

CHANGING PATTERN OF DEMAND FOR E-BANKING SERVICES

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Abstract:

Banking has undergone a sea change due to the advent of digital technologies, which have altered the distribution and consumption of financial services. One of the most noticeable developments is the expansion of e-banking services, which include a broad variety of digital financial transactions carried out through electronic channels. The article delves at the reasons behind the changing patterns of demand for e-banking services. There are number of reasons why people are starting to use e-banking services differently. These encompass developments in technology, variations in consumer tastes, changes in demographics, new regulations, and the effects of worldwide crises like the COVID-19 epidemic. Thanks to innovations in digital payment methods and mobile banking apps, e-banking has become more user-friendly and accessible. This has led to a rise in the use of online banking by people of all ages and backgrounds. Another factor that has contributed to the surge in demand for e-banking services is the shift in customer preferences towards digital interactions and contactless transactions. As a result of the COVID-19 epidemic, e-banking has become more popular as people look for methods to handle their money online, thanks to social isolation and lockdowns. Therefore, the trend towards e-banking has been expedited since many conventional banking operations, such as visiting branches and dealing in cash, have moved to digital platforms. Issues such as security and privacy, lack of digital literacy, and marginalized people' access to technology persist despite the ever-increasing demand for e-banking services. To guarantee that all parts of society can enjoy the benefits of e-banking, it is essential to tackle these obstacles. Technological advancements, shifting customer tastes, and outside forces like the COVID-19 epidemic are all contributing to a dramatic upheaval in the need for online banking. Financial institutions and banks must comprehend these dynamics if they are to modify their services and strategies to suit the changing demands of their clients in today's increasingly digital society.

Keywords: E-Banking, digital technologies, technological

Introduction

A fundamental revolution is now taking place in the banking business, which is being driven by the rapid improvements in digital technology. The rise in popularity of electronic banking (e-banking) services, which comprise a wide variety of financial activities carried out through digital channels, is one of the most prominent effects that has resulted from this progression. E-banking has evolved as a handy and effective alternative to traditional banking techniques. It provides clients with the flexibility to manage their funds whenever and wherever they choose, using a variety of electronic platforms. A number of causes, such as technology advancement, altering customer tastes, regulatory changes, and the unprecedented effect of events like COVID-19 pandemic have contributed to the considerable increase in demand for electronic banking services that has occurred in recent years. Many of these factors have been driving forces behind this rise. The patterns of demand within the banking sector have been transformed as a result of these variables which have only served to hasten the adoption of electronic banking procedures.

In order to shed light on the underlying drivers and ramifications of this transition, the purpose of this article is to investigate and evaluate the shifting patterns of demand for e-banking services. Our goal is to give a thorough knowledge of the processes that are changing the landscape of e-banking by analyzing both quantitative data and qualitative insights. Additionally, we hope to offer relevant insights to banks, financial institutions, legislators, and other stakeholders. In the beginning to this paper, the groundwork is laid for a more in-depth investigation of the causes that are driving the growth of the demand for online banking. This investigation will show the significance of understanding these dynamics in order to successfully navigate the digital future of banking. The insights that are gathered from this study will be important for designing strategies that meet the shifting requirements and expectations of consumers in a world that is becoming increasingly digital-centric. This is because e-banking is continuing to transform the way that financial services are supplied and consumed.

The connection that exists between financial institutions and their consumers is undergoing a shift as a result of the emergence of e-banking services, which has caused the banking industry to undergo a revolution. Customers are increasingly turning to digital platforms to perform their banking operations, which means that traditional brick-and-mortar branches are no longer the major point of connection. Because of this transformation, it is more important than ever for banks to innovate and adapt in order to maintain their competitive edge in a marketplace that is

always shifting. E-banking services have become increasingly popular as a result of technological improvements, which have greatly contributed to this trend. Customers are provided with an unparalleled level of ease and accessibility through the use of mobile banking applications, online banking platforms, and digital payment systems, which have become fundamental components of the technologically advanced banking experience. Customers now have the ability to easily complete a broad variety of financial activities thanks to the widespread availability of high-speed internet access and the widespread use of smartphones, both of which have further assisted the increased use of online banking services.

