

BARRIERS FACED BY RURAL CONSUMERS IN DIGITAL TECHNOLOGIES IN BANKING SECTOR – A STUDY IN TIRUPUR CITY

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ABSTRACT

Currently, technology is a major aspect of banking. The transition from conventional banking to digital banking has impacted the way customers bank, making it faster, easier, and more convenient. Technologies such as internet banking, mobile banking, digital wallets, ATMs, UPI, and AI chatbots have made banking easier to access. This study surveys to understand the barriers and challenges faced by consumers in accessing and effectively using digital technologies. Banks need to focus more on educating customers, improving security, and offering simple and reliable support to help rural consumers feel comfortable using digital banking services.

Keywords: AI chatbots, digital wallets, rural consumers.

INTRODUCTION AND DESIGN OF THE STUDY

Digital banking in India is growing fast, helped by the Digital India program, more smartphone users, and cheaper internet. Many people, especially young people and those living in cities, have found it easy to adopt digital banking. However, some people are more reluctant to adopt digital banking because they have less knowledge about digital technology, they are concerned about security on the internet, and they like to bank face to face. It is important for banks to understand these differences so that they can develop strategies to encourage more people to adopt digital banking. Therefore, this research aims to examine the level of awareness, attitudes, and usage of digital banking, and identify the key factors that affect people's adoption and use of digital banking.

OBJECTIVES OF THE STUDY

- To analyse the demographic profile of consumer adoption to digital technologies.
- To assess the barriers and challenges faced by rural consumers in accessing and effectively using digital technologies.
- To assess how the monthly income influences the frequently used online platforms.

SCOPE OF THE STUDY

The objective of the study is to analyse the adoption and usage of digital banking technology by consumers. The study will identify the level of awareness, views, and adoption of digital banking services by each category of customers. The study will analyse services such as Internet banking, mobile banking, digital wallets, ATMs, and UPI transactions. The study will concentrate on consumer behaviour for banking services in the Tirupur region. The study will cover both private and public sector banks to analyse the adoption level of each bank and its customers.

STATEMENT OF THE PROBLEM

The world of banking is quickly adopting digital technology because it alters the way banking is done. Technology alters the way money works, and banks are adopting digital technology. Internet banking, mobile banking, UPI, and digital wallets make banking faster and easier. However, not everyone has adopted these facilities yet. City people and those who are familiar with technology have already adopted digital banking, but others—especially those in rural areas or senior citizens—are not ready yet. If banks are aware of these facts, they can develop better ways to access banking, increase trust among customers, and encourage more people to use banking in a safe way. This research examines how aware people are of digital banking, what they think about digital banking, and how quickly they adopt digital banking.

RESEARCH METHODOLOGY

Data Collection

Primary Data: Collected through structured surveys with consumers in Tirupur City.

Secondary data: For secondary data, the related journals, articles, websites, and past thesis were referred for this project.

SAMPLE SIZE AND SAMPLING TECHNIQUE:

A Simple Random Sampling technique is used to select a representative sample from consumers in TIRUPUR. 127 samples were collected from the respondents.

TOOLS USED FOR ANALYSIS:

- Frequency analysis
- Chi-Square
- ANOVA

LIMITATIONS OF THE STUDY

- The area of the study is restricted within the Tirupur city.
- Only 127 respondents have been taken for the study, additionally, the study relies on self-reported data, which may be subject to bias.

REVIEW OF LITERATURE

Kaur and Batra (2023)⁴ carried out a study titled “Technology Adoption of Digital Banking among Consumers”, which analysed consumer behaviour towards digital banking platforms in India. The objective of the study was to examine how factors such as perceived usefulness, perceived ease of use, trust and social influence affect the adoption of digital banking services. The study found that consumers are more willing to adopt digital banking when they believe that the technology improves banking efficiency and is easy to operate. It also revealed that trust plays a significant role in encouraging customers to use digital platforms regularly. The conclusion emphasized that banks must simplify digital applications and strengthen data protection measures to improve customer confidence. The study is relevant to Tirupur city, where consumers are gradually shifting towards digital banking but still require assurance regarding safety and reliability.

OVERVIEW OF DIGITAL TECHNOLOGY IN BANKING SECTOR:

In the current rapidly changing world of money, technology is the need of the hour in banking. Online and mobile banking have revolutionized the way people interact with banks. The future is headed towards a shift from visiting banks to convenient and efficient technology-based solutions. Digital innovations in banking include online banking, mobile banking, digital wallets, Unified Payments Interface (UPI), and contactless payments. Digital innovation in banking is more than just technology.

DATA ANALYSIS AND INTREPRETATIONS:

FREQUENCY ANALYSIS

Table No :1describes the personal factors of the respondents

DEMOGRAPHIC	Classification	Frequency	Percentage
GENDER	Male	74	58.3
	Female	53	41.7
	Total	127	100.0
AGE	Below 25	87	68.5
	26-35	31	24.4
	36-45	6	4.7
	Above 45	3	2.4
	Total	127	100

EDUCATIONAL QUALIFICATION	School level education	9	7.1
	Under graduate	85	66.9
	Post graduate	28	22.0
	Higher qualification	5	3.9
	Total	127	100.0
OCCUPATION	Public Sector	23	18.1
	Private Sector	18	14.2
	Self Employed	59	46.5
	Others	27	21.3
	Total	127	100.0
MONTHLY FAMILY INCOME	below 30,000	42	33.1
	30,001-40,000	24	18.9
	40,001-50,000	30	23.6
	above 50,000	31	24.4
	Total	127	100.0

