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## **A study on the influence of E-banking service quality on millennials: Evidence from Indian banking sector**

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### **Abstract**

The motive of this research on the Influence of E-Banking Service Quality on Millennials is to know the perspective and the amount of satisfaction gained by the millennials in India by using E-banking services offered by the Indian Banks. For this first we need to understand the number of millennials who have accepted the use of electronic banking and consequently the frequency of usage of this facility. The study is made by the information acquired from the Indian millennials. Indian Banking System is growing rapidly with which there is always a chance to improvise. Understanding the perspective of the bank is also important. For that this study heads towards the types, importance and the introduction to E-banking in India. Since a last few years, E-banking has emerged to be a very important part of banking throughout the whole world, so realising the factors for success & need and challenges for the adoption is also very important. Now approaching towards the main part of the research, millennials in India has a very tricky range of age because they are the ones who have been a complete part of traditional as well as the new era of banking, which is electronic banking. So knowing their mentality and acceptance towards the latter type of banking is very important. This study opens the door of understanding for the improvements, positive and negative impacts created by the E-banking. It also adds the knowledge on the acceptance and practising of e-banking in India by subjugating the role played by trust in millennial Indians' intentions to use e-banking technology in a vast country like India. The study also flourishes the relation of millennials with trust, social influence and the following of the trends.

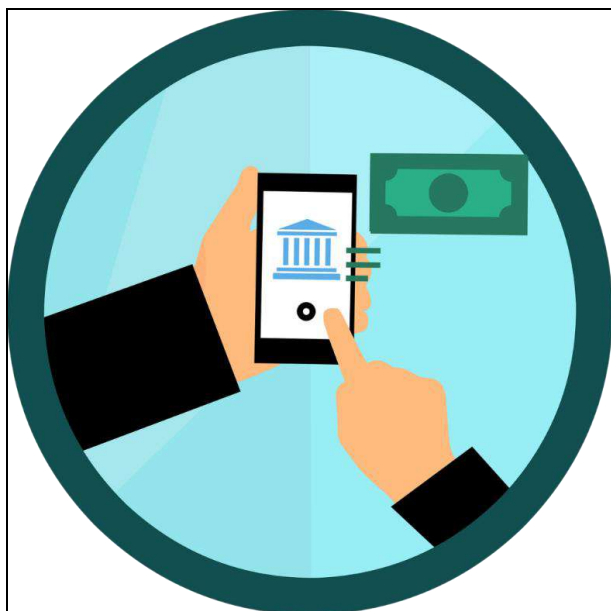
**Keywords:** E-banking, millennials, service quality, ATM, electronic funds transfer, customer

### **Introduction**

There are many names associated with electronic banking, including e-banking, virtual banking, online banking, and internet banking. To make it simple, it is the administration of different banking products and services via electronic and telecommunications infrastructures. A consumer can access the e-banking and use it for various purposes like making transactions and checking his/her banking activity through a mobile phone or a laptop with the help of internet.

### **Types of e banking**

E - Banking provides us with three levels of services. These are:



**Fig 1: Mobile banking**

**Level 1:** At this level, customers can gain knowledge about the goods and services that the banks provide. Some banks may also solve queries through mails.

**Level 2:** At this level, clients can submit request or application for different services provided by the bank, they can check the balance of their bank account etc. Fund based transactions on their account is restricted at this level.

**Level 3:** At this level, clients are given access to their accounts to make transactions and move money.

A lot of new banks now offer banking services primarily online or through the electronic delivery methods. However, few banks only operate online and they don't have any physical branches.

### Importance of e-banking

We will look at the importance of electronic banking for banks, individual customers, and businesses separately.

### Banks

**Low transaction costs:** Electronic transaction is the least expensive form of transactions.

Low chances for human errors as the information is transferred electronically.

Reduces paper work and simplify the procedure.

Lessening the need for branches reduces the fixed cost.

**More devoted customers:** As e-banking services are user friendly, there is an increase in devoted customers.

### Customers

**Convenience:** A customer may log in and conduct business from any location 24x7x365.

**Reduced cost per transaction:** The customer do not have to travel to the branch for every transaction.

**No geographic restrictions:** By e-banking distance

obstacles are lessened.