Alterations in the tastes of customers are another factor that is contributing to the rising demand for online banking services. In their dealings with financial institutions, customers of today place a high value on ease, quickness, and flexibility. This is especially true for younger demographics and digital natives. They enjoy the comfort of handling their accounts electronically rather than going to actual bank offices, and they want for digital experiences that are smooth and aligned with their lifestyles. Furthermore, the COVID-19 pandemic has exacerbated this tendency, since social distancing measures and lockdowns have highlighted the need of digital banking systems in providing ongoing access to financial services. This trend has been particularly driven by the pandemic. Alterations in regulatory policies are also contributing to the transformation of the landscape of e-banking demand, in addition to technology and consumer-driven causes. Banks are being encouraged to invest in digital infrastructure and extend their e-banking capabilities as a result of regulatory efforts that are aimed at increasing competition, innovation, and financial inclusion. In addition, rules that regulate data privacy and security are encouraging financial institutions to improve their cybersecurity safeguards in order to protect consumer information and preserve customers' faith in digital banking systems. Even though there are a lot of advantages to using online banking, there are still certain problems that need to be solved before it can reach its full potential. The broad use of digital technology has substantial challenges, particularly among older demographics and underprivileged people, due to concerns around cybersecurity, data privacy, and digital literacy. In addition, gaps in access to technology and internet connectivity can exacerbate existing inequalities, so restricting the availability of online banking services to portions of the population who are already marginalized.

In light of these opportunities and difficulties, it is very necessary for banks and other financial institutions to devise strategies that are able to accommodate to the ever-changing requirements

and preferences of their consumers. The implementation of ongoing innovation, investments in digital infrastructure, and efforts to improve cybersecurity and data protection measures are all necessary to accomplish this. It is possible for financial institutions to position themselves to prosper in a financial landscape that is becoming increasingly digitalized if they embrace the digital transformation of banking and prioritize methods that are customer-centric. In the next sections of this paper, we will dive deeper into the many variables that are driving the shifting patterns of demand for e-banking services. We will do so by drawing on empirical facts and insights from industry professionals and stakeholders. The purpose of this research is to provide a deep knowledge of the processes that are defining the landscape of e-banking and to offer recommendations that banks may put into action in order to effectively traverse this shifting terrain.

Understanding E-Banking

According to Hertzum et al. (2004), web-based banking is a common definition of E-banking. Electronic banking, or E-banking, is the provision of retail or wholesale banking services through the Internet. These services encompass a wide range of activities, including but not limited to: payments and settlements; corporate and household lending; electronic money transfers; and document collections and credits (UNCTAD, 2002). Mols (1998), Sathye (1999), and Daniel (1999) are among the academics that linked E-banking to the services and products that allow clients to do most of their retail banking transactions through computer, television, or mobile phone. When a bank and its clients establish an electronic link to plan, monitor, and regulate monetary transactions, this is known as "e-banking" (Burr, 1996). Internet banking has seen a distinct upsurge on a worldwide scale, according to a thorough examination of secondary data. By "e-banking," we mean that anybody with access to the internet and a web browser may virtually conduct all of their financial transactions through their bank's website. With an electronic banking system, the bank maintains a web-enabled central database. You can see all the online banking services that the bank has approved in the menu. You can choose whatever service you like, and how we continue interacting with you is determined by the service itself. An alternate distribution route with an ATM network is gradually replacing the conventional bank branch model. Once all of a bank's branch offices are linked together by terrestrial or satellite networks, each branch will no longer have a distinct physical identity. Anytime, anyplace banking would be possible with this borderless organization. Intranet refers to the

network that a company uses to link its several offices and provide access to the main office. Only the organizations that have specifically requested these networks will be able to use them. An example of an intranet application in action is SWIFT. According to current predictions, online banking is changing the face of the banking sector. Knowing the history of E-banking inside and out is therefore crucial. Through document analysis, we can see the key drivers and stumbling blocks of the banking sector's fast transformation and E-banking adoption, as well as the overall trends and historical development of the E-Banking industry throughout the world. Newspapers, annual reports, employment records, published and unpublished articles, reports from industry and consultants, ongoing academic working papers, government white papers, and other documents are used in document analysis (Neuman, 1997). Electronic banking, in a larger sense, refers to the delivery of financial services through channels other than the conventional brick-and-mortar branches (Liao et al., 1999). Among the many channels by which electronic banking presents its monetary services to potential clients are:

