

A STUDY ON SME CUSTOMER ACCEPTANCE WITH RESPECT TO ONLINE BANKING SERVICES DURING PANDEMIC ERA WITHIN KALYAN-RURAL REGION

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ABSTRACT

The outbreak of Corona virus has affected various segments of the economy. One of these is the SME's sector. SME consist of the Small and Medium Enterprise sector which contributes to a significant portion of the GDP in India. According to the Central Statistics Office(CSO) the MSME's sector contributes @30.27% in all India GDP in 2020-21. Being a highly unorganised sector consisting of large number of micro-sized units, the sector is highly prone to economic crisis. During this pandemic time, banking sector is also adversely affected due to Covid regulations, insufficient staff, inadequate digital maturity, pressure on the existing infrastructure as banks find it difficult to provide financial services. The SME's are also in line with other bank customers finding it difficult while dealing with such banking services during this pandemic era. During the COVID 19 situation the Government had announced a lockdown from March 2020 to August 2020. Due to this most of the firms and organizations were closed. In line with these indications, most banks in the affected countries had reduced the opening hours of their branches and they recommended their customers to use online banking. This study paper focuses on such problems faced by SME's with respect to online banking within KDMC region. For this purpose, few selected SME's are considered for data collection through an structured questionnaire method. After doing an analysis, it is found that Most of the SME's under survey initially faced certain problems for online banking transactions but gradually they learned to resolve the problems and now became used to the online banking transactions during the pandemic era. Therefore, it can be concluded that the prospects of online banking transactions especially in case of SME's are good and progressive. The respondents felt completely safe from the COVID 19 virus in the online payment of bills and fund transfer.

Keywords: Small and Medium Enterprise, COVID 19, Problems, Prospects, online banking

1. Introduction

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture.

Covid-19 is a virus developed in 2019 from the corona family virus. It is spreading across the world since Dec 2019 by the close contact of infected person or fomits of Covid-19. It is spreading very fast across the world from Wuhan(An State of China). World Health Organization and most of the countries including India have already declared as a pandemic and have advised their citizens to protect themselves by maintaining social distancing.

Though the concept of 'online banking' is old but due to the adverse effect of 'Covid 19' this concept has become a common practice in the

day to day working schedules of banking customers and so is the case with SME's too. Online banking can be done without physically visiting the bank branch and it can make the transaction through an electronic basis without the exchange of any tangible commodity with maintaining social distance. Online banking is a concept in which the bank gives online access to its customer of his account on request.

SME stands for Small and Medium Enterprises. The SME definition in India as per section 7 of Micro, Small & Medium Enterprises Development Act, 2006 is based on the investment amount as per the sectors these cater to. The two types of SMEs- manufacturing and services, are classified as- The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

Manufacturing sector-Investment in Plant & Machinery	
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees

Service sector- Investment in equipment	
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees

2. Research Methodology

2.1 Statement of the Problem

The concept of online banking has become a common practice during this Covid-19 outbreak. Due to reduced work time, limited banking staff, inadequate digital maturity, pressure on the existing infrastructure as banks find it difficult to provide financial services and government regulations for Covid-19, the practice of online banking is getting accepted by most of the bank customers. But in case of SME's this has created certain problems during lockdown announced by government. Like other bank customers, most of the SME customer's find it difficult. Therefore, a need is felt to study on such problems and how these customers have resolved the same. Accordingly, the future prospects of online banking can be predicted and for the same, necessary recommendations can be made.

2.2 Scope of the Study

In this research study, Online banking practices followed by SME customers are being considered and thereby an attempt is made to highlight the problems faced and the techniques used to overcome those problems by these customers. The study will help SME's and other customers for designing the methods of resolving problems with respect to online banking.

2.3 Significance of the Study

It is essential for every bank to go for self-evaluation with respect to online banking options offered to its customers and focus on the problems faced by customers especially SME customers. This will help them to improve their online services. This may help the bank officials too for understanding the expectations of the customers.

