IJMRT: Volume (5), Issue 9, 2023
International Journal of Multidisciplinary Research Transactions
(A Peer Reviewed Journal)
www.ijmrt.in

ISSN (Print):2663-2381
ISSN(Online):2663-4007

Role of Digital Banking in Investors' Awareness and Investment Decision-Making

Ayush Pandey[1], Durgesh Kumar Patel[2], Sunil Kumar Sahu[3*], Dr. Piyush Gupta[4]

[1,2]*Research Scholar, Department of Business Management, Indira Gandhi National Tribal University, Amarkantak, Madhya Pradesh, India.*
[*3]*Research Scholar, Department of Tourism Management, Indira Gandhi National Tribal University, Amarkantak, Madhya Pradesh, India.*
[4]*Assistant Professor, Maharana Pratap Govt. PG College, Hardoi, Uttar Pradesh, India.*

[*]Corresponding author

DoI: https://doi.org/10.5281/zenodo.8356112

Abstract

This study explores how investors' awareness of and investment decision-making processes are impacted by digital banking. Both primary and secondary data sources are used in this investigation. Purposive sampling was used to gather primary data from the Madhya Pradesh district of Jabalpur using structured, closed-ended questionnaires. In the year 2023, the investigation spans the months of June and July. The study is based on the 288 questionnaire responses that were collected and found to be relevant for analysis. The analysis includes descriptive statistics, correlation, regression analysis and ANOVA. Cronbach's Alpha test was done to measure data reliability. The research findings highlighted the significant impact of the digital banking on raising the investors' awareness and influencing their investing choices. The result concludes how digital banking is raising investors' awareness and enhancing their capacity for sound financial decision-making.

Keywords: Digital Banking, Investors' Investment decision-making, Awareness, Internet banking.

1. Introduction

The introduction of online banking has significantly impacted related fields like investments and portfolio management in addition to revolutionising the banking industry (Ramakrishnan, 2020). The development of online banking has made it easier for investors to keep track of their investment portfolios and has made it possible to easily engage in trading or investing activities with a single click. Banks and other financial institutions use the ground-breaking strategy of online banking.

Customers of the business can use a variety of services, such as checking account balances, transferring money between accounts, paying bills, making cashless purchases of goods and services, and mailing checks (Chou & Chou, 2000). Banks and other financial organisations, according to Amin (2016), give customers the option to trade money online rather than in person. Internet banking, according to Singhal and Padhmanabhan (2008), provides easy access for investors to the most recent news, research papers, market trends, and business data as well as financial information. Investors can assess their assets with more knowledge thanks to the plethora of information available. Investors may successfully manage and control their investments with the use of mobile applications and digital banking from the comfort of their homes or while on the go.

This convenience facilitates a higher frequency of portfolio monitoring and expedites the decision-making process. Digital banks provide online trading platforms that enable investors to easily purchase and sell securities through a streamlined process. The velocity of execution has the potential to impact investing decisions, as it enables investors to promptly respond to market fluctuations. Numerous digital banking platforms offer investors with tools to effectively monitor and oversee their investment portfolios. These tools frequently provide functionalities like performance analysis, risk assessment, and asset allocation recommendations, thereby assisting investors in making educated decisions. Digital banking platforms frequently offer a range of instructional offerings, including webinars and tutorials, that are focused on investment strategies and the intricacies of financial markets. This has the potential to augment investors' knowledge and consciousness, hence fostering more deliberate investing decisions. The utilization of online platforms facilitates the process of portfolio diversification for investors, enabling them to allocate their investments across various asset classes, sectors, and geographic locations. The heightened diversification has the potential to enhance the equilibrium and risk management of investment choices. Online banking and trading sometimes provide reduced costs and commissions in comparison to conventional brick-and-mortar financial establishments. The impact of decreased expenses can significantly shape investment choices, particularly for individuals who prioritize cost-effectiveness. The accessibility of digital banking can also exert an impact on behavioural characteristics such as impulsive trading or excessive trading. Investors may be prone to making impulsive decisions as a result of emotional responses to market volatility, perhaps leading to consequences for their investing outcomes. Robo-advisory services are provided by numerous digital banks, wherein investment portfolios are managed by algorithms that take into account an investor's risk tolerance and goals (Alexandri et al., 2023). This approach has the potential to yield more methodical and uniform investing choices. Internet banking offers investors the opportunity to engage in worldwide markets, expanding their investment prospects and potentially augmenting their returns. Although digital banking provides ease, it also gives rise to apprehensions regarding the security and privacy of data. It is imperative for investors to possess a comprehensive understanding of potential dangers and implement appropriate procedures to safeguard their financial information.

