

# A Paradigm Shift in Customer's Behaviour Towards Banking Services During Covid-19

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## Abstract:

Banking industry plays a vital role in the development of both developed and developing country across the world. Banking industry's contribution especially during the COVID-19 is tremendous which is unimaginable. Due to social distancing during the pandemic period, bank alone can connect the general public for their financial needs through its technology. The usage of technology in banking services has increased rapidly during the corona-virus pandemic period. Because of the vulnerable disease, customers stopped visiting the bank physically and in fact, banks were not allowing their customers in their premises. The relationship between bank and its customers must be a permanent and enduring one which needs to be maintained with good banking services during this pandemic situation. This research intended to study the shift of consumer behaviour towards banking services during the period of COVID-19.

**Keywords:** Banking, Customer Behaviour, Covid-19.

## Introduction:

The banking industry's financial position was much stronger before the COVID-19 and even during the financial crisis of 2008. Over the years bank has placed importance in simplifying the procedures by introducing and adapting new technology which has paved the way to Digital Banking. Though the digital banking was prevalent before COVID-19 but the adaption and usage of Digital banking services seem to be predominately increased more during the COVID-19 period. Due to strict adherence of standard operating procedure for maintaining social distancing during the pandemic situation, digital banking becomes more relevant and inevitable. The pandemic situation has witnessed an increase in the usage of digital banking services by the customers.

## Review of Literature:

**Eleanor Bensley**, (April 2020) Delivering on customer experience will be an integral part of how banks reassert their positive role in society during the coronavirus crisis. By addressing new customer needs and concerns while improving their own efficiency and effectiveness, banks will be a stabilizing force in a very uncertain environment.

**Dr. Kerstin Braun**, (April 2020) "We can expect that consumer spending will be muted for some time and will only come back as jobs return and uncertainty fades. Companies engaged in exports of both goods and services should expect strong competition and even protectionist measures as governments do whatever they can to shore up domestic economies."

## Importance of the Study:

Banks play a vital role to reduce the spread of COVID-19 by helping customers make better use of exiting digital banking services and remote channels. Banks have tried to lower the impact of coronavirus pandemic by extending their financial services to manage customers debt (Moratorium) and thereby helped them to adjust their budgets. This pandemic situation seems to gave a shift in accessing to the varied banking services. Thus, it is an attempt made by the researcher to study the shift in customers behaviour towards banking services during COVID -19.

## Objectives of the Study:

Considering the impact of the pandemic in the banking industry with reference to shift in customers behaviour towards banking services in the selected area, the following objectives are kept in mind while preparing the entire research project.

1. To understand the concept of Digital banking Services.
2. To study the customer experience using digital banking during COVID-19.
3. To study the various challenges faced by customer during COVID -19
4. To examine whether the customer satisfaction towards the services provided by the bank during COVID-19.

**Research Methodology:**

Research methodology creates a framework towards study area specifically with proper direction with planning, which helps in conducting the research work. Hence, the main purpose is to highlight the problem statement of the research, sample population and sample size, methods of data collection, data analysis and statistical test and tools used for the research.

**Methods of Data Collection:** The research is based on primary and secondary data. The primary data are collected through structured questionnaire and the secondary data are collected from various sources like, newspapers, magazines, bulletin, journals, theses and various internet websites.

**Area of the study:** The universe of the study is Navi Mumbai Region. The data are collected within the area of Navi Mumbai Region.

**Sampling:** The sampling technique used is simple random sampling and the sample size taken for the research study is 102 bank customer’s from Navi Mumbai Region.

**Data Analysis:** Data analysis has been analyzed using Reliability Test, frequency tables, charts, bar diagram, graph and using SPSS method to arrive at conclusion.

**Hypothesis:**

- 1. H0: There is no significant impact in the banking services during COVID-19 among the gender in the study area.
- H1: There is no significant impact in the banking services during COVID-19 among the gender in the study area.
- 2. H0: There is no significant difference among the customer’s satisfaction among during COVID-19 towards banking services in the study area.
- H1: There is significant difference among the customer’s satisfaction among during COVID-19 towards banking services in the study area.