2.4 Limitations of the Study

1. The information furnished by the SME customers may or may not be true.
2. The sample selected may not be representing to the entire population.
3. The information is collected within a short period.
4. The study area was restricted to Kalyan-Rural(KDMC region) in Thane district of Maharashtra.

2.5 Objectives of the Study

1. To review the role of online banking during pandemic era.
2. To highlight the problems of selected SME's with respect to online banking services.
3. To focus on the techniques used to resolve such problems by selected SME's.
4. To suggest possible measures to have better future prospects of online banking services for SME's customers.

2.6 Hypothesis

Null Hypothesis

There is no significance difference among the SME customers' acceptance with respect to online banking services during pandemic era within Kalyan-rural region.

Alternative Hypothesis

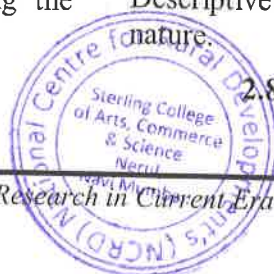
There is significance difference among the SME customers' acceptance with respect to online banking services during pandemic era within Kalyan-rural region.

2.7 Design of Study

The Research Design is undertaken for the study is Descriptive one. A study, which wants to portray the characteristics of a group or individuals or situation, is known as Descriptive study. It is mostly qualitative in nature.

2.8 Data Collection Method

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Survey method is considered the best method for data collection of data and the tools used for data collection are Questionnaire. This method is quite popular particularly in case of big inquiries. Private individuals, research works, private and public organizations and even government are adopting it.

In this method a questionnaire is sent to the SME customers concerned with a request to answer and return the filled questionnaire. A questionnaire consists of a number of question involves both specific and general type.

2.9 Sources of Data

The two sources of data collection are namely Primary & Secondary:-

Primary Data

The Primary source of data was collected through survey method with the help of a questionnaire. The questionnaire includes the question drafted for the enquiry about the customer friendly online services and the problems faced by such SME customers to avail the services.

Proper care was taken to frame the questionnaire in such a manner it should be easily understood in view of educational level of customers. Generally 24 questions are prepared and asked to the SME customers of KDMC region.

Secondary Data

The Secondary data was collected from the banking industry journals and magazines, literature available on the topic, information available on web-links & Newspaper cuttings, published articles and different books on banking services.

2.10 Sampling Design

Universe	:1,152
Sample Element	:SME's Customers
Sample Size	:100 Samples
Sample Test	:Percentage Method and
Statistical Tools	(Single Factor-Anova)
Sample Media	:Questionnaire(Interval scale)
Analysis method	:Graphs & Diagram
Statistical Techniques	(Anova)

3. Review of Literature

1. **Mayank Jindal and Dr. Vijay Laxmi Sharma (2020)** – “It has found that online banking playing an important role in the Covid-19 period to protect the people. All type of people using online banking feeling safe in the online payment from Covid-19 virus. As per the sampling and response, people feel 89.12% safe in using online banking. People felt completely safe from the Covid-19 virus in the online payment of bills, fund transfer and other banking transactions.
2. **Bhavani T.A.(2010)** highlights the issue of quality employment, generation by the SSIs and negates the short term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality. Technological up gradation would enable the small firms to create quality employment improving remuneration, duration and skill. This structural shift may reduce the rate of employment generation in the short run would ensure high-income employment generation in the long run.
3. **Dr. Asif Pervej (2020)** - The worldwide spreads of COVID have been hampered. The COVID impacted every industry across the globe in recent months. As industries attempt to recover, there is a need for new strategic initiatives and higher preparation. Banks and the wider financial services sector are facing multiple challenges from the ongoing global impact of COVID-19 pandemic is an u economy. Banks must continue to leverage technology and build flexibility in their infrastructure to navigate these challenges.
4. **Mr. Rambabu Cherukur & Mr. Sivakumar S (2020)**- In this pandemic, there is a need to create more awareness among the public. Digital platform usage by the public can become a greater solution to the non-flexibility problems. To study the changes happening in the field of banking due to covid19.To analyze customer perception towards the usage of online banking during pandemic in.To

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know their satisfaction and opinion about banking services.

