S.D.= 6.020797$ ), increased work efficiency but reduced personal efficiency ( $X =12$ ,  $S.D.= 5.85235$ ), obsolete/outdated technology ( $X =12$ ,  $S.D.= 5.188127$ ); Technical bottlenecks ( $X =13.5$ ,  $S.D.= 4.112988$ ), lack of knowledge ( $X =13.5$ ,  $S.D.= 3.5$ ) and proceeded by lack of proper training ( $X =13$ ,  $S.D.= 2.217356$ );.

Anova: Single Factor

SUMMARY

| <i>Groups</i> | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|---------------|--------------|------------|----------------|-----------------|
| Very much     | 7            | 76         | 10.85714       | 6.47619         |
| Much          | 7            | 136        | 19.42857       | 4.285714        |
| Little        | 7            | 102        | 14.57143       | 8.952381        |
| Not at all    | 7            | 71         | 10.14286       | 9.142857        |

ANOVA

| <b>Source of Variation</b> | <b>SS</b> | <b>df</b> | <b>MS</b> | <b>F</b> | <b>P-value</b> | <b>F crit</b> |
|----------------------------|-----------|-----------|-----------|----------|----------------|---------------|
| Between Groups             | 380.1071  | 3         | 126.7024  | 17.56271 | 2.99894E-06    | 3.008786572   |
| Within Groups              | 173.1429  | 24        | 7.214286  |          |                |               |
| Total                      | 553.25    | 27        |           |          |                |               |

The output of ANOVA test is as value of p is 2.99894E-06 and F value 17.56271 value is greater than F crit value 3.008786572. So, This implies that there is a statistically significant difference between the groups. implies that, In respect of columns (Very much, Much, Little and Not at all), there is a significance difference between level of problem and the statement of problems faced by the urban customers in banking services.

From this table it is clearly indicated that Hypotheses -1: “There is no difference between urban customers and their problems in banking services “ is rejected and alternative hypothesis is accepted. So there is a significant difference between urban customers and their problems in banking services .

**Table 3: Problems faced by rural Customers while using Internet Banking**

| <b>Statement</b>                                | <b>Very much</b> | <b>Much</b> | <b>Little</b> | <b>Not at all</b> | <b>Total</b> | <b>Mean</b> | <b>SD</b>   |
|---|------------------|-------------|---------------|-------------------|--------------|-------------|-------------|
| Lack of knowledge                               | 16               | 6           | 3             | 8                 | 33           | 7           | 5.560275773 |
| Lack of proper guidance                         | 14               | 8           | 4             | 7                 | 33           | 7.5         | 4.193248542 |
| Obsolete technology                             | 18               | 9           | 2             | 4                 | 33           | 6.5         | 7.135591543 |
| Technical bottlenecks                           | 16               | 5           | 1             | 11                | 33           | 8           | 6.60176744  |
| Frustration in getting work done electronically | 14               | 7           | 2             | 10                | 33           | 8.5         | 5.057996968 |
| Increased work                                  | 8                | 11          | 5             | 9                 | 33           | 8.5         | 2.5         |

|  |    |    |   |   |    |     |             |
|--|----|----|---|---|----|-----|-------------|
| efficiency but reduced personal efficiency                   |    |    |   |   |    |     |             |
| Strain due to internet banking as compared to manual banking | 11 | 13 | 3 | 6 | 33 | 8.5 | 4.573474245 |

Problems faced by rural Customers while using Banking services (Table 3), shows that 22 no of respondents faced problems due to lack of knowledge and 22 respondents due to lack of proper guidance. 27 respondents faced problems due to obsolete/outdated technology. 21respondents faced problems due to technical bottlenecks and 20 respondents due to frustration in getting work done electronically. 19 respondents faced problems due to increased work efficiency but reduced personal efficiency and 24 respondents because of strain due to internet banking as compared to manual banking.

Table 3 shows the problems faced by the rural customers in banking services. obsolete/outdated technology is put at the top (  $X = 6.5$ , S.D.= 7.135591543) followed by Technical bottlenecks (  $X = 6$ , S.D.= 6.60176744), lack of knowledge (  $X = 7$ , S.D.= 5.560275773), Frustration in getting work done electronically (  $X = 8.5$  , S.D.= 5.057996968), Strain due to banking as compared to manual banking is put at the top (  $X = 8.5$  , S.D.= 4.573474245), and proceeded by lack of proper training (  $X = 7.$ , S.D.= 4.193248542); and increased work efficiency but reduced personal efficiency (  $X = 8.5$ , S.D.= 2.5),

**Anova: Single Factor**

**SUMMARY**

| <i>Groups</i> | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|---------------|--------------|------------|----------------|-----------------|
| Very much     | 7            | 20         | 2.857143       | 1.809524        |
| Much          | 7            | 59         | 8.428571       | 7.952381        |
| Little        | 7            | 97         | 13.85714       | 11.47619        |
| Not at all    | 7            | 55         | 7.857143       | 5.809524        |

**ANOVA**

| <i>Source of Variation</i> | <i>SS</i> | <i>df</i> | <i>MS</i> | <i>F</i> | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-----------|----------|----------------|---------------|
| Between Groups             | 424.9643  | 3         | 141.6548  | 20.94894 | 6.89848E-07    | 3.0087866     |
| Within Groups              | 162.2857  | 24        | 6.761905  |          |                |               |
| Total                      | 587.25    | 27        |           |          |                |               |

The output of ANOVA test is as value of p is 6.89848E-07 and F value 20.94894 vale is greater than F crit value 33.0087866. So, This implies that there is a statistically significant



difference between the groups. implies that, In respect of columns (Very much, Much, Little and Not at all) , there is a significance difference between level of problem and the statement of problems faced by the rural customers in banking services.

From this table it is clearly indicated that Hypotheses -2: “There is no difference between rural customers and their problems in banking services “ is rejected and alternative hypothesis is accepted. So there is a significant difference between urban customers and their problems in banking services.

### **Conclusion**

Most of urban as well as rural customers are facing major banking problems in to use the different services on debit card, credit card, digital banking, mobile banking, fund transfer, etc of banking due to less of knowledge, outdated technology, no of proper training, technical bottlenecks, no electronically, less personal efficiency etc Therefore, it is recommended that banking sector should initiate the steps to create more awareness towards the uses of banking at grass root level. The banks should follow easy steps to install various types of softwares on different electronic gadgets as the exploration of banking will open more vistas for banking sector and different segment of customers can get benefits of this new age essential -financial banking services.

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