### Businesses

**More productivity:** By using e-banking, the productivity has increased. It has number of other features which helps in the increase of corporate productivity. It also enables the automation of monthly payments.

**Account reviews:** The internet banking interface helps the business people to easily access the accounts which makes it easy for them to examine account activities and can make sure of the account's efficient operation.

**Reduce costs:** Costs in banking are determined by the resources used. Online banking makes these costs less.

**Fewer mistakes:** Errors that happens is due to inaccurate information etc. E-banking reduces these errors that is likely to happen.

**Lessened fraud:** Electronic banking allows every employee in its organization with the authority to change banking actions a digital result. As a result, the company can understand its transactions better, making it more difficult for fraudsters to intervene.

### E-banking in India

In 1997, ICICI bank launched internet banking services. Since then majority of the new banks now provides the same. Now all major banks provide these services.

### Popular services under e-banking in India

Prominent e-banking services in India include ATMs, telephone banking, electronic clearing cards, smart cards, and the EFT (Electronic Funds Transfer) system.

### Factors Causing E-banking Success

Compared to western nation India is having very few electronic banking procedures. To improve e-banking, banks have tried to build an information infrastructure.

In internet banking, Channel conversion is an important aspect since it enables customers to access it and saves them time.

E-banking provides customers services like interactive customer care mode to solve problems and banks investing in new online products.

As internet banking is more affordable than branch banking, customers is encouraged to do the transaction online.

Having prior knowledge of internet banking helps the users to do financial transactions quickly.

In today's world, banks can give more confidence to the customers by providing security and privacy, enabling client satisfaction by maintaining customer information safely and secretly.

### Challenges in Adopting Electronic Banking

It gives surprise to banks that now electronic banking is rapidly being adopted by people. Although it gives the customer comfort and simplifies the banking work through the support given to the customers, there are still many problems and challenges which are faced by the customers

for completely relying on the electronic banking. Given below are few difficulties:

1. Customers are facing security risks which resist them from using this type of banking and go for traditional type, with cyber crimes with regards to e-banking being very common.
2. Due to technological sophistication, customers face the risk of exposing confidential information.
3. There is still lack of understanding for the customers on how to use e-banking and banks also are reluctant on spreading awareness on the method to be used for e-banking.
4. The infrastructure built by the banking sector is also not upto the mark that can allow the establishment of EDN (electronic delivery networks).
5. The introduction of E-banking makes it difficult for the bank's management, supervisor, and governing bodies because they have to simultaneously run traditional and modern type of banking altogether.
6. Because there is a chance that consumers' financial information will be shared with third parties, customers are concerned about their privacy.
7. Internet-based communication may not be the best option for bank and customer relations because trust usually builds when communication in-person.

### **Adoption of E-banking by Millennials**

Millennial generation is the most economic and demographic source to any country. Consumers have more purchasing power and due to modern technology, the banking sector has changed a lot and has made the life of consumers a lot easier.

Due to the advancement of modern technology, most of the departments in the financial sector has been digitalized and this rapid growth in technology will one day digitalize the whole financial sector. As e-banking is user friendly and available in the finger tips, the millennial customers are targeted for the nation's economic growth.

In this post, we'll talk about several measures' banks have taken to attract more millennial customers and make it simple for them to use banking services.

According to numerous surveys, the majority of millennials and Gen Z use mobile banking apps to perform normal banking operations, and more than half of millennials are open to switching to or currently have a digital-only bank.

Millennials today appear to favour digital banking over traditional banking, and they desire hassle-free transactions and zero balance bank accounts from the convenience of their homes.

In India, 61% of millennials are open to switching banks for a digital-only service.

Young consumers are increasingly placing a premium on quick and convenient digital interactions when deciding where to bank. According to a survey by online market research and data analytics firm YouGov, people are so prepared to transfer from traditional banks to new age neo-banks for a digital-only banking experience.

According to poll results, about one-third of respondents had switched banks in the last five years, with roughly 30% of those people doing so in search of a more convenient banking environment. 27% desired better financial goods and advantages, while 26% wanted to move banks for better interest rates.

"Although convenience was the primary factor for all respondents to the study to switch banks, over a quarter (23%) did so to transfer to a bank that offers digital services or is a digital-only bank, underscoring nation's growing preference for online banking," said the research.

