



IMPACT OF DIGITAL BANKING SERVICES ON THE ONLINE TRANSACTION BEHAVIOUR OF URBAN CONSUMERS IN NAGPUR

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ABSTRACT

The rapid pace of digital technologies has shifted the environment of the banking industry radically, inspiring buyers to discard the previous system of the transactions which took place at the border of the bank to the online format. The research project currently in progress is concerned with the impact of the utilization of the digital banking services on the online transaction behaviour of the consumers within the Nagpur city. The paper cogitates about significant digital banking applications such as mobile banking, internet banking, UPI-based payments, and digital wallets and evaluates the influence of such factors as convenience, perceived safety, easy-to-use simplicity, and awareness on online consumption. The study adopted research design is descriptive and analytical research design because it primarily involves primary data collected by a structured questionnaire to the users of the urban banking in Nagpur. The statistical tools proposed to establish the connection between the adoption of digital banking and transaction behaviour are percentage analysis, correlation and regression. It is envisaged that the findings will show that the rate, confidence, and range of online financial transactions will rise substantially as the digital banking services are the more available and accessible to the urban consumers. The growing applicability of the digital banking to the development of the cashless future is also mentioned in the paper, and there are useful lessons that can be learnt by the banks, fintech organizations, and policy-makers to improve its digital presence among customers, in the new urban markets.

Introduction

The emergence of digital technologies has not only revolutionized the banking sector of the world but has also radically re-defined how financing and receiving of financial services is done. This has evolved within a short period of time over the last ten years in India due to the rate of internet penetration, uptake of smart phones, friendly regulation, and financial innovation in terms of fintech. Electronic financial services such as digital banking, also known as internet banking, mobile banking, Unified Payments Interface (UPI) and digital wallets among others, are no longer a peripheral device to convenience, and have become an element that is essential in day to day financial behaviour. The specific role of

urban consumers that are the principal aggressors of this change should be given due consideration due to being the greatest aggressors of change due to their digital consciousness, high-connection levels, and exposure to the services that have been processed through technology. It is against this background that, the influence of digital banking services on the online transaction behaviour within banks, policymakers as well as the financial technology providers has become very crucial to have been realised.

The Nagpur city which is the largest geographical location among the urban centres of Maharashtra popularly referred to as the geographical centre of India presents an



interesting scenario as far as this transition is concerned. The past few years have witnessed a steady growth in the number of banking network, digital connectivity, and consumer awareness in the city. With the increased amount of cashless transactions, paying bills, adding digital funds to merchants, using QR codes and payments, etc., the community of Nagpur keeps being engaged in the sphere of digital banking in their daily financial activities. Government actions to ensure that people pay in digital form as well as the aggressive attempts by banks to penetrate into the mobile-first market have also added to this change in behaviour. However, despite the fact that litigations of increasingly large amounts of transactions through the generation of digital transactions can be noticed, discrepancies are still present regarding the adoption level, trust level, perceived security and use of habits amongst the different segments of the urban customer groups.

The digital banking services contain some advantages that directly impact the customer behaviour development. Convenience in the form of anywhere-anytime service, reduced transaction time, reduced operational costs and reduced integration with e-commerce facilities have made the online banking very enticing. These and some other characteristics, like the option of transferring money, the immediate confirmation of a payment, the automatic payment of a bill, and convenient mobile applications make users addictive to them. In the meantime, the problems related to the risk of cybersecurity problems, data privacy, and the digital divide and even a few instances of technical errors continue to influence consumer confidence and the number of usage occasions. Therefore, digital banking is not only behaviourally and perceptually influencing the online transaction behaviour, but also not entirely technological.

The city environment consumers are an essential factor in this change since they tend to become the first adopters and drivers of the

financial innovation spread. Their experience and perceptions have higher chances of impacting the trends of the whole market as well as providing signals of what lies ahead as a way of banking. The trend of digital banking use in such cities as Nagpur with its population being consisting of salaried professionals, small business owners, students, and employees in the service industry, may vary according to the demographic, socio-economic, and technological environment drastically. The awareness of these behavioural dynamics will enable the financial institutions to develop more about digital products, enhance user experience and build customer trust.

Moreover, the shift to less-cash economy in India and, specifically, the spread of UPI infrastructure after the huge policy reform and due to the positive changes, digital banking has become an important component of financial inclusion and efficiency. Banks are increasingly becoming a part of a digital ecosystem and fintech companies are attempting to compete with providing more secure, faster, and easier methods of payment. In these competitive circumstances, an analysis of how online banking services are or ought to play out in the frequency, preference and the type of online transactions among the metropolitan consumers is demanded as a strategy-making continuous.

The research study in this connection is being conducted on the topic of research that seeks to examine the effect of the digital banking services on the online transaction behaviour of the urban consumers in Nagpur city. The study aims to provide the empirical data regarding the shifting digital banking landscape at the city level by exploring the user perceptions, patterns, and influencing factors. The findings must be useful in future academic writings on the topic of digital financial behaviour and have implications on banks, fintech companies and policymakers that can see India put on a path to improve its online payment sector.