The present study examines the impact of digital banking on the investment decision-making process of retail investors. This study also examines the impact of digital banking on investors' awareness of investment alternatives and the subsequent influence of this awareness on their decision-making processes. The study also examines the effect of investment awareness on use of digital banking services.

2. Review of Literatures

Gautam & Sah (2023) Examined the relationship and effect between online banking service methods and e-customer loyalty and satisfaction and concluded that User-friendliness, security, and privacy, as well as the website of the organisation, were the other factors that had the greatest impact on the practices of online banking. The efficiency of the website and e-customer care were also very important.

Hasan et al. (2022) concluded that user-friendliness, security, and privacy, as well as the organization's website, are the next most important factors in determining how effectively Internet banking services were provided. E-customer satisfaction has a big impact on e-customer loyalty.

Broby (2021) concluded that security and privacy, the organization's website, efficiency of the website and e-customer care had a significant impact on how online banking services were provided. A major concern for bankers, users, and legislators for ongoing development is e-customer satisfaction since it has a substantial impact on e-customer loyalty.

Thakkar (2023) findings show that e-banking services generally enjoy high levels of consumer satisfaction, with the majority of respondents expressing satisfaction with the ease, security, and customer service offered. E-banking, a kind of banking that is gaining popularity, employs electronic technology to streamline financial transactions. Customers can make financial transactions electronically over the Internet thanks to this online banking service.

Faisal and Tayachi (2021) described how online banking and society are used by the residents of Jeddah, Saudi Arabia. The findings showed that the majority of Saudi citizens are aware of how important online banking is to modern life.

Banu et al. (2019) concluded that the link between several independent variables, such as awareness of online banking services, security, Internet knowledge, self-efficacy, intention to adopt, trust, and ease of use, and the dependent variable, i.e., customer satisfaction, was partially mediated by the perceived utility. The implications for managerial research and practice are examined.

Sanli & Hobikaglu (2015) concluded that Customers using these items and the number of products used in web banking both visibly grow with time. On the other hand, usage of Internet banking in Turkey has not yet achieved the necessary level when compared to other samples throughout the world. It is crucial to use prudence when thinking about this position in order to spread the electronic services. It will be possible to accelerate the development of web banking by resolving the conflict between web infrastructure and banking industry security, diversifying banking products, and improving understanding of the tendency to use web banking.

2.1. Objectives

1. To analyse the inter-relationship between Digital banking and investors' awareness.
2. To analyse the impact of Digital Banking on Investment Decisions Making.
3. To study the impact of Investors' awareness on Investment Decisions Making.

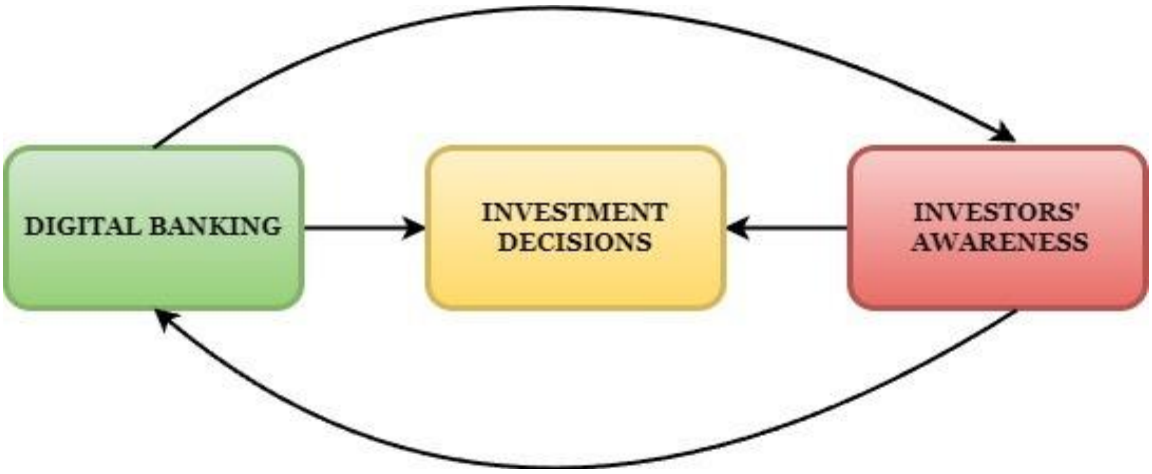
2.2. Hypotheses

H_{01}: There is no significant relationship between Digital banking and investors' awareness.

