

Bank Employee's Perception Towards Digital Financial Inclusion in Relation to Customers of Punjab

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Abstract:

Financial inclusion entails extending formal financial services to vulnerable groups, thereby integrating them from disadvantaged to advantaged populations. The Indian Government and the RBI have actively promoted financial inclusion through digitization initiatives, including ATMs, mobile banking, internet banking, and e-wallets. Digitization, exemplified by Information Communication Technology (ICT), has significantly transformed the banking sector. Despite substantial investments in digital banking services, the adoption of these channels remains uneven among customers. This study seeks to explore bank employees' perceptions of digital financial inclusion, particularly in relation to customers' access to digital banking services. Employing statistical methods, including the chi-square test, this research examines the perceptual differences between urban and rural bank employees. The findings indicate that both urban and rural bank employees perceive that individuals in their respective areas are now well-acquainted with digital banking.

Keywords: Digital banking, financial inclusion, Bank employees, rural and urban customers

Introduction:

Digital banking epitomizes the comprehensive digitization of conventional banking activities and services, traditionally accessible only within the confines of a physical bank branch. This encompasses a broad spectrum of transactions including deposits, withdrawals, funds transfers, and the payment of bills, all facilitated through sophisticated online platforms and mobile applications.

By harnessing cutting-edge technology, digital banking significantly enhances user experience, offering uninterrupted access to banking services, instantaneous transaction processing, and robust security protocols. Additionally, it enables the provision of highly personalized banking solutions, augmented customer service via artificial intelligence and chatbots, and streamlined financial management tools. As the financial sector undergoes continuous transformation, digital banking

is poised to be instrumental in redefining the future of banking, delivering unparalleled convenience, efficiency, and accessibility to a global clientele.

Financial institutions deploy an array of advanced technological platforms to deliver services to clients, enhancing convenience, efficiency, and accessibility. These digital channels include: Online Banking, which provides secure, web-based remote account management for real-time balance verification, interbank fund transfers, bill payments, and account statements; Mobile Banking, utilizing dedicated smartphone and tablet applications for transactions such as balance inquiries, fund transfers, remote check deposits via OCR, and bill payments, secured by SSL encryption and advanced APIs; ATMs, enabling autonomous basic transactions like withdrawals, deposits, balance inquiries, and fund transfers, with advanced ATMs also supporting bill payments and loan applications through secure encrypted channels; Telephone Banking, offering banking activities via phone through IVR systems or live representatives, including balance inquiries, fund transfers, bill payments, and loan applications, suitable for users without internet access; Chatbots and Virtual Assistants, AI-driven systems providing automated support for customer inquiries, transaction guidance, and personalized financial advice through natural language processing and machine learning, accessible via websites, apps, and social media; and Digital Wallets and Payment Systems, such as Apple Pay, Google Wallet, PayPal, and Venmo, facilitating secure, contactless payments, peer-to-peer transfers, and online transactions, leveraging tokenization and biometric authentication for enhanced security.

Review of Literature:

Shukla, T., & Singh, A. (2014): concluded that role of banks is very crucial in fostering the adoption of technology in the workplace. Key factors such as training, employee development, management support, and coordination demonstrate that employees exhibit a positive orientation towards workplace technology, particularly when banks encourage its use. The study highlights the essential considerations for enhancing technology acceptance in the workplace, with a specific focus on the banking sector in India.

Tiong, W. N. (2020): examined fintech adoption among Malaysian consumers using the Technology Acceptance Model (TAM) and Innovation Diffusion Theory (IDT). Key factors—perceived ease of use, observability, and compatibility—significantly influenced the intention to adopt digital banking services. However, the study did not consider moderating variables like gender, age, or education, nor did it address factors such as perceived security, privacy, monetary risk, and trust, which may be critical.

Ahmed, O., & Rahman, B. (2020): concluded that the growth in banking employees in Bangladesh has not matched the increase in banks. While most banks have avoided downsizing, employees are aware of potential issues and prioritize training. This study highlights temporary job security and fills a research gap, suggesting further exploration of policies and training programs banks are adopting to mitigate job insecurity as Fintech advances.

Sahu, S., & Pattnayak, L. M. (2021): found that in the digital era, technological advancements have transformed Indian banking by reducing working hours, improving convenience, and increasing flexibility. Key impacts identified using the weighted average score (WAS) include reduced transaction processing time, enhanced post E-banking environment, increased employee motivation, new product launches, and reduced cash holding, ensuring security. E-banking centralizes work, accelerates decision-making, and boosts productivity with benefits like online banking and direct benefit transfers (DBT), reducing employee workload.

Kalim, A., & Ahmad, S. (2021): assessed 18 electronic banking attributes, focusing on benefits and risks from bank employees' perspectives. Key benefits identified include minimized inconvenience, cost reduction, and time savings. Major risks include government access, fraud, and information security. Attributes like HR reduction and service quality improvement are not seen as significant benefits, nor are legal issues and high service costs viewed as major risks. Segmenting employees by experience, position, qualifications, and bank type, the study concludes that minimized inconvenience is the top benefit, while government access to data is the primary risk.

Kalim, A., & Ahmad, S. (2021): emphasized on attributes identified through a detailed literature review, examines the benefits and risks of electronic banking in Ethiopia by analysing bank employees' perceptions using 18 attributes. Key benefits identified include time savings, reduced cash handling risk, and lower transaction costs. Major concerns are the need for expertise and training, legal and security issues, and fraud risk. Bankers do not prioritize HR reduction and minimized inconvenience as benefits, nor do they view operational reliability and high service costs as significant risks.

Objectives of the study:

1. To study the difference between the rural and urban areas bank employee's perception towards digital financial inclusion.