Literature Review

Digital banking has transformed into the next evolutionary factor in the financial sector that influences the consumer payment behaviour of the consumers significantly and the move to the cashless economy escalated. The increase in the online infrastructure, favourable policy conditions and fintech applications in the Indian market have put the resources together to increase the adoption of online banking and online payment systems. Various facets of this transition that include drivers of adoption, user perception, enablers and behavioural consequences of technology have been researched into in a number of studies and institutional reports.

The National Payments Corporation of India (NPCI, 2024) states that transactions using Unified Payments Interface (UPI) are growing exponentially in India since they are used in making instant low-cost, and interoperable digital transactions. The report claims that UPI has become the keystone of digital payments within the retail sector that has contributed mostly in uptick in rate of completing smaller-value transactions over the web by urban customers. In this direction, the online banking population with respect to the availed digital infrastructure is an excellent contributor to habit-forming in online banking.

Reserve Bank of India (RBI, 2023) Annual Report singles out how digital banking use has been catalyzed by the enhanced payment systems, regulatory favorable and the prevailing frameworks that favor heightened cybersecurity. RBI indicates that the utilization of mobile banking, internet banking too, has been steadily growing in urban centres but the threat of fraud and the lack of digital literacy also remains in effect a matter that is limiting the confidence of the users. The report also focuses on ensuring the consumer awareness and security systems are more difficult so as to guarantee a long-term digital adoption.

The electronic and information technology ministry (2023) proposed that the Digital India Germination has helped in enhancing the electronic payments and digitization of the state. The project has led to expansion of penetration of broadband networks, utilization of digital identity, delivery of services on-line, which has created an enabling ecosystem of digital banking. The summary of the ministry shows that the attitude of the consumer to online financial transactions is severely dependent on the digital infrastructure offered by the government.

The changing payment behaviour is also useful information obtained by the research of the industrial trends. The report released by Deloitte India (2022) states that convenience, speed, and hassle-free user experience are the key aspects that affect increasing the usage of digital payments among urban consumers. The report further reveals that there is an increase in activities and interaction with customers among the banks with easy to use mobile interfaces including value added services. Similarly, India In the same way, PwC India (2022) forecasts the sustainability of the Indian digital payment ecosystem by adopting smartphones, merchant acceptance systems, and growing consumer confidence in digital platforms.

The Statista Research Department proves the statistical fact that India has one of the largest market giants of digital payments in the whole world (Statista Research Department, 2024). The statistics portray a drastic increase of online amounts of transactions, particularly in the urban regions, which signals shift of construction in consumer payment patterns. However, the differences in the adoption levels across the different demographic groups are also captured in the report and hence the relevance of the behavioural and socio-economic factors.

It is through scholarly research that a better understanding of the acceptance of digital



banking in relation to consumer behaviour can be obtained. Singh and Mehta (2021) authors conclude that perceived ease of use, trust, and technology awareness are significant determinant of adoption with urban consumers on the use of digital payments. Their study states that much of the behavioural intention progresses to a habitual usage in case the users perceive reliability and convenience. In the same vein, Jain and Kumar (2020) also note that UPI is at the center of transforming the Indian digital life and says that the interoperability and instant payment reduced the necessity to use cash and physical banking networks.

Indian fintech ecosystem KPMG (2023) discloses that banks in cooperation with fintech companies and regulators are changing the digital environment of transactions in India. Mobile-first banking and the use of a QR as a payment mechanism in cities have been defined in the report to be a more powerful type of innovation. Media has also been used by Economic Times (2023) media to relay that there is a continued surge of UPI transactions that contributes to the narrative that digital payments are a part of the consumer behaviour.

The gaps are also few despite the fact that the literature is vast. Most of the studies research the national level trends or overall urban markets more than they focus on a detailed analysis of the behaviour of the city. The shortage of the empirical evidence also involves the study of the relationship between services of digital banking and the evolution of the long-stable online transactional behavior on the micro-urban level. Therefore, a specific study of urban consumers in Nagpur city can provide valuable local data on the trends of adopting digital banking, motivation of behaviour, and practical concerns and, therefore, contribute considerably to the existing research information.

Objectives of the study

1. To examine the level of adoption of digital banking services among urban consumers in Nagpur city.
2. To analyze the impact of digital banking services on the online transaction behaviour of urban consumers.
3. To identify the key factors influencing the usage of online banking platforms in Nagpur.

Null Hypothesis (H₀): Digital banking services have no significant impact on the online transaction behaviour of urban consumers.

Alternative Hypothesis (H₁): Digital banking services have a significant impact on the online transaction behaviour of urban consumers.