H_{02}: There is no significant impact of Digital Banking on Investment Decisions Making.

H_{03}: There is no significant impact of Investors' awareness on Investment Decisions Making.

2.3. Conceptual Framework



Source: Authors' Compilation

3. Research Methodology

For the purpose of gathering data for this study, the researcher used a purposive sampling technique. A survey was conducted both online and offline during this process, and 288 samples were found for additional investigation. The goal of this study was to learn more about how investors think about investing and how digital banking affects their awareness and investment choices. Using SPSS version 26, various statistical tests were used to analyse the responses.

3.1. Data analysis and Interpretation

Table 1. Descriptive Statistics

Cronbach's Alpha	No. of Items
0.850	30

The reliability number in Table 1 above is 0.850, which is higher than the required value, demonstrating the good reliability of the research tool's questions.

3.2. Descriptive Statistics

Table 2. Descriptive Statistics

Particular	Frequency	Percentage
Gender		
Male	187	64.93
Female	101	35.06
Age		
18-24	68	23.61
25-31	148	51.38
32-37	34	11.80
Above 38 Years	38	13.19
Education		
Graduate	53	18.4
Post Graduate	163	56.59
Ph.d	72	25

The gender analysis of the respondents is shown in Table 2, and it suggests that men are more participating than women.

In above Table 2, More than half of the participants are in the 25 to 31 age range, while 13.19% of participants are older than 38 years old. The researcher gathered data from professionals who are members of both the new and the old generations, with approximately 30% of participants being members of Generation Z. So, the researcher made an effort to gain ideas from each age group in this way.

Table 2 also shows the respondents' educational backgrounds, showing that the majority were graduates, postgraduates, or Ph.D. Postgraduate degrees are held by more than half of the respondents. The researcher thus made an effort to provide participants with a foundational understanding of financial matters.

3.3. Correlation Analysis

Table 3: Correlation among Variables

	Investors' Awareness (r)	Digital Banking (r)	Investment Decisions Making (r)
Investers' Awareness		0.528	0.513
Digital Banking	0.528		0.578
Investment Decisions Making	0.513	0.578	

Table 3 shows how the study variables are correlated, with an R-value of 0.528 showing a relationship between investor awareness and digital banking, 0.513 showing a relationship between investor awareness and making investment decisions, and 0.578 showing a relationship between investor awareness and making investment decisions. The R-value was greater than .50 in all combinations, indicating a positive medium-effect correlation between all of the study's variables.

3.4. Regression Analysis

Table 4: Regression Analysis of Variables

Sl.No.	Variables	R^2	Beta	F
1.	Independent - Digital Banking Dependent - Investers' Awareness	0.279	0.412	110.682
2.	Independent - Digital Banking Dependent - Investment Decisions Making	0.334	0.407	143.642
3.	Independent - Investers' Awareness Dependent - Investment Decisions Making	0.263	0.463	101.903

The table 4 demonstrates that regression analysis was carried out to test hypotheses and determine whether study variables were predictable. The first case-independent variable was digital banking, which predicted investors' awareness by 27.9 per cent, and the dependent variable was investors' awareness. In the second scenario, where the adoption of digital banking was taken into account as an independent variable and investment decision-making was taken into consideration as a dependent variable, the coefficient of R square is 0.334, the F value is 38.286 and the beta value is 0.421. Similar to how investors' awareness is viewed as an independent variable and investment decisions are viewed as a dependent variable, the R^2 value of 0.263 indicates that investors' awareness had a 26.3 per cent influence on investment decisions.

3.5. Investors' Awareness

Table 5. ANOVA Analysis

			Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between Groups	**(Combined)**		.178	2	.089	.274	.761
	Linear Term	**Unweighted**	.021	1	.021	.065	.799
		Weighted	.029	1	.029	.089	.766
		Deviation	.149	1	.149	.459	.498
Within Groups			92.422	285	.324		
Total			92.600	287			

In this study, the researcher sought to understand how investors' awareness and investing decisions were influenced by their education.

The findings of the ANOVA showed that there was no significant variation in mean between investors' education levels (F (2,285) =.274 and p-value was .761). The investors' education had an impact on their awareness.