5. **Dr. Yogesh D Mahajan (2020)**-During the COVID-19 era all the SME' are struggling. Their biggest problems have been declining demand and broken supply chain. Yet there is hope for the change. After the dust settles, SME's find it necessary, with time to stay competitive, to evolve and alter. The responses to this issue include the introduction of protection procedures, sanitation and sanitization methods, an updated sourcing policy, the incorporation of new vendors, the streamlining of their

product portfolio, a more responsive evaluation of supply chain resilience, an analysis of disaster or emergency management plans. In this way SME's can cope with the coronavirus pandemic.

4. Data Collection & Analysis

- It is to be noted that the sample size for the purpose of data collection is decided as 100 SME Customers but only 84 respondents have filled the questionnaire completely and gave their responses.
- Therefore, the analysis is based on the available 84 responses.

Table- 4.1 (Profile Variable)

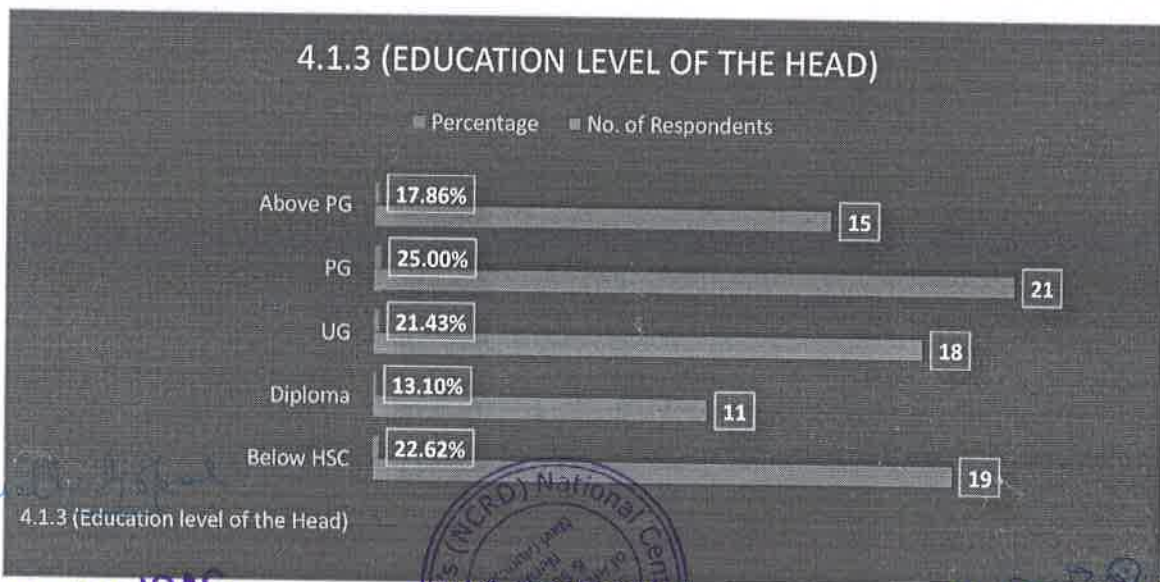
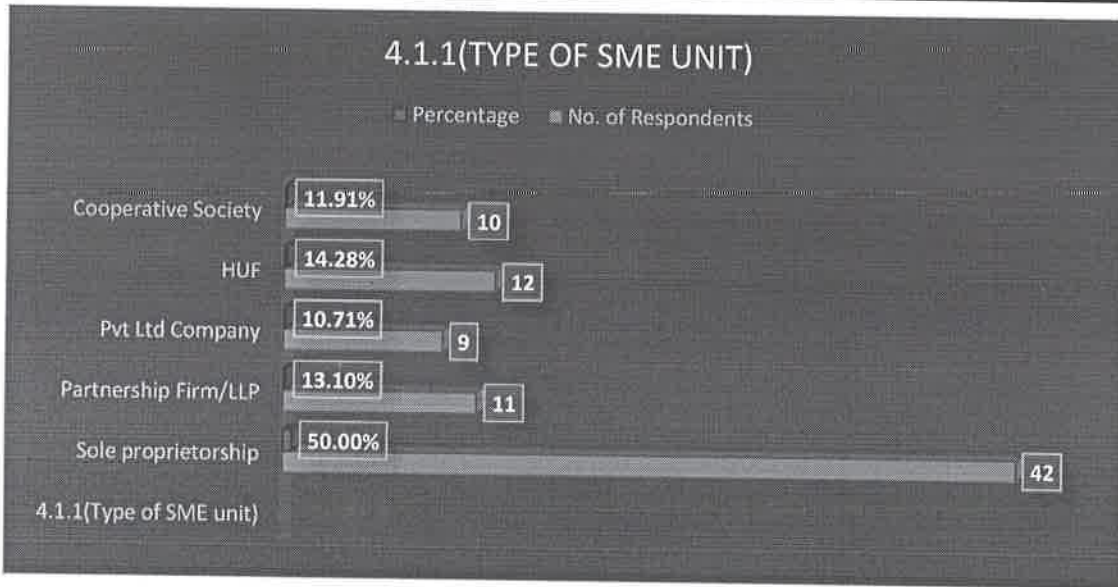
Profile Variables	No. of Respondents	Percentage
4.1.1(Type of SME unit)		
Sole proprietorship	42	50.00%
Partnership Firm/LLP	11	13.10%
Pvt Ltd Company	09	10.71%
HUF	12	14.28%
Cooperative Society	10	11.91%
4.1.2(Age since registration/incorporation)		
Below 05 years	21	25.00%
05 to 10 years	17	20.24%
11 to 15 years	22	26.19%
20 to 25 years	15	17.86%
Above 25 years	09	10.71%
4.1.3 (Education level of the Head)		
Below HSC	19	22.62%
Diploma	11	13.10%
UG	18	21.43%
PG	21	25.00%
Above PG	15	17.86%
4.1.4 (Frequency of Banking Transactions in a week)		
Below 05 times	08	09.52%
05 to 10 times	19	22.62%
11 to 15 times	22	26.19%
20 to 25 times	15	17.86%
Above 25 times	20	23.81%
4.1.5 (Annual Profit as to Turnover)		
Less than 1,00,000	06	07.14%
1,00,000 to 3,00,000	27	32.14%
3,00,000 to 5,00,000	25	29.76%
Above 5,00,000	26	30.96%