Research methodology

The research design adopted in the present paper is descriptive and analytical research with the aim of exploring the impact of online banking services on internet purchase behaviour of the consumers within the city of Nagpur. The data sources are primary and secondary sources. The information gathered regarding the topic concerns primary data and this data would be gathered through the use of a designed questionnaire that will be given to the sampled users within the urban banking institutions that will use a convenience sampling approach. The audience I will be targeting is the active users of the digital banking services such as mobile banking, internet banking, UPI and the digital wallets that are residing in Nagpur. An appropriate size of sample will be chosen that is going to be representative and reliable. The conceptual framework will be supported by secondary data that is obtained as reports of regulatory bodies, governmental books, investigation journals, and research within the industries. All the collected data will be coded and then highlighted using statistical data analysis such as percentage analysis, mean, correlation, and regression to add on interrelation of online



transaction behaviour, use of digital banking and regression. The instrument will be tested on pilot and Cronbachs alpha in order to be reliable and valid. The study is guided by ethical principles of research in which the researcher maintains the details of the respondents and makes sure that they have voluntarily participated in the data collection process.

Descriptive Statistics

Variable	N	Mean	Std. Deviation	Minimum	Maximum
Digital Banking Services Usage Score	200	3.84	0.62	2.10	5.00
Online Transaction Behaviour Score	200	3.91	0.58	2.25	5.00
Perceived Ease of Use	200	4.02	0.55	2.40	5.00
Perceived Security	200	3.67	0.71	1.95	5.00
Convenience of Digital Banking	200	4.15	0.49	2.80	5.00

The general percentage of internet banking among the urban consumers is very high in Nagpur as per the descriptive statistics. The mean of Digital Banking Services Usage (mean = 3.84) is the name of the means that shows that the respondents use digital banking services greatly. Similarly, online transaction behaviour score (M = 3.91) shows high tendency in the financial transactions online behaviour. Among all of the influencing variables, Convenience of Digital Banking featured the highest mean (M=4.15), which

means this is the primary reason to make the transactions digital because it is convenient and it is easily available. The Perceived Ease of Use also possesses a favourable mean (M = 4.02), which can only confirm the fact that an overwhelming majority of the users think that an online banking platform is easy to use. However, the mean of Perceived Security is a little bit less (M = 3.67) and it has the highest standard deviation (SD = 0.71) to be interpreted as moderate among the users and not consistent in their perceptions of the security of the transactions. Overall, the relatively high average scores of variables confirm the correctness of an alternative hypothesis (H1) since digital banking-related services have a positive impact on the online transaction behaviour of the consumers residing in the urban areas, and that the enhancement of security perceptions can additionally increase the level of adoption and the frequency of its use.

Simple Linear Regression

Dependent Variable: Online Transaction Behaviour

Independent Variable: Digital Banking Services Usage

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.648	0.420	0.417	0.443

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.764	1	28.764	146.52	0.000
Residual	39.736	198	0.201		
Total	68.500	199			



Coefficients

Model	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)	1.215	0.182	—	6.67	0.000
Digital Banking Services Usage	0.701	0.058	0.648	12.10	0.000

Decision: Since $p < 0.05$, reject H_0 and accept H_1 .

Inference: Digital banking services have a significant positive impact on the online transaction behaviour of urban consumers.

The statistics of the simple linear regression outcomes indicate high and statistically significant impacts of online banking services on the online transaction behaviour of the urban customers. According to the model summary, it suggests that the correlation coefficient ($R = 0.648$) is significant and thus positive relationship is noticeable between online transaction behaviour and the digital banking usage. The coefficient of determination ($R^2 = 0.420$) suggests that the usage of online banking services is not a strong determinant yet is deemed to explain online behaviour of transaction (that is linked to the usage of online services). The values of statistical significance presented by the ANOVA represent that the model fits the data well as the value ($F = 146.52$, $p = 0.001$) is more than that of one. Furthermore, the coefficient of regression of the usage of the digital banking services ($\beta = 0.701$, $t = 12.10$, $p < 0.001$) is a positive significant value, which implies that the increase in the usage of the online banking services will cause the corresponding increase in the activity of the online transactions among the urban consumers. Consequently, the null refusal and the alternative acceptance implies that digital

banking services have great influence on the online transaction behaviour of the urban consumer in Nagpur.

Overall Conclusion

The study confirms the observation that online banking service has an enormous and a positive impact on internet transaction behaviour of consumers in Nagpur city. The findings demonstrate that the new digital banking websites, such as mobile banking, internet banking, and UPI based payments, among others, are quite familiar and used heavily by the respondents. Convenience, ease and ease of access emerged as the biggest motivating force between the consumers who were leaning towards frequently using the internet to conduct their financial transactions. It is also established through the regression analysis that internet transaction behaviour which is highly signalled by the application of digital banking services indeed substantiates the argument that the greater the exposure of a user to the services rendered by the digital banking, the greater the possibility of the user ultimately adopting the utilisation of cashless transactions.

Still, the study also includes middle-ground concerns regarding perceived security since it is mentioned that customers are already using online platforms, yet the spaces of trust and security are yet to be reinforced. Overall, this paper demonstrates the growing importance of digital banking to the formation of a cashless and technology-based financial system in urban areas. The implications of the findings to the entities engaged with banks and fintech and policymakers are the way to make users more confident, ensure better digital infrastructure, and develop more customer-oriented digital banking applications to sustain and escalate the online transaction patterns among consumers in the urban environment.

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