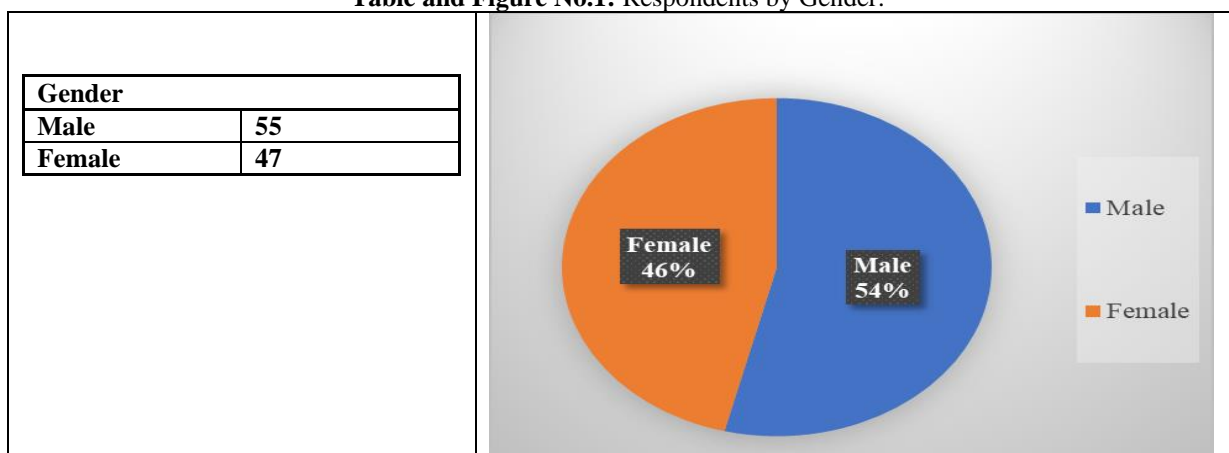
**Limitation of the Study:**

- 1. The study is restricted to Navi Mumbai region only.
- 2. The sample size is also not enough to give full and concrete suggestion for the study.
- 3. The Collection of Data is done using google form due to pandemic situation.
- 4. Though there are many variables to study in detail, Gender variable only is taken for detailed analysis of the topic with the help of statistical tools.

**Observation from the Study:**

The following are the observation which reflect the responses on the research topic paradigm shift of customer behaviour towards banking services.

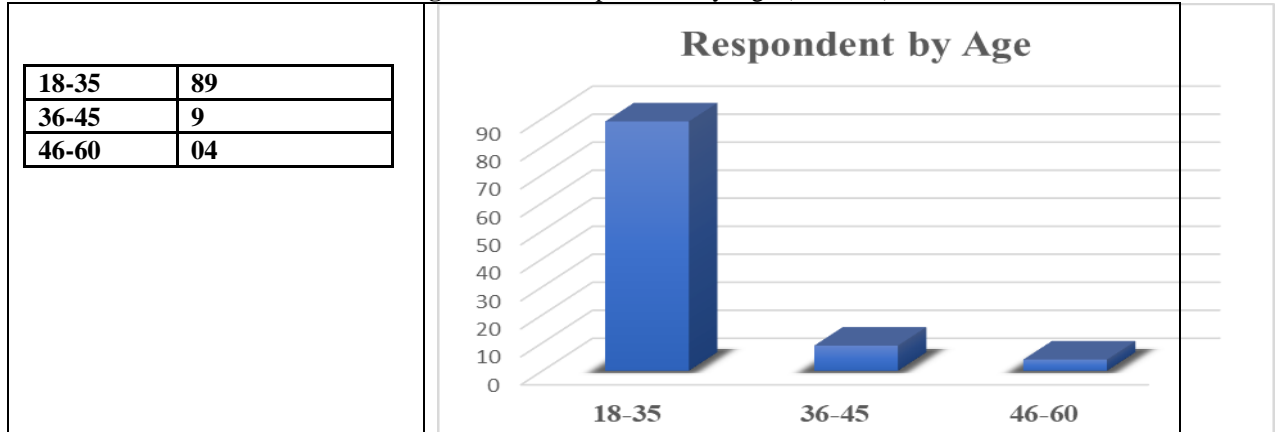
**Table and Figure No.1: Respondents by Gender:**



Source: Primary Data

**Table and Figure No.1** exhibit the distribution of respondents by their gender. It is observed from the study that 46% (47) respondents are female and the remaining 54% (55) respondents are male. The majority contribution is made by male respondents in the study.