Source: Primary data

RESULT:

The above table indicates that out of 127 respondents, 74 (58.3%) of the respondents were male, and 53 (41.7%) were female, showing that the sample is slightly male-dominated. With regard to age, the majority of respondents 87 (68.5%) were below 25 years, followed by 31 (24.4%) in the 26–35 years category. A small proportion of 6 (4.7%) were in the 36–45 years group and only 3 (2.4%) were above 45 years, indicating that the study is largely influenced by younger age groups. Considering the educational qualification, 85 (66.9%) of the respondents were undergraduates, 28 (22.0%) were postgraduates, while 9 (7.1%) had education up to school level, and only 5 (3.9%) had pursued a higher qualification. This reflects that most respondents are well educated, with undergraduate qualification forming the majority. With respect to occupation, the highest proportion of respondents 59 (46.5%) were self-employed, while 23 (18.1%) were from the public sector, 18 (14.2%) from the private sector, and 27 (21.3%) fell under others. This indicates that a large section of the respondents are engaged in entrepreneurial or independent activities. As far as monthly family income is concerned, 42 (33.1%) of the respondents reported earnings below ₹30,000, while 24 (18.9%) earned between ₹30,001–40,000, 30 (23.6%) between ₹40,001–50,000 and 31 (24.4%) earned above ₹50,000.

ONEWAY ANOVA

Table No – 2: Comparisons between the age and barriers faced in banking sector.

H₀: There is no significant relationship between age and barriers faced in banking sector.

H₁: There is a significant relationship between age and barriers faced in banking sector.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
I avoid using digital banking services regularly due to fear of fraud or losing money	Between Groups	11.069	3	3.690	2.972	.034**
	Within Groups	152.679	123	1.241		
	Total	163.748	126			
Difficult and unfamiliar banking terms make it challenging to use	Between Groups	1.756	3	.585	.547	.651
	Within Groups	131.677	123	1.071		
	Total	133.433	126			
Inadequate digital skills affect from using digital banking	Between Groups	2.110	3	.703	.628	.598
	Within Groups	137.748	123	1.120		
	Total	139.858	126			
Frequent changes or updates in digital apps confuse me and reduce my usage	Between Groups	12.366	3	4.122	3.190	.026**
	Within Groups	158.941	123	1.292		
	Total	171.307	126			
I find it challenging to remember the passwords or pins required for apps	Between Groups	9.481	3	3.160	2.800	.043**
	Within Groups	138.834	123	1.129		
	Total	148.315	126			

INTERPRETATION:

It depicts from the application of ANOVA that, there is a significance relationship between the age of the respondent and barriers faced in banking sector. The result of the one-way ANOVA is significant at 0.05 per cent level. Hence, alternative hypothesis is accepted.

CHI-SQUARE ANALYSIS

Hypothesis: The monthly income has no significant relationship with frequently used online platforms.

Table no.3 describes the monthly income and frequently used online platforms.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.648 ^a	9	.028**
Likelihood Ratio	18.758	9	.027
Linear-by-Linear Association	1.581	1	.209
N of Valid Cases	127		

a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is .38.

INTERPRETATION:

From the Chi-square test, it is observed that the calculated Chi-square value- is 18.648 and the p value is .028 at 5% level of significance. Hence, the Null hypothesis (H_0) is rejected and the Alternative hypothesis (H_1) is accepted. So, there is a significant relationship between monthly income and frequently used online platforms.

FINDINGS:

- Majority 58.3% (74) of the respondents are male.
- Majority 68.5% (87) of the respondents have an age group below 25 years.
- Majority 66.9% (85) of the respondents completed their under-graduate degree.
- Most 46.5% (59) of the respondents are self-employed.
- Most 24.4% (31) of the respondents earning a family monthly income above Rs.50,000.
- There is a significant relationship between the age of the respondent and barriers faced in banking sector.
- There is a significant relationship between monthly income and frequently used online platforms.

SUGGESTIONS:

Reduce Fear of Fraud and Security Risks:

Fear of fraud is a major barrier faced by rural consumers. Banks should regularly educate customers about secure transaction practices, fraud prevention methods, and easy reporting systems to build trust in digital banking.

Address Difficulty in Remembering Passwords and PINs:

Many consumers find it challenging to remember multiple passwords and PINs. Banks can introduce simpler authentication methods such as biometric login, pattern locks, or assisted password recovery options to reduce this barrier.

Improve Digital Literacy

To improve the computer literacy and confidence levels of rural consumers, elderly people, and new consumers, special training programs should be organised for them.

Enhance Security and Trust Banks need to further enhance their cybersecurity and provide safety guidelines to their consumers so as to avoid a fear of fraud and abuse of the data provided to them.

CONCLUSION

This study shows that while digital banking has made banking faster and more convenient, many rural consumers in Tirupur City still find it difficult to use these services confidently. Factors such as fear of fraud, difficulty in understanding apps, and problems remembering passwords discourage regular usage, especially among older age groups. The study also highlights that monthly income influences the choice of online platforms used by consumers. Although awareness of digital banking is gradually improving, trust and digital skills remain major challenges. Therefore, banks need to focus more on educating customers, improving security, and offering simple and reliable support to help rural consumers feel comfortable using digital banking services.

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