As more than half of the 1,017 respondents stated they were likely to transfer from a traditional to a digital bank in the near future, the change is anticipated to accelerate going forward.

"Banking has traditionally been seen as a more conventional sector with high switching costs, but with the introduction of digital banking services, we are now witnessing a decline in switching costs," said YouGov general manager Deepa Bhatia.

### **5 Initiatives by Banks focused towards Millennials Tech-Savvy and On-the-Go:**

Banks offer mobile banking apps, making all account-related tasks and data readily accessible from the phone itself.

- You can now open a bank account by calling or clicking. Nowadays, opening a bank account from the comfort of one's own home is made simpler by banks.
- Banks offer hassle-free account service seven days a week, just give them a call.
- The UPI system has transformed how transactions are made and payments are received.

### **Ease of Loans**

- Loan applications are now simpler thanks to automation, which also eliminates the cumbersome documentation process.
- For millennials, taking out personal loans, marriage loans, education loans, holiday loans, etc., is increasingly preferable to using their parents' long-term savings.
- To reduce the strain of a one-time payment and take advantage of millennials' growing purchasing power, banks are now providing small loans on a variety of products through e-commerce platforms.
- MSMEs are eligible for low-interest loans under the Mudra Program of the Indian government. This programme has assisted millennials from lower socioeconomic backgrounds in achieving their goals.
- Owing to the growth in millennials who wish to study abroad, banks have simplified the application procedure for student loans by offering 10-year payback plans.
- For smaller loans up to a specific amount, many banks don't require collateral or a third party guarantee.

### **End to End Customer Support and Relationship Building**

- As a result of ongoing technological advancements, banks are now offering millennials simple customer service through chatbots and voice assistants.
- Every major player guarantees 24-hour customer service for all inquiries, which contributes to the development of consumer confidence and offers assistance when they need it most.
- Accounting and finance-related activities receive more individualised service support, and qualified professionals are on hand to assist consumers.

### Reward and Customer Loyalty

- When using debit or credit cards to make purchases, Millennials are given rewards and loyalty points that may later be used for discounts and other benefits.
- By using their credit cards to make purchases in popular categories, millennials can take advantage of special offers and discounts from banks.
- Banks are enticing millennial travellers by offering certain cardholders exclusive advantages like lounge access at major airports around the world or at Indian train stations.

### Easy Savings and Investments

- Banks are now making it simpler for millennials to save money by offering knowledgeable advice regarding a variety of investment programmes and savings options from experienced specialists.
- Banks offer a variety of savings accounts, including standard savings accounts, salary accounts, zero balance savings accounts, accounts for senior citizens, children, and minors, as well as accounts specifically designed for women.

### How can Banks keep Millennial Consumers Engaged?

- **Services beyond Banking Hours**  
Millennials prefer to get their needs met immediately. They want a long-lasting relationship with their banker who is available on their terms, not simply the expertise they can get during business hours.
- **Need for Advice**  
The millennial generation is constantly seeking for short-term investments and is ravenous for advice. The banks would also benefit from millennials' thirst for financial education.
- **Maintain Authenticity**  
The millennial generation appreciates sincerity in the things they can relate to. Banks must make sure that they are offering millennials products and services that they can identify with when providing services to them.
- **Marketing via Social Media**  
For banks, social media may be a key platform for their marketing strategy. They can support numerous social media activities in an effort to engage millennials. The banks would benefit from this by supporting the current generation's community and maintaining their trust and loyalty.
- **Target the Needs, Not the Product**  
Millennials anticipate products that will meet their demands. Banks must be aware of and exclusively focus on the needs of millennial customers. The bank's main goal shouldn't be to sell products; instead, it should be to comprehend the needs of this age. Banks ought to be able to recognise their pain points and assist clients in navigating their path.
- **Offering a Pathway**  
Millennial clients would be very interested in banks if

they could provide information about their spending patterns and how much money should be put aside each month.

### Literature Review

Tan and Leby Lau (2016) <sup>[5]</sup> researched the usage intention of the mobile banking part of banking by millennials. The study revealed that 'performance expectancy, effort expectancy and social influence' positively impacted behavioural motive to adopt mobile banking. On the other hand, perceived risk negatively changed the behavioural intention of millennials to continue mobile banking.