(Source: Primary DATA-based on 84 respondents)

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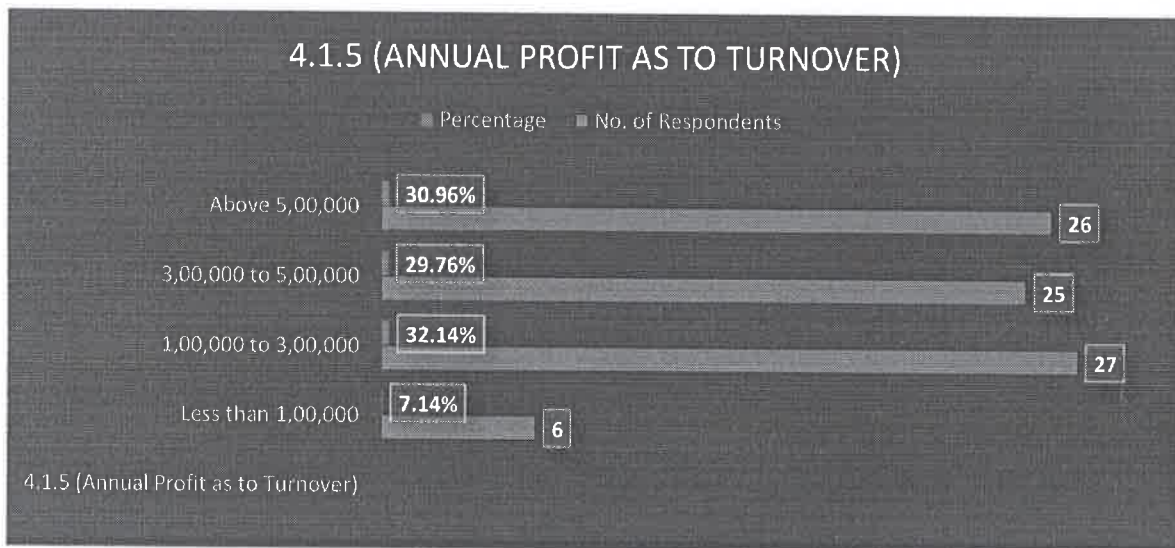
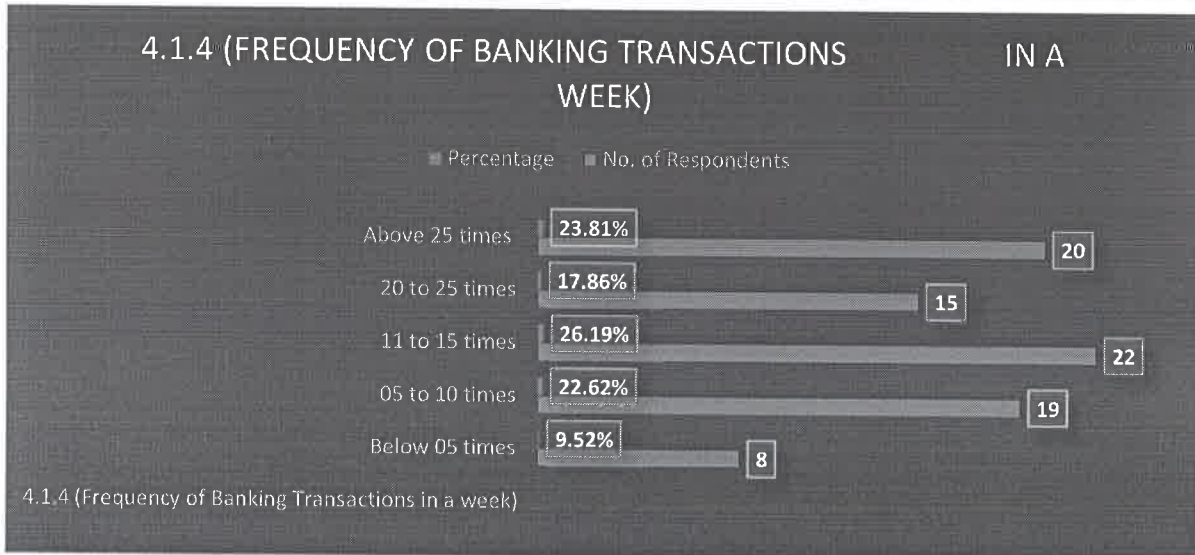




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Analysis

- ✓ It seems from above details regarding profile of the Respondents that 42 (50.00%) of the total respondents are Sole Proprietors, 22 (26.19%) of the total respondents are in between the age group of 11 to 15 years, 21 (25.00%) of the total respondents are having Managing Executive as PG qualification, 22 (26.19%) of the total respondents are attempting for banking transactions upto 11 to 15 times during a week, 27 (32.14%) of the total respondents are having annual profit in the range of Rs.1,00,000 to Rs.3,00,000.
- ✓ Only 09 (10.71%) of the total respondents are Pvt Ltd company, Only 09 (10.71%) of the total respondents are above the age of

25 years, Only 11 (13.10%) out of total respondents are Diploma holders, Only 08 (9.52%) of the total respondents are attempting banking transactions below 5 times, Only 06 (7.14%) of the total respondents are having annual profit as to turnover less than Rs.1,00,000/-.