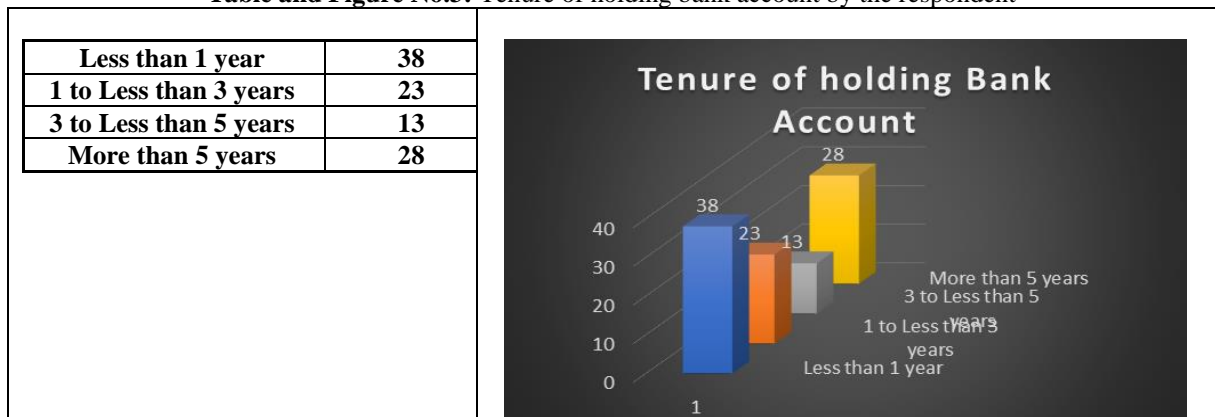
**Table and Figure No.2: Respondents by Age (In Years):**



Source: Primary Data

**Table and Figure No.2** illustrates the distribution of respondents by their age in years. Out of 102 respondents, 82.25% respondents (89) are belongs to 18 to 35 years category, 8.82% respondents (09) are belongs to 36 to 45 years category, 3.92% respondents (04) belong to 46-60 years. It is observed that youngsters (82.25%) are more dominating in the study.

**Table and Figure No.3: Tenure of holding bank account by the respondent**

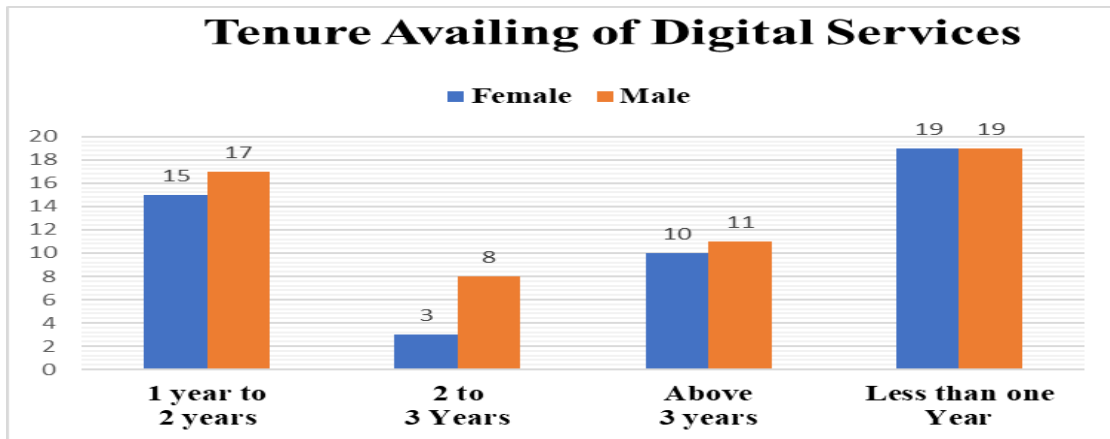


Source: Primary Data

**Table and Figure No.3** demonstrate the distribution of respondents availing bank account tenure. From the study, it is understood that 37.25% (38) of the respondent has availed the banking service less than one year, 22.54% (23) of the respondent has availed the bank services from less than one to three years, 12.74% (13) of the respondent has availed the services from three to less than five years and 27.45% (28) of the respondent has availed the bank services for more than five years.