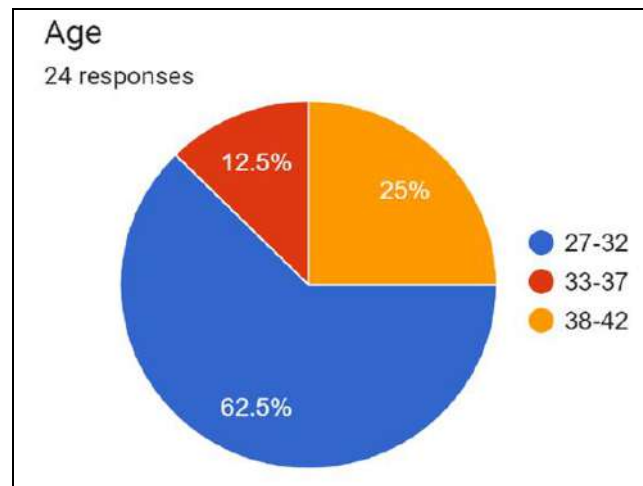
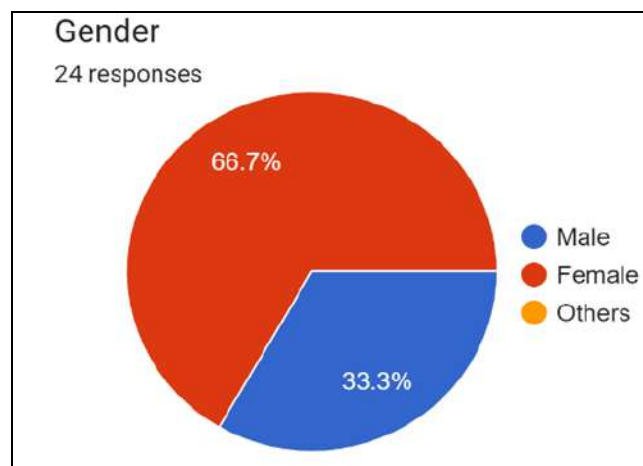
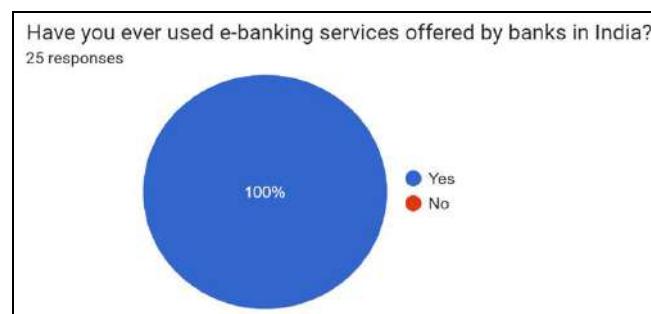
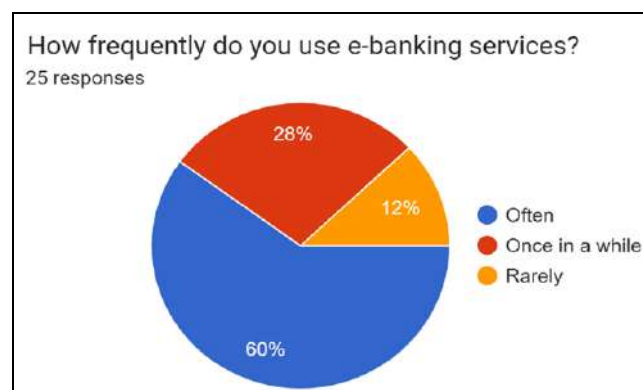
Thusi and Maduku (2020) <sup>[6]</sup> inferred that usage conditions and perceived risk shows the factors that positively impact mobile banking usage in millennials. The study did identify a strange relationship between behavioural intention and behaviour while using, and institutional-based trust has a more significant impact on adoption.