- ✓ It seems from above analysis that the 84 SME's respondents who were participated in the survey are from mixed profile having frequent need of banking transactions and through which those respondents are being covered who are running their business/profession as sole entrepreneur and understand the importance of online banking practices during Covid-19 era.

Table-4.2 Level of acceptance of the respondents for online Banking services under study
SA- Strongly Agree A-Agree N-Neutral DA-Disagree and SDA- Strongly Disagree

Online Banking services	SA	%	A	%	N	%	D	%	SDA	%	Total	Total %
Smart Cards	13	15.48	10	11.90	15	17.86	21	25.00	25	29.76	84	100
E-Banking	15	17.86	11	13.10	17	20.24	19	22.62	22	26.19	84	100
M-Banking	18	21.43	23	27.38	13	15.48	12	14.29	18	21.43	84	100
SMS Alert	57	67.86	23	27.38	2	2.38	2	2.38	0	0.00	84	100
E-Statements	24	28.57	21	25.00	8	9.52	15	17.86	16	19.05	84	100
Online Loan Application	14	16.67	12	14.29	13	15.48	18	21.43	27	32.14	84	100
SME's E-Business Loan	11	13.10	12	14.29	18	21.43	17	20.24	26	30.95	84	100
Any Branch Banking(ABB)	54	64.29	25	29.76	3	3.57	1	1.19	1	1.19	84	100
Online Insurance Services	11	13.10	9	10.71	25	29.76	17	20.24	22	26.19	84	100
Online Demat Account	8	9.52	11	13.10	26	30.95	15	17.86	24	28.57	84	100
E-CD's	12	14.29	10	11.90	25	29.76	18	21.43	19	22.62	84	100
E-Bill Payment	28	33.33	21	25.00	17	20.24	8	9.52	10	11.90	84	100
E-Mortgage(Loan)	24	28.57	22	26.19	11	13.10	9	10.71	18	21.43	84	100

(Primary DATA - based on Number of Respondents-84)

Analysis

- ✓ From the above analysis, it is interpreted that out of the total 84 respondents in survey, 27 (32.14%), 26 (30.95%), 22 (26.19%) respondents are found strongly disagree with certain online banking services offered under study such as Online Loan Application, SME's E-Business Loan, Online Insurance services. The reason could be the profile and region of such respondents being selected for study.
- ✓ Out of the total 84 respondents involved, majority are strongly agree with SMS Alert and Any Branch Banking services under study during Covid-19 era. As per the above analysis, 57 respondents(67.86%) are found strongly agree with SME Alert

and 54(64.29%) are found strongly agree with Any Branch Banking services.

- ✓ Through a bird view study, except few services, it seems that on an average 60% to 70% SME customers are found disagree with the online banking services during Covid-19 era and have preferred to visit the bank branch. The reason could be the respondents belonging to rural region location and from low educational background.
- ✓ Another reason could be the profile of such SME units(50.00% of the respondents belong to sole proprietorship) and therefore, they may not be having sufficient technical knowledge to avail the benefits of online banking services.