**Table & Fig No.4: Availing Digital Services (In years) by the respondent**

Gender	1 year to 2 years	2 to 3 Years	Above3 years	Lessthan one Year	Total
Female	15	3	10	19	47
Male	17	8	11	19	55
Total	32	11	21	38	102

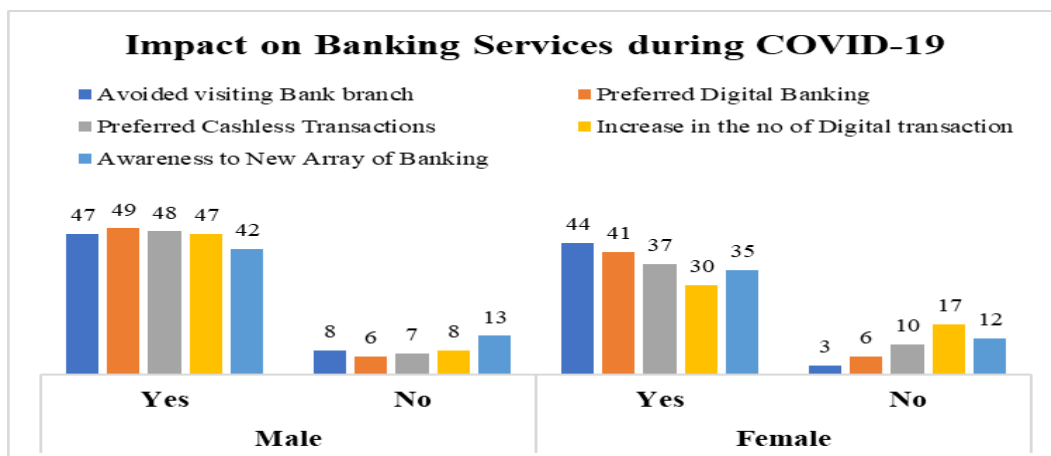


Source: Primary Data

**Table and Figure No.4** demonstrates the distribution of respondents availing Digital services from various banks. There were four options less than one year, one year to two years, two to three years and above three years given to the respondents to give their response. In that, as far as availing digital services is concerned, out of 38 respondents (37.25%) who said availed digital services less than one year category, both male and female availed category said they have availed the services less than one year were 50%. Out of 32 respondents (31.37%) who said availed digital services one to two year category, 46.87% of Female and 53.13% Male has availed the services in this category. Out of 11 respondents (10.78%) who said availed digital services two to three year category, 27.27% of Female and 72.73% Male has availed the services in this category. Out of 21 respondents (20.59%) who said availed digital services one to two year category, 47.61% of Female and 52.39% Male has availed the services in this category.

**Table & Fig No.5:** Impact of Banking Services during COVID-19 by the gender respondent.

Response / Gender	Male		Female	
	Yes	No	Yes	No
Avoided visiting Bank branch	47	8	44	3
Preferred Digital Banking	49	6	41	6
Preferred Cashless Transactions	48	7	37	10
Increase in the no of Digital transaction	47	8	30	17
Awareness to New Array of Banking	42	13	35	12



Source: Primary Data

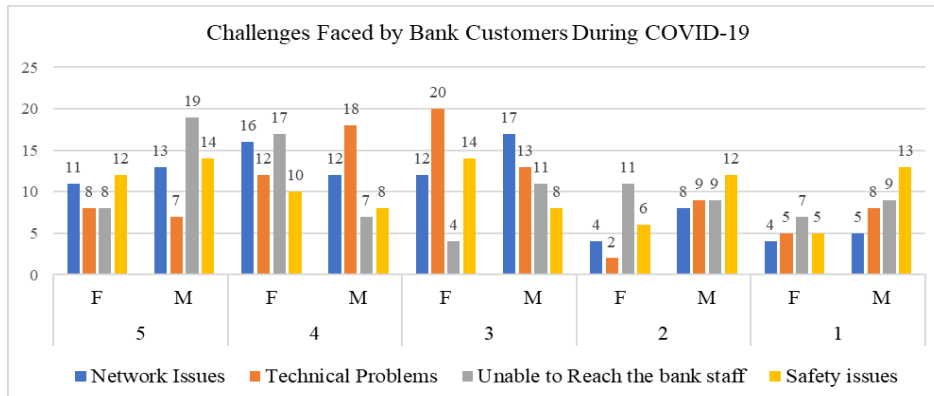
**Table and Figure No.5** exhibits the distribution of respondents' opinion on Impact of Banking services during COVID-19 by gender. In this five categories of option were given. Out of 102 respondents, 89.2% respondents (91) said that they avoided visiting bank branch, followed by 88.2% (90) said they preferred digital banking, and they remaining 83.3% (85) said they preferred cashless transaction. Overall it has been observed that the impact on banking service during COVID-19 is more among the male respondent than the female respondent.