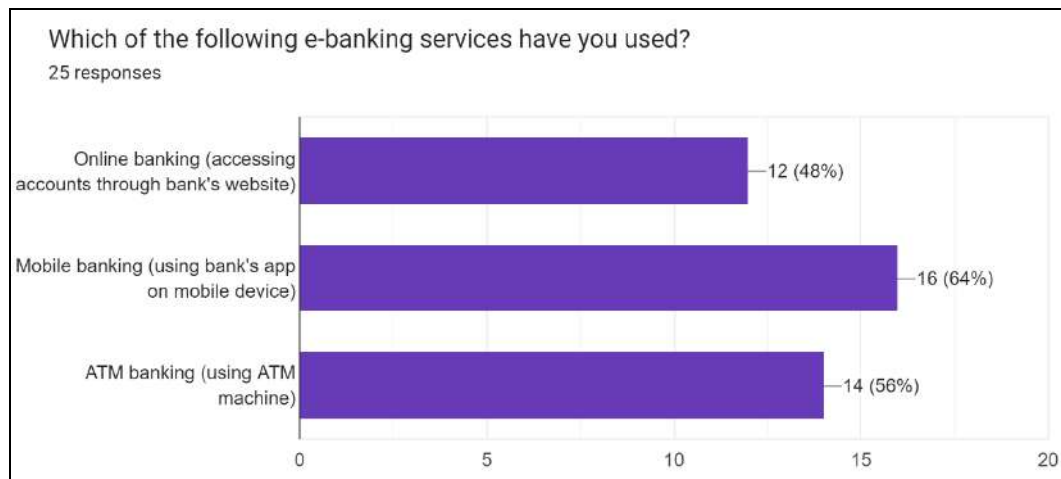
Bailey *et al.* (2019) <sup>[7]</sup> researched about the factors influencing millennials, especially in India to use the new innovated tap-and-go payment technology. The huge risk of tap-and-go payment negatively impacted the use and the intent to adopt this tap-and-go payment technology.

Boonsiritomachai and Pitchayadejanant (2017) <sup>[8]</sup> told that influence of a person to gain pleasure is the most critical factor motivating the consumers to accept mobile banking. On the other hand, mobile banking system security is negatively influenced with the person's pleasure. Previous studies show that there is a lack of study on adoption intent of e-banking in millennials in India. The literature review involves in studies on adoption intentions of e-banking in millennials in India. To the best of researchers' knowledge, no research examined the behavioural intention of adopting e-banking explicitly among millennial consumers in India. Besides, no study has been undertaken by extending unified theory of acceptance and use of technology with perceived risk and trust in the context of millennials in India. This gap in literature necessitated the current study. Since trust and perceived risk are not well explored in the literature in the context of behavioural intention to adopt e-banking in Indian millennials. Therefore, the present study attempts to fill this gap by integrating trust and perceived risk construct into the unified theory of acceptance and use of technology model. Thus, the addition of trust and perceived risk may improve the unified theory of acceptance and use of technology model's predictive power towards understanding the factors leading to the adoption of e-banking among millennials in India.