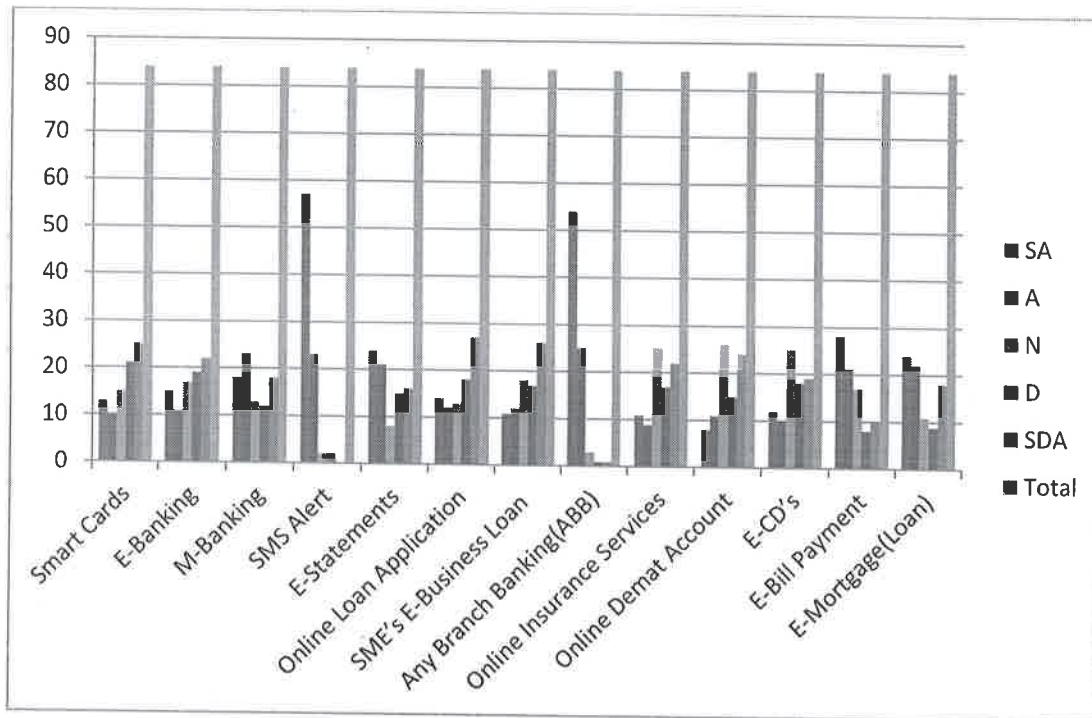


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Figure-4.2



(Source: Primary DATA- based on Number of Respondents-84)

4.3 Statistical Technique Analysis(Single Factor-Anova)

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	13	289	22.23077	253.359		
Column 2	13	210	16.15385	38.97436		
Column 3	13	193	14.84615	60.30769		
Column 4	13	172	13.23077	41.35897		
Column 5	13	228	17.53846	78.4359		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	611.1692	4	152.7923	1.617069	0.181688	2.525215
Within Groups	5669.231	60	94.48718			
Total	6280.4	64				

Interpretation (Testing of Hypothesis)

The above table 4.3 shows the single factor anova analysis of level of customer acceptance VS online banking service products. From the analysis it is clear that the 'p' values (.181688) which is greater than 0.05.

Therefore, the null hypothesis is accepted and It is interpreted that **'There is no significance difference among the SME customers acceptance with respect to online banking services during pandemic era within Kalyan-rural region.'**

4.4 Other than above analysis, certain other problems were reported by respondents-SME customers during survey:-

- More than 50% SME respondents have complained for occasional breakdown of the concerned bank application while attempting for banking transactions.
- Around 30% to 50% SME customers have reported for non-availability of Call center customer care executives while making any inquiry or asking for certain help.

- c. Around 10% to 20% SME respondents have reported their inability to upload the digital documents(scanned images) of ID/Residence proof & others due to file-size limitations.
- d. Around 40% to 50% respondents during survey have accepted their technical illiteracy to avail the online banking services through E-banking or M-banking options.

Suggestions & Conclusions

1. The banks are recommended to provide easy loan options with less documentation in online mode and frequent updating to be done to all such applicants at each completed steps of loan approval or the option of e-tracking of loan application is to be provided.
2. As far as possible the banks need to appoint more customer care executives who should be made available during working hours to provide online support to SME customers.
3. The services such as online account opening, Insurance and demate needed to

- be upgraded as per the requirements of SME customers.
4. The banks are advised to call SME customers for certain workshop or online banking support sessions to attend and clarify any queries/problems if they have on time to time basis.
5. The banks should provide hands-on training videos available on its web-link to understand the steps for availing various online banking services.
6. Thus, it can be concluded that the acceptance level of a major segment of the SME Customers towards online banking practices within Kalyan-Rural region during pandemic era does not seem positive and satisfactory except few banking services products. Therefore, the banks in this region are recommended to create awareness for online banking services products among the SME customers and provide assistance to those who are opting for the same.

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