3.6. Hypothesis testing

The First hypothesis, H_{01}: The findings displayed in Table 3 confirm the substantial predictive power of the digital banking predictor variable on investors' awareness (R^2=0.279, F=110.682, Beta=0.412), leading to the rejection of the first hypothesis.

The Second hypothesis, H_{02}: The results from the regression analysis presented in Table 3 provide strong evidence that the predictor variable of digital banking significantly influenced investment decision-making (R^2=0.334, F=143.642, Beta=0.407), leading to the rejection of the second hypothesis.

The Third hypothesis, H_{03}: The data presented in Table 3 affirm that the predictor variable for investors' awareness had a substantial and significant impact on investment decision-making (H_{03}: R2=0.263, F=101.903, Beta=0.463), leading to the rejection of the third hypothesis.

4. Discussion and Conclusion

This study used an exploratory analysis methodology to determine how investors' awareness and investment decisions were impacted by digital banking. To accomplish the goals of the study, a research tool was created, and 288 respondents were recorded both online and offline. The reliability was tested using Cronbach's alpha, and a positive value was found. The association between investors' awareness and education level was then examined using a One Way ANOVA. It was discovered that schooling had little effect on awareness.

The researcher conducted correlation and regression analyses to test the hypotheses, and the results led to the rejection of all null hypotheses. It was revealed that digital banking had a positive impact on both investors' awareness and investment decision-making processes. Aadhar Pay, money transfers, and mobile phone recharges are just a few of the banking and money-related services that people now have more access to thanks in large part to digital banking. Internet banking and electronic payment methods are now more widely accessible. The banking sector has undergone a change because of digital banking, which has improved client convenience and accessibility to financial services. However, it's crucial for consumers to exercise constant caution when engaging in financial operations online in terms of cybersecurity and fraud prevention. It offers comfort, accessibility, and efficiency and has changed how individuals deal with banks and handle their funds.

REFERENCES

[1]. Alexandri, M. B., Usman, I., Narimawati, U., & Taryana, A. (2023). Unraveling the Fintech landscape: A Systematic Mapping study on the impact of financial Technology innovation on Investment Decision-Making in ASEAN banking. Khazanah Sosial, 5(1), 113–124. https://doi.org/10.15575/ks.v5i1.24555

[2]. Amin, M. (2016). Internet banking service quality and its implication on e-customer satisfaction and e-customer loyalty. International Journal of Bank Marketing, 34(3), 280–306. https://doi.org/10.1108/ijbm-10-2014-0139

[3]. Broby, D. (2021). Financial technology and the future of banking. Financial Innovation, 7(1), 1-19.

[4]. Banu, A. M., Mohamed, N. S., & Parayitam, S. (2019). Online banking and customer satisfaction: evidence from India. Asia-Pacific Journal of Management Research and Innovation, 15(1-2), 68-80.

[5]. Chou, D. C., & Chou, A. Y. (2000). A guide to the internet revolution in banking. Information Systems Management, 17(2), 47–53. https://doi.org/10.1201/1078/43191.17.2.20000301/31227.6

[6]. Faisal, L. E., & Tayachi, T. (2021). The Role of Internet Banking in Society. PalArch's Journal of Archaeology of Egypt/Egyptology, 18(13), 249-257.

[7]. Gautam, D. K., & Sah, G. K. (2023). Online banking service practices and its impact on E-Customer satisfaction and E-Customer loyalty in developing country of South Asia-Nepal. SAGE Open, 13(3). https://doi.org/10.1177/21582440231185580

[8]. Hasan, M. M., Yajuan, L., & Khan, S. (2022). Promoting China's inclusive finance through digital financial services. Global Business Review, 23(4), 984-1006.

[9]. Ramakrishnan, A. (2020, February 8). How Online Banking Has Changed Investment. Outlook Money. Retrieved August 13, 2023, from https://www.outlookmoney.com/banking/how-online-banking-has-changed-investment-4332

[10]. Şanlı, B., & Hobikoğlu, E. (2015). Development of Internet banking as the innovative distribution channel and Turkey example. Procedia-Social and Behavioral Sciences, 195, 343-352.

[11]. Singhal, D., & Padhmanabhan, V. (2008). A Study on Customer Perception Towards Internet Banking: Identifying Major Contributing Factors. The Journal of Nepalese Business Studies, 5(1), 101–111.

[12]. Thakkar, A., Satishkumar, D. D., & Navnitbhai, D. H. (2023). A Study on "Investor's Perception Towards E-Banking in Gujarat". International Journal of Creative Research Thoughts (IJRT), 11(2), c370-c374.