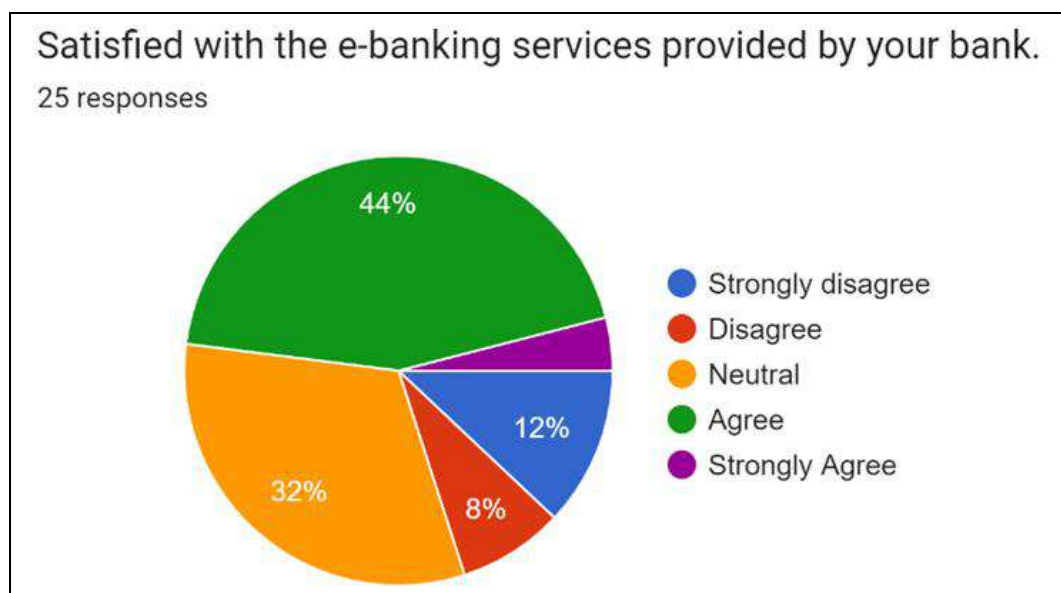
### Research Methodology

This research is based on descriptive research where data was collected from both primary and secondary sources. Primary data was collected through self-administered questionnaire where data was collected from 20-25 consumers in Bangalore and secondary data was collected from various research papers, newsletters, websites and journals. This paper has the focus on millennial consumers of Bangalore to understand their acceptance, feedback, frequency and satisfaction of their experience on usage of e-banking in their daily life.

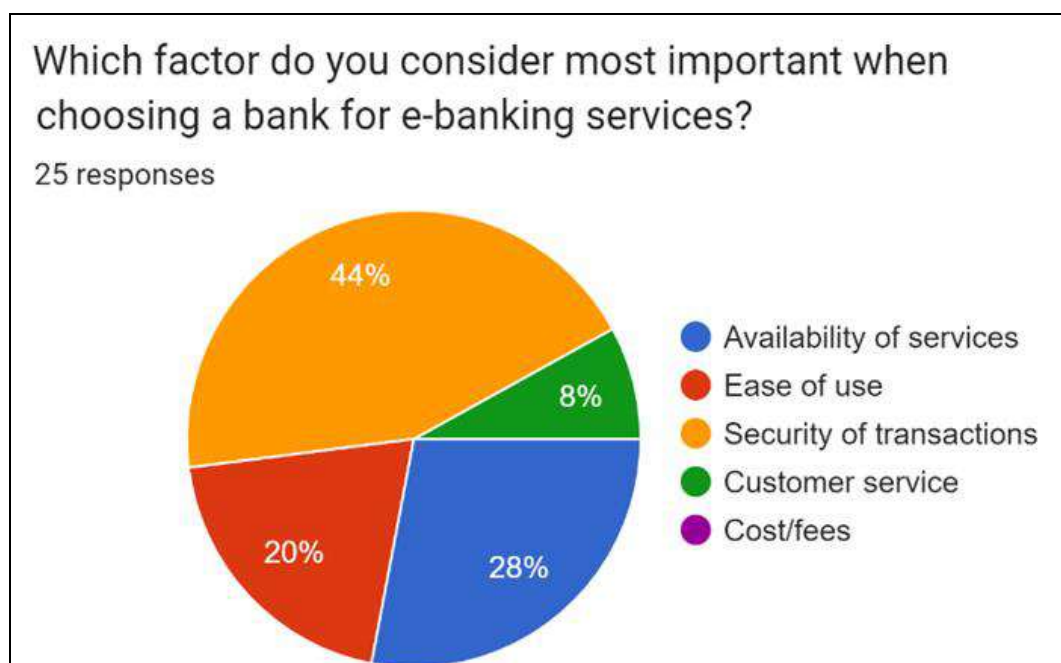
**Fig 2:** Shows the age**Fig 3:** Shows the gender**Fig 4:** E-banking users in India**Fig 5:** Frequency of E-banking usage in India



**Fig 6:** Different E-banking services.



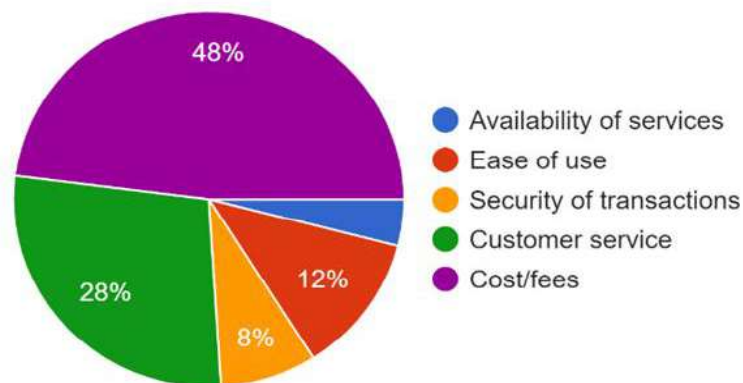
**Fig 7:** Satisfied users of E-banking



**Fig 8:** Factor most important for choosing a bank for E-banking.

Which factor do you consider as least important while choosing a bank for e-banking services?

