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Digitalisation of Banking in Rural Areas: A Study of Venganoor Panchayath

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I. INTRODUCTION

Banking is the business of protecting money for others. Banks lend this money, generating interest that creates profits for the bank and its customers. A bank is a financial institution licensed to accept deposits and make loans. But they may also perform other financial services. The term “bank” can refer to many different types of financial institutions — including bank and trust companies, savings and loan associations, credit unions or any other type of institution that accepts deposits.

Banking is essentially a service industry. Its rapid growth has tended to lower the efficiency standards. The customer service is the first casualty. Satisfying the customers is the purpose of every business. Banking business is no exception. Technology has become a part of all walks of life and across all business sectors, and even more so in banking. There has been massive use of technology across many areas of banking business in India, both from the asset and the liability side of bank's balance sheet. Delivery channels have immensely increased the choices offered to the customer to conduct transactions with ease and convenience. Various wholesale and retail payment and settlement systems have enabled faster means of moving the money to settle funds among banks and customers, facilitating improved turnover of commercial and financial transactions. Banks have been taking up new projects like data warehousing, customer relationship management and financial inclusion initiatives to further innovate and strategies for the further and to widen the reach of banking.

E-banking is an arrangement between a bank or a financial institution and its customers that enables encrypted transactions over the internet. Short for electronic banking, E-banking has various types that cater to customers' different requirements, which can be resolved online. E-banking is also helpful for non-financial transactions such as changing your ATM PIN, getting a mini statement, updating your personal details, balance inquiry or printing an account statement. Essentially, it refers to any transaction that doesn't involve any movement of funds to or from your account.

E-banking is emerging as an affective delivery channel for banks. Mobile banking is emerging as even more efficient and convenient channel, which is all set to explode as the numbers of mobile users are increasing exponentially across the globe. Banking is no longer restricted to the brick-and-mortar confines to the bank branches. Customers are being provided with additional delivery channels. Internet banking, mobile banking, ATMs etc. in line with their expectation and requirements. Each of these channels has its own specific advantage in terms of convenience, improved customer services and reduced transaction cost. Out of various delivery channels, e-banking has taken the lead and has become the most popular and convenient mode of banking among the elite, educated and networked customer. It enables the customers to perform basic banking transaction through their PCs, laptops, internet etc irrespective of their bank's location anywhere in the globe.

Another reason for increased usage and exponential potential of e-banking becoming more popular among customers is their increasing familiarity with the technology, which is gradually spreading to masses especially at urban and metropolitan cities. Internet banking will continue to grow as the customers are becoming more familiar and more comfortable with internet transaction in view of its advantage.

II. OBJECTIVES

1. To study the banking services provided by the banks after digitalization.
2. To examine the influence of digital services provided by banks among consumers in Venganoor Panchayat.
3. To review the satisfaction level of consumers using e-banking services in Venganoor Panchayat.
4. To examine various reasons that prohibit customers from using digital services.



III. METHODOLOGY

The study has utilized both primary and secondary sources of information for deriving inferences. The secondary data consists of articles from research journals, websites and RBI reports. The primary data was collected randomly from 50 rural citizens of Venganoor. The first-hand information was elicited from the respondents on the basis of a structured questionnaire. The respondents were selected on simple random basis. The collected data was classified and analysed with the help of simple statistical tools like percentages.

IV. REVIEW OF LITERATURE

Kusuma K M (2020) has conducted a study entitled “Digitalization of Banks: An Evidence from India” observed that financial institutions are seeking to increase their knowledge in relation to technological innovation, both through partnerships with tech companies and by investing in or acquiring such companies. Despite this, there are wide differences in the preparedness of market participants for these changes in practice. While such innovation facilitates the entrance of new users to the financial system, it may also move the provision of some payment services to nonbanking companies that are not regulated as financial entities.

V. FINDINGS

The changing global scenario is inducting banking sector to adopt latest technology E-Banking plays an inevitable role in the development of our state. The usage of E- Banking services are common now-a-days. Especially while the economy was going through covid-pandemic. Thus, the field brought drastic changes in providing and receiving banking services. This is built in the form that everyone can easily handle. At the same time e-banking also owns many disagreements also. In the light of the study following findings can be drawn on the basis of analysis:

- 36% of the respondents are of the age group 38 – 47 years.
- 52% of the respondents are female.
- 36% of the respondents are graduated.
- 30% of the respondents are Govt. Employee.
- 86% of the respondents receives annual income below 5 lakhs.
- 70% of the respondents use e-banking.
- 30% of the respondents don't use e-banking.
- 46% of the users known about e-banking through bank itself.
- 34.29% of the users using e-banking services from 1 – 2 years.

- 77.14% of the users use all e-banking services.
- 42.85% of the users face connectivity problem during transactions.
- 62.85% of the users have average knowledge in computer usage.
- 60.29% of the users are encouraged to e-banking because they feel it is simple and clear.
- 71.43% of the users prefer SMS Text Password for verification and authentication.
- 60% of the users feels that e-banking is cost effective.
- 54.29% of the users are satisfied with the level of data and information security provided by banks and e-banking system.
- 57.14% of the users are comfortable using new technologies.
- 85% of the users are enjoying e-banking.
- 33.33% of the non-using respondents don't use e-banking because of transactional risk
- Lack of awareness about e-banking facilities is a problem faced by rural citizens. Banks are not able to propagate proper information about the use, benefits and facility of Internet banking. Less awareness of new technologies and their benefits is among one of the most ranked barriers in the development of e-banking.
- Conventional banking is preferred by the customers because of lack of trust on the online security.
- They have a perception that online transaction is risky due to which frauds can take place.
- The knowledge and availability of internet are the biggest challenges that prevails in rural context.

VI. SUGGESTIONS

In the light of the above study following suggestions can be made for availing more reliable E-Banking services to the rural people:

1. The main reason of the non-use of e-banking service by rural people is due to the lack of knowledge on using it. So, banks should provide more facilities like training programmes, awareness camps etc., to all types of customers.
2. Banks should increase the reach of the online banking services to more rural areas.
3. E-Banking providers should simplify their website and language they provided in the site to make the people use e-banking services.
4. Internet Connectivity during transaction is a major problem faced by e-banking users, this should be improved.



5. Another problem they face is the delay in OTP which make the transaction in mid-way, so they should lay out fast OTP.
6. The most major problem faced by e-banking users is the theft of data and money. E- Banking service providers must solve the data security and theft problem. This encourages people to use e-banking services more.

VII. CONCLUSION

The concern of this study is the online banking services and the satisfaction of the customers. The result showed that there is a strong satisfaction among majority of the customers who access banking transactions in the rural areas. The study has also shown that overall customers satisfaction regarding online banking services were found high due to cost effectiveness and user friendliness. However, it was found that all the consumers are not completely satisfied with the accessibility, system design and problem solving. Related to this importance of online service, information of online banking services, understanding of difficulties is regarded as the most important factor of online banking services.

Internet banking customers tend to be more concerned with the security of their banking transactions and the privacy of their personal information. An online banking services has become important phenomenon in the banking and this improves development of an economy. The financial sector thus gradually experiencing and transforming cash-based system to a cashless system which is more reliable and convenient, where the online banking services are proved to be more important and easily handled by rural people

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