Research Gap: Upon reviewing the existing literature, it has been identified that there are limited comparative studies focusing on bank employees, particularly in the Punjab state. Consequently, this area has been selected for research purposes, as bank employees possess a nuanced understanding of their customers.

Hypothesis:

H0: There is no significant difference between the rural and urban areas bank employee's perception towards digital financial inclusion.

H1: There is a significant difference between the rural and urban areas bank employee's perception towards digital financial inclusion.

Research design and sample size:

A descriptive research design and quantitative research methodology were employed in this study. To compare urban and rural bank employees and determine if significant differences exist between their perceptions, chi-square tests were utilized. Data collection was conducted through a structured questionnaire administered to a sample of 100 bank employees from various districts in Punjab.

Limitation of the study:

The primary limitation of the study is its reliance on a sample of 100 respondents from Punjab, which may not yield results that are fully representative of the entire population.

Table 1: Demographic Profile of Respondents:

Age (in years)	Frequency	Percentage
21-30	33	33.0
31-40	52	52.0
41-50	10	10.0
Above 50	5	5.0
Total	100	100.0
Gender	Frequency	Percentage
Male	65	65.0
Female	35	35.0
Total	100	100.0
Educational Qualification	Frequency	Percentage
Graduate	45	45.0

Post graduate	55	55.0
Total	100	100.0

Reliability of Questionnaire for bank employee's:

The below table depicts the reliability of the questionnaire related to bank employee's regarding their perception towards digital financial inclusion in relation to its customers whereby the value of the sample is .818 for variables and statements under study.

Table 2: Reliability Statistics of Questionnaire for Bank employee's

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.818	.816	13

Table 3: Comparative Analysis of Urban and Rural Bank employee's perception towards digital financial inclusion in relation to its customers

Perception of employees towards digital financial inclusion in relation to its customers	Chi-Square	p-value
Digital banking plays an important role in increasing the number of your bank customers	1.172	0.760
Digital banking increases the frequency of transactions in your bank	3.781	0.286
Your bank customers prefer Digital banking over traditional banking	4.595	0.204
Your bank Customers are satisfied with digital banking services	4.073	0.254
All the Digital banking channels are used in equal proportion by your bank customers	8.518	0.074
Government policies have significant role in the improving state of digital financial inclusion	7.272	0.122
RBI policies have significant role in improving the state of financial inclusion	2.878	0.411
The policies made by Government and RBI towards digital financial inclusion are implemented and analysed in effective manner	4.05	0.256
Your bank emphasis on sale of insurance and Mutual fund in the same extent as loan	3.647	0.302
Required documents to open bank account is barrier in financial inclusion	4.806	0.308
Required documents to avail loan is barrier in financial inclusion for vulnerable people	2.447	0.654
All the customers of your bank are provided equal treatment in term of Service	3.353	0.501
Due to heavy work load you are not able to impart training to bank customers about digital banking	2.667	0.446

The interpretation of the Chi-Square tests on various statements of financial inclusion reveals prominent insights between rural and urban areas bank employee's perception. Data disclosed that, according to bank employees, digital banking plays an important role in increasing the number of bank customers was determined to have no significant difference in reference to both rural and urban areas, with a p-value of 0.760 and a Chi-Square value of 1.172. Further it was also depicted that statement, digital banking increases the frequency of transactions in bank in the same way indicates no significant difference between rural and urban areas, with a p-value of 0.286 and a Chi-Square value of 3.781. Furthermore, the preference for digital banking over traditional banking ($\chi^2=4.595$; $p=0.204$), and customer satisfaction with digital banking services ($\chi^2=4.083$; $p=0.254$) also found insignificant urban-rural divide.

Moreover, respondents of rural and urban areas show marginally significant difference for, the digital banking channels used in equal proportion by the customers ($\chi^2=8.518$ and $p=0.074$), possibly reflecting varying usage patterns in rural contrasted with urban areas. But the government policies in improving digital financial inclusion ($\chi^2= 7.272$, $p= 0.122$) and impact of policies of RBI in financial inclusion ($\chi^2= 2.878$, $p= 0.411$) show no significant differences, implying these policies are uniformly perceived across rural and urban regions. Furthermore, the implementation and analysis of policies towards digital financial inclusion also show insignificant difference ($\chi^2= 4.05$ and $p= 0.256$).

Statement, the emphasis on the sale of insurance and mutual funds compared to loans ($\chi^2=3.647$, $p= 0.302$) and barriers due to required documents for account opening ($\chi^2= 4.806$, $p= 0.308$) and loan availing ($\chi^2=2.447$, $p= 0.654$) also exhibit in significant rural-urban difference. Similarly, equal treatment in terms of service ($\chi^2=3.353$, $p= 0.501$) and the impact of heavy workload on training about digital banking ($\chi^2= 2.667$, $p=0.446$) further highlight no significant disparities. Overall, the p-values indicate that there is not a significant distinction between rural and urban areas in the factors impacting the adoption of digital banking and financial inclusion, with most claims displaying p-values far above 0.05. However, the slightly noteworthy utilization of digital banking channels may indicate subtle regional disparities in digital banking approaches.

Conclusion:

The research indicates that the p-value for all variables is greater than 0.05, signifying no significant difference between the perceptions of bank employees in rural and urban areas. It is concluded that rural customers are on par with urban customers in utilizing digital banking services, contributing to a rise in digital financial inclusion. The study concludes that digital banking positively influences financial inclusion, demonstrating a strong association between digital banking channels and enhanced financial inclusion. Respondents expressed that the majority of customers are aware of digital banking. Additionally, banks are providing efficient digital banking services that satisfy their customers.

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