- Automated Teller Machines (ATM)
- Telephone Banking
- Home Banking
- Internet Banking
- Mobile Banking

Reasons for changing E-Banking services pattern

- (i) **High Responsiveness:** All the users demand transaction systems or banking services which offers high responsiveness where they do not have to wait much and all their urgencies and necessities are fulfilled. As a result of which slow servers are being vanished and new fast banking e-services are being adapted.
- (ii) **Good Reputation:** A good image of the banking transaction system in society with a big brand name attract the customers and build in them the trust to get associated with different kinds of e-banking services. Hence, customers are going more behind reputation and name instead of actual service parameters.
- (iii) **High security:** Another necessary parameter which adds in changing e-banking patterns is high security. With banking even, the smallest risk can result into big damage, hence it is important to take care of the security parameter efficiently. With growing advancements in technology, the risk of hackers is also being

increased which demands for better security services. People are thus switching to better security e-banking services.

- (iv) **Customer Relations & Beliefs:** All these e-banking services are going to be used mostly by the common people. These are the customers of these particular banking services who will use and rate the services. With changing time, the beliefs and views of customers related to various services also change that forces the producer to change the pattern of e-banking services for gaining better customer attention.

Objective of the Study

Finding out what factors influence the adoption process of virtual banking services by purchasers is the objective of the study. Examining the role of demonetization and restrictions related to pandemics in the adoption of DBS by agricultural MSMEs is another objective of the study

Research Methodology

An extensive number of research papers and publications have been examined in order to gain an understanding of the adoption strategy of digital banking services. The research on micro, small, and medium-sized enterprises (MSMEs), particularly rural MSMEs, is insufficient. Due to the fact that there are a greater number of micros, small, and medium-sized enterprises (MSMEs) in rural India, this insight is significant in terms of molding the penetration of virtual banking in rural India. At the same time, the current situation regarding lockdowns that are associated with Covid-19 offers an unusual measurement to the adoption procedure.

Discussions and Observations

In the early stages of technology upgrade, several countries, including India, encountered significant pushback from employees who were led by union officials and were afraid of losing their employment. But eventually, the opposition gave in. As new eras came and passed, banking services across the world quickly became supply-driven and demand-driven, just as they have previously. Bank products and services are currently the subject of a plethora of customer-centric research. Customers' banking needs are altering as a result of the proportional changes occurring in existence across the world. The need of the hour is for banks to develop goods and services based on customer demands, in order to achieve client acquisition and retention goals. From strong employee opposition to computerization to focused and extensive investments in

generation that created e-banking and made it renowned in many countries—we've seen it everything in the last decade. In terms of the number of clients and the level of operational control, technology has proven to be a strategic tool that has brought about remarkable growth and hyper-productivity.

Small and medium-sized enterprises (SMEs) in rural India would be able to see all the reasons for and against using virtual banking services in the new edition. Electronic banking allows for the instantaneous delivery of current and upcoming items to clients. With e-banking, customers can do a variety of tasks, including accessing their accounts, making transactions, transferring funds, getting information, and more. Gone are the days when customers had to schedule their days around limited bank hours and long lines. Nowadays, banking is as easy as clicking a button and is always accessible on devices like computers and phones. Over the past fifteen years, traditional banking has seen a dramatic shift, giving way to e-banking and the subsequent joy of customers all over the globe. Customers are moving from indifference to contentment and enjoying a host of perks as banks incorporate new eras into their operations on a continuous basis. Due to the fact that an increasing number of customers are moving towards the digital platform of bills, small and medium-sized businesses (SMEs) are required to transition to this platform in order to continue satisfying the expectations of their customers. As a result of the current circumstances and the news concerning the restrictions linked with the pandemic, virtual payments have shifted their reputation from being a technique of convenience to a method of need.