**Table No.6:** Challenges faced by Bank Customers during COVID-19 respondent as per gender.

	5		4		3		2		1	
	F	M	F	M	F	M	F	M	F	M
Network Issues	11	13	16	12	12	17	4	8	4	5
Technical Problems	8	7	12	18	20	13	2	9	5	8
Unable to Reach the bank staff	8	19	17	7	4	11	11	9	7	9
Safety issues	12	14	10	8	14	8	6	12	5	13

Source: Primary Data

**Figure No.6:** Challenges faced by Bank Customers during COVID-19 respondent as per gender.

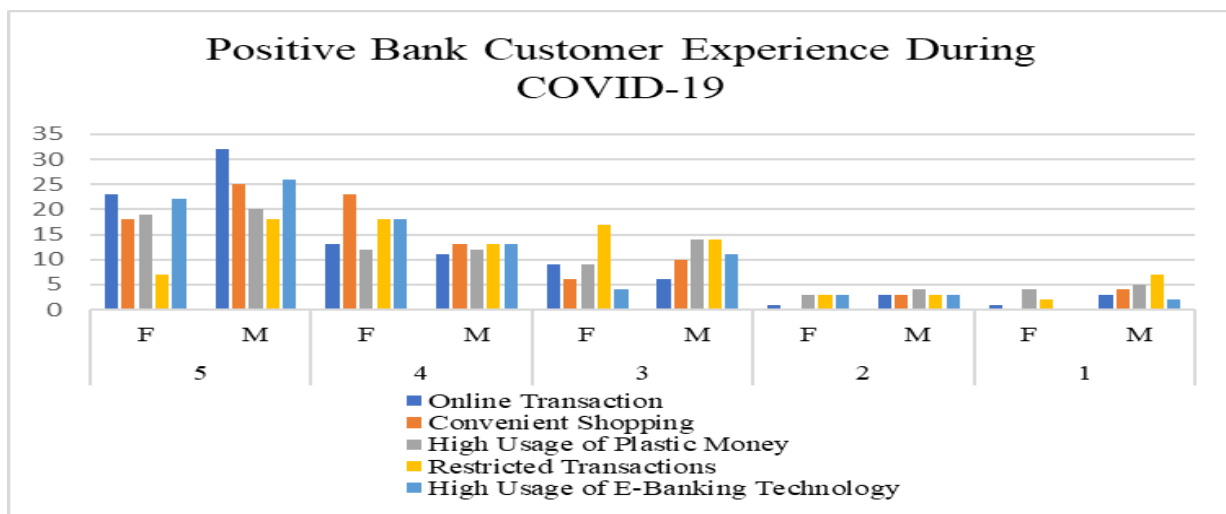


Source: Primary Data

**Table and figure no.6** explains the Challenges faced by bank Customer during COVID-19 among gender. There were Four Challenges like Network issues, Technical Problem, Unable to reach bank staff and Safety Issues given to the respondents to give their response. In that, as far as challenges faced by respondent is concerned, out of 102 respondents, 32.4% respondents (33) & 28.4% respondents (29) were rated 3 for Technical Problem & network Issues respectively. Out of 26.5% respondent (27), 34.5% male respondent (19) and 17% female respondents (8) were rated 5 for Unable to reach the bank staff, followed by safety issues.

**Table and Figure No.7:** Postive Customer Banking Services during COVID-19 among gender respondent.

Positive Customer Experience	5		4		3		2		1	
	F	M	F	M	F	M	F	M	F	M
Online Transaction	23	32	13	11	9	6	1	3	1	3
Convenient Shopping	18	25	23	13	6	10	0	3	0	4
High Usage of Plastic Money	19	20	12	12	9	14	3	4	4	5
Restricted Transactions	7	18	18	13	17	14	3	3	2	7
High Usage of E-Banking Technology	22	26	18	13	4	11	3	3	0	2



Source: Primary Data

**Table and figure no.7** shows the respondents opinion on Bank Customers Positive Experience during COVID-19. There were five important statements like Online Transaction, Convenient Shopping, High Usage of Plastic Money, Restricted Transaction, High Usage of E-banking Technology.