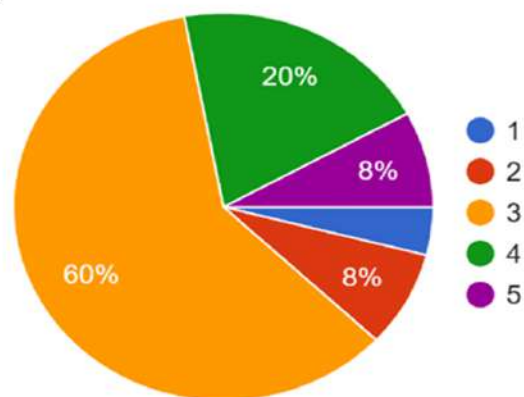
25 responses



**Fig 9:** Factor least important for choosing a bank for E-banking

Overall, how would you rate the influence of e-banking service quality on your banking decisions?  
(Scale of 1-5, with 1 being not so important and 5 being extremely important)

25 responses

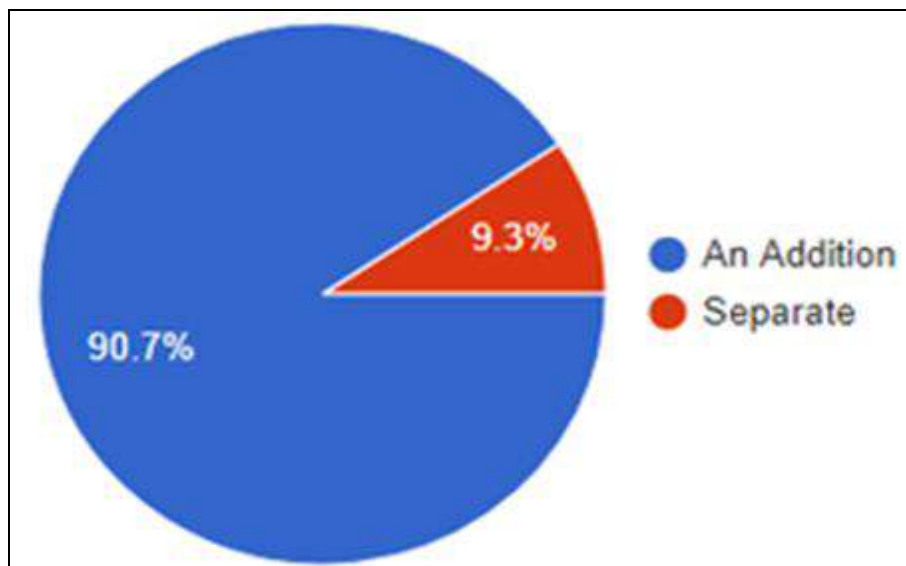


**Fig 10:** Ratings

### Secondary Data

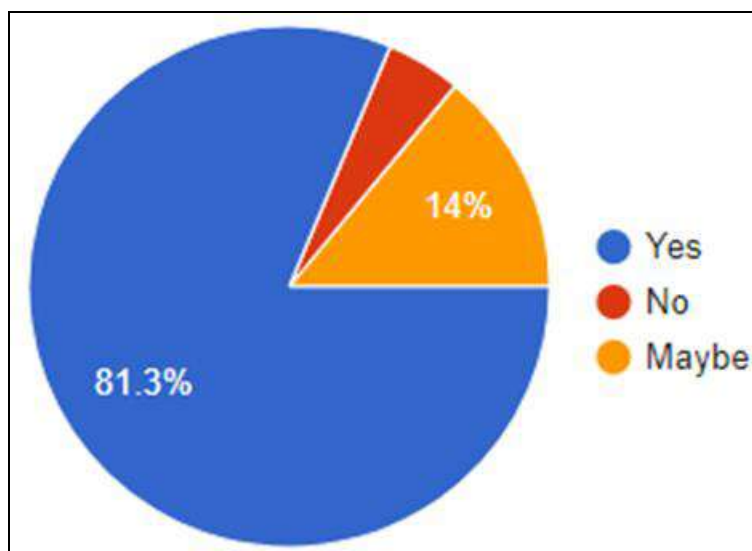
Source: THINK INDIA JOURNAL

1. Is your Mobile banking service an addition to existing bank account or separate service?



**Fig 11:** Mobile banking service chart

## 2. Does ease in fund transfer influence you to go for mobile banking?

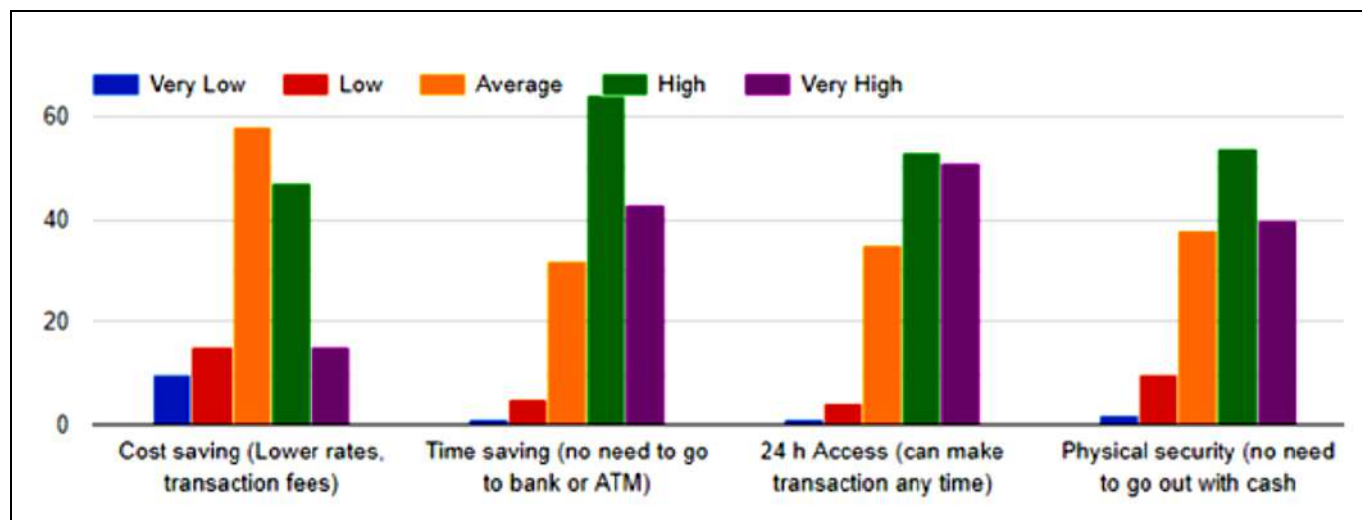


**Fig 12:** Ease of fund transfer chart

Yes, it does as the factors which influence mobile banking is also the same which gives out ease in carrying out transaction that is (Fund transfer) below is percentage form

description. Out of 150 respondents 122 feels it yes it does gives us ease in carrying out transaction that is around 81.30%.

## 3. How would you rate the following benefits of Mobile Banking?



**Fig 13:** Benefits of mobile banking graph

The major benefit of the above graph is that the customer saves their valuable time and they need not go to bank or ATM for doing their financial transactions, 24hours they can have access to their transaction and there is high physical security as they need not carry huge amount of cash with the and process digitalise.

### Conclusion

Millennials are the segment of banks' client bases that are expanding the quickest in India, and they are forcing banks to alter the way they conduct business. Banking industry has improved a lot due to modern technology.

Millennials never has issues in giving their money to a source which is trustworthy and gives guarantee of the

security. But then a simple fault in the banking procedure can result a withdrawal of interest by them.

Banks should note that the current generation finds automation in every part of their day but for some coming years banks must not forget that they also require a human interaction for their trust. So building a balance is what is important currently and a lot of changes has to be brought.

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