The global spread of the COVID virus accelerated this expansion in the financial sector. Due to the low frequency of communication, there was limited opportunity for individuals to engage in face-to-face interactions or physically exchange money during those periods. Even after the lockdowns lifted, they did not switch to real branches. Despite all the bad news, the pandemic has really opened up a lot of doors for the banking sector to release a lot of digital duties Credit card research shows that roughly 49% of Indian online shoppers are interested in doing more online purchasing in the future, which is consistent with the trend of customers being compelled to shop online because to the COVID-19 epidemic. Companies involved in the sale of food, medicine, utilities, recharges, and online courses have witnessed a meteoric rise in the use of digital payment methods. It was necessary for even banks to shut down their physical branches shortly after the epidemic broke out. For instance, in the United States, JP Morgan shuttered over

1,000 branches whereas Citigroup shuttered about 100. Internet banking and mobile banking through financial applications have shown an 8% increase in users compared to both pre- and under the COVID-19 rules the rise of digital transactions and the trend toward a cashless society have contributed to the expansion of e-banking.

The plethora of online banking channels could be the driving force behind this shift. Online, phone, and text message banking, automated teller machines, debit and credit cards, electronic funds transfers and clearing, electronic bills, electronic wallets, electronic purchases, and other ecommerce solutions are among the most popular. In addition to wealth management services, the financial services industry today includes retail and industrial banking. Customer experience (CX) has seen a dramatic shift in the industry. Increased efficiency, decreased operational costs, faster settlement, and higher transaction volumes are some easily observable advantages that contribute to customer satisfaction with an e-banking system. Improving customer experience (CX) is one of the top five financial services industry goals for the next year, according to a recent Harvard business review analytical analytics poll. In order to comply with government regulations, which are becoming more complex, and to facilitate the conveyance of memorable customer reports, digital versions are receiving heavy expenditures. Multi-point virtual interactions are a hallmark of e-banking services. By integrating these, the e-banking employer will have a complete picture of the client's financial situation. From a more conventional perspective, online banking companies may use data mining to create personalized evaluations that customers can use to guide their data-driven financial decisions. Bankers can now focus on customer interactions, which are crucial, thanks to automation.

The expansion of mobile commerce and mobile banking in India is being driven by a number of factors, including the country's relatively low mobile phone and internet service provider pricing, the rising popularity of unlimited data plans, and government initiatives. One major factor in the adoption of m-banking is the lack of agreement with it. When it comes to the uptake of m-commerce, psychological aspects have shown to be more important than technological ones. Financial institutions may optimize and digitalize their backend operations with the use of reports acquired through digital banking products, which are beneficial from both the buyer's and the bank's perspectives (DQI Bureau, 2020). According to Rajasekhara Maiya, VP and global head of enterprise consulting at Infosys Finacle, this epidemic has given banks two options on how to respond. To start, financial institutions that aren't already heavily investing in digital

banking services should do so immediately. As for the second chance, "complete-fledged provider vendors" can help natural virtual banks that were before simply providing virtual services. Along with other factors, that is one reason why a lot of companies are starting to utilize virtual bills for their operations. The rise in the usage of virtual banknotes during the epidemic may be seen as a forceful act, and in order to prevent their decrease after the pandemic, financial institutions must continue to enhance the security of e-Wallets. By promoting and increasing attention on the benefits, as well as by offering favorable environments, the government may play a significant role in strengthening digital payments. The government of India should increase the digital literacy of its citizens and provide the necessary virtual payment infrastructure in order to facilitate a smooth shift from cash-based payments to digital-based ones. The government is also pushing for digital payment systems and contactless payments.

The future of business success may depend on our ability to help firms learn, adapt, and experience much like any other living thing. In order to adapt to a rapidly changing period and business landscape, agility is crucial for organizations undergoing digital transformation. Having a strong virtual mindset supported by innovation is more important than ever before to meet and surpass corporate expectations. Live organization is building connected agencies that will innovate together in the future by providing them with intuitive decision-making robotically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across capabilities, all of which led to hyper-productivity.