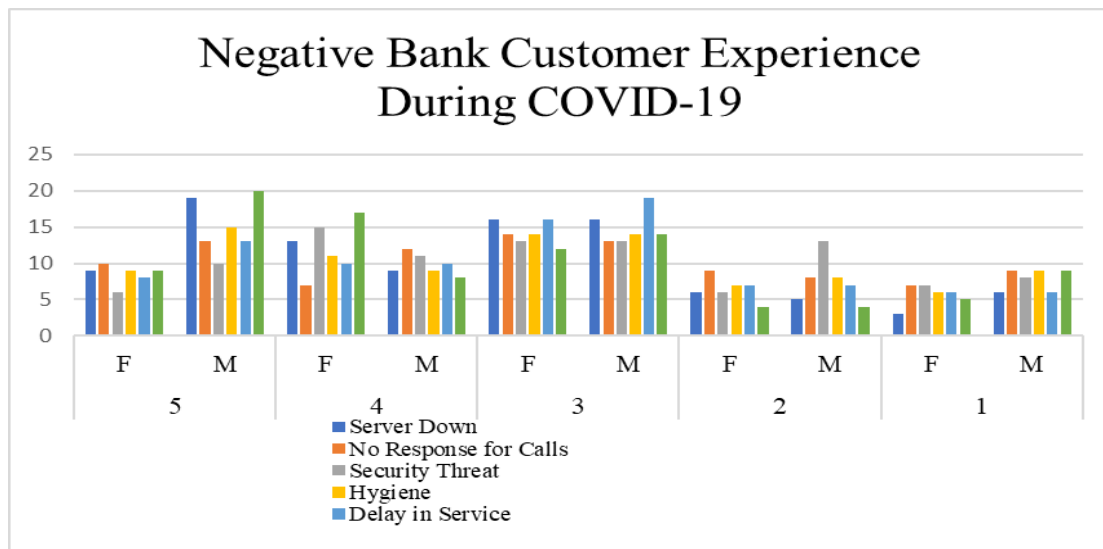
As far as Positive experience by respondent is concerned, out of 102 respondents, 53.9% respondents (55) for online Transaction, 42.2% respondents (43) for Convenient Shopping, 38.2% respondents (39) for High Usage of Plastic money, 24.5% respondents (25) for Restricted Transaction & 47.1% respondents (48) for High Usage of E-banking Technology were rated 5 as the highest positive experience by bank customers during the pandemic situation. In specific, Male respondent's opinion is greater than their counterpart.

**Table and Figure No.8:** Negative Customer Banking Services during COVID-19 among gender respondent.

Negative Customer Experience	5		4		3		2		1	
	F	M	F	M	F	M	F	M	F	M
Server Down	9	19	13	9	16	16	6	5	3	6
No Response for Calls	10	13	7	12	14	13	9	8	7	9
Security Threat	6	10	15	11	13	13	6	13	7	8
Hygiene	9	15	11	9	14	14	7	8	6	9
Delay in Service	8	13	10	10	16	19	7	7	6	6
Inconvenient to Less Literate People	9	20	17	8	12	14	4	4	5	9

Source: Primary Data

**Table and figure no.8** shows the respondents opinion on Bank Customers Negative Experience during COVID-19. There were five important options like Server Down, No response for calls, Security Threat, Hygiene and Delay in service.



Source: Primary Data

As far as Positive experience by respondent is concerned, out of 102 respondents, 15.7% respondents (16) for Security Threat, 27.5% respondents (28) for Server Down, 20.6% respondents (21) for Delay in Service, 23.5% respondents (24) for Hygiene & 22.5% respondents (23) for No response for calls were rated 5 as the highest negative experience by bank customers during the pandemic situation. In specific, Male respondent's opinion is greater than their counterpart.