Preferable pattern of E-Banking services

When it comes to electronic banking services, customers and users have certain preferences that dictate the preferred pattern that should be adapted and followed. The following is an example of how clients make advantage of electronic banking services:

The various e-banking services each come with their own unique set of advantages and disadvantages. There is a correlation between the advantages that are connected with certain services and the consumption behavior of clients for such services. Customers make use of various e-banking services in accordance with the benefits that are linked with them, and they select the sort of service that provides them with the greatest amount of benefit. Therefore, let us have a look at some of the many advantages that are linked with the various forms of online banking services:

BENEFIT E-BANKING SERVICES	TIME SAVING	INEXPENSIVE	EASY PROCESSING	EASY FUND TRANSFER	ALL
ATM	69	25	41	13	12
DEBIT CARD	25	13	12	6	5
CREDIT CARD	11	6	8	3	1
PHONE BANKING	6	4	3	1	1
MOBILE BANKING	11	4	8	4	1
INTERNET BANKING	13	3	9	3	2

Customer satisfaction with E-banking services

E-banking services come with a wide range of customer satisfaction levels, and clients have varying levels of happiness with each of these individual services. Now, let us see:

SATISFACTION LEVEL E-BANKING SERVICES	HIGHLY SATISFIED	SATISFIED	NEUTRAL	DISSATISFIED	HIGHLY DISSATISFIED
ATM	11	59	18	1	1
DEBIT CARD	2	21	6	0	0
CREDIT CARD	2	11	1	0	0
PHONE BANKING	1	3	2	0	0
MOBILE BANKING	2	9	3	0	0
INTERNET BANKING	4	10	1	0	0

Therefore, the degree of satisfaction of customers is determined based on the advantages, which in turn impacts the usage of various e-banking services and the changing pattern of their utilization. Another significant component that contributes to the shifting pattern of the many different types of online banking services is this.

Conclusion

A paradigm change is now taking place in the banking business, which is being driven by the increasing demand for online banking services. The delivery and consumption of financial services are undergoing a transformation as a result of the influence of global events such as the COVID-19 pandemic, as well as technological improvements, shifting consumer tastes, and regulatory actions. In their efforts to traverse the digital world, banks and other financial institutions are presented with possibilities as well as obstacles brought about by this shift. It is essential for financial institutions to place a high priority on digital innovation and to make

investments in solid digital infrastructure, as the broad use of online banking services has demonstrated. Through the utilization of new technologies such as artificial intelligence, blockchain, and biometrics, financial institutions have the ability to improve the functionality and security of their online banking systems. This allows them to provide clients with banking experiences that are both smooth and safe. In order to preserve customers' faith and confidence in online banking services, financial institutions must continue to be attentive in their efforts to address cybersecurity risks and protect consumer data. The implementation of robust cybersecurity measures, in conjunction with the implementation of appropriate risk management procedures, is absolutely necessary in order to mitigate the possibility of security breaches and to guarantee the integrity of digital banking systems. At the same time, financial institutions have a responsibility to acknowledge the significance of accessibility and inclusion in the process of digitalizing banking services. For the purpose of ensuring that electronic banking services are available to all sectors of society, including underprivileged groups and persons with limited access to technology, it is essential to make efforts to bridge the digital gap and promote digital literacy. A customer-centric approach to electronic banking should be used by financial institutions, with the primary focus being on the delivery of individualized and customized experiences that cater to the varied requirements and preferences of their clients. Using data analytics and consumer insights, financial institutions are able to recognize developing tendencies and predict changing client expectations. This gives them the ability to modify their online banking services in accordance with these trends and expectations. In order to maintain a competitive advantage in the face of fast technological advancement and shifting market dynamics, financial institutions need to maintain their flexibility and adaptability, regularly modifying their strategies and products and services. It is possible to stimulate innovation and accelerate the creation of innovative e-banking products that give greater value to clients through collaboration with fintech companies, strategic alliances, and open banking initiatives. The development of online banking services gives a revolutionary opportunity for financial institutions to reimagine the nature of their interactions with clients and the manner in which they provide financial services. Banks should position themselves for sustainable success in a financial sector that is becoming increasingly digitalized and competitive by embracing digitalization, emphasizing cybersecurity, encouraging inclusion, and adopting a strategy that is customer-centric.

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