**Table No.9:** Customer's Satisfaction towards Banking services by Gender.

Gender	Highly not satisfied	Not satisfied	Satisfied	Moderately Satisfied	Highly Satisfied	Total
Female	1	3	17	16	10	47
Male	0	4	16	22	13	55
<b>Total</b>	<b>1</b>	<b>7</b>	<b>33</b>	<b>38</b>	<b>23</b>	<b>102</b>

Source: Primary Data

**Table no.9** shows the respondents Satisfaction towards banking services ny gender during COVID-19.Out of 102 respondents, 37.3% respondents (38) said they were moderately satisfied, 32.4% respondents (33) said they were satisfied, and 22.5% (23) respondent said they were highly satisfied towards banking services. Within the gender 17 female respondent said that they were satisfied and 22 Male respondent said that they were moderately satisfied towards Banking services.

**Testing of Hypothesis:**

**Hypothesis Testing N0.1**

Parameters	CHI-SQUARE TESTING			
	Value	df	Asymptotic Significance (2-sided)	Accepted Hypothesis
Avoided Visting Bank Branch	1.755 <sup>a</sup>	1	.033	<b>H1</b>
Preferred Digital Banking	0.84 <sup>a</sup>	1	.048	<b>H1</b>
Preferred Cashless Transactions	1.334 <sup>a</sup>	1	.037	<b>H1</b>
Increase in the no of Digital transaction	6.405 <sup>a</sup>	1	.248	H0
Awareness to New Array of Banking	0.049 <sup>a</sup>	1	.324	H0

For the first Hypothesis all the above variable were individually tested, it was found that the variables like Avoided Visting Bank Branch, Preferred Digital Banking, Preferred Cashless Transactions, Awareness to New Array of Banking, the *P* value are 0.033, 0.048 and 0.037 which is less than the Significance level that is 0.05. Hence Null hypothesis is rejected.

It is found that the two variable increase in the number of transaction and Awareness to the new array of Banking, the *P* value are 0.248 & 0.324. which is more than the Significance level that is 0.05. Hence the Null hypothesis is fail to be rejected.

Since out of five parameter in three the researcher rejected the Null Hypothesis. Hence the Null hypothesis is rejected and alternate hypothesis is accepted i.e. **“There is significant impact in the banking services during COVID-19 among the gender in the study area.”**.

**Hypothesis Testing No.2**

**Chi-Square Tests**

Pearson Chi-Square	1.896 <sup>a</sup>	4	<b>.032</b>
Likelihood Ratio	2.276	4	.005
N of Valid Cases	102		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is .17

For the Second Hypothesis

It is found that the *P* value is 0.032 which is less than the Significance level that is 0.05. Hence the Null hypothesis is rejected Hence the researcher rejects Null Hypothesis and the alternated hypothesis is accepted i.e. **“There is significant difference among the customer’s satisfaction among during COVID-19 towards banking services in the study area.”**

**Conclusion:**

The research paper gives an outline to think about the shift in changing customers behaviour towards banking services. It also express an opinion about the impact of pandemic situation and also the varied experiences of the bank customer during this pandemic period. The following observations have been obtained from the study.

1. 46% (47) respondents are female and the remaining 54% (55) respondents are male.
2. 82.25% respondents are from the age group between 18 to 35.
3. 89.2% respondents (91) said that they avoided visiting bank branch, followed by 88.2% (90) said they preferred digital banking, and they remaining 83.3% (85) said they preferred cashless transaction.
4. 32.4% respondents (33) & 28.4% respondents (29) were rated 3 for Technical Problem & network Issues respectively. Out of 26.5% respondent (27), 34.5% male respondent (19) and 17% female respondents (8) were rated 5 for Unable to reach the bank staff, followed by safety issues.
5. 53.9% respondents (55) for online Transaction, 42.2% respondents (43) for Convenient Shopping were rated 5 as the highest positive experience by bank customers during the pandemic situation. In specific, Male respondent’s opinion is greater than their counterpart.

6. 15.7% respondents (16) for Security Threat, 27.5% respondents (28) were rated 5 as the highest negative experience by bank customers during the pandemic situation. In specific, Male respondent's opinion is greater than their counterpart.
7. Within the gender 17 female respondent said that they were satisfied and 22 Male respondent said that they were moderately satisfied towards Banking services.
8. Out of 38 respondents (37.25%) who said availed digital services less than one year category, both male and female availed category said they have availed the services less than one year were 50%

**Hence, It is Observed from the study that there is a paradigm shift in the customer's behaviour towards banking services during COVID-19.**

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