

# IMPACT OF DIGITAL MARKETING ON INDIAN RURAL BANKING

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**Abstract:**Recent development has been taking place in Indian rural banks to increase the number of single window operations to avoid the harassment of different windows for their banking operations. The rural banks are taking lot of initiatives to change the attitude of their customers. This paper will provide insights to banks about the impact of digital efforts adopted by Indian Banks to enhance the customer experience and perception of banking services in Rural India.

This study will help the marketer in understanding of how attitudes influence consumer behavior towards banking in Rural India. Attitudes are measured using the Likert's scale to understand how the consumers behave towards the banking product. The success of banks in rural area is unpredictable as rain. This is because, most of the banks extend marketing plans that they use in urban areas to rural market. There is emerging need of expertise in digital marketing of bank products. The study will identify the factors affecting the attitude of banks in rural India and will give the services overview of banks in rural India.

**Keywords:** Attitudes, Digital, Services, Perception

## **Introduction**

Digital technology is the medium through which the companies grow their business. The digital channel is used for promoting product and services and to reach consumers is called digital marketing. The trends of digital marketing like mobility, social media, content marketing, search engine marketing and advanced analytics. The company analyzes the customer behavioral data. Multiple touch points have been identified when communication to customer is made on products and services. The touch points like radio, communities, sales force, television, mobile apps, e commerce, social networks, and direct mail. Indian rural banking shows extensive growth by the automation in their day to day bank operations. The rural consumers must also adopt the technology for their routine operations.

## **Literature Review**

The communications on digital marketing can enhance the ROI of marketing.

Technological innovations lead to transition from traditional marketing to digital marketing. (Bhattacharya et.al., 2000)

Balasubramanya S (2002) has studied on automation of banking sector which has started with banking reforms in eighties which is followed by Narsimhan Committee.

Vij Madhu (2003) had undertaken study to explore the comparison of three private banks in India-ICICI, HDFC and IDBI. The winner out of three banks shows that HDFC stands out as a clear winner with ICICI at number two.

In the study he has concluded that the future will rest on integration of use of internet, proper understanding, measuring of risk management as also nurturing and retaining the intellectual capital.

The author has advised the following strategies which requires to be focused on:

- New products need to be developed to increase customer base
- Strategic alliances
- Effective software system needs to be set up

Traditional Marketing functions are enhanced by using internet to extend the information technology. (Urban, 2004)

Rajshekhara K. S. (2004) has analyzed the impact of IT in banking has experienced many changes with the passage of time.

Digital marketing means integrated communication made with customers using digital technologies. (Smith, 2007)

Meenu and Sangeeta (2012) explored an empirical study in the rural areas of Punjab and found that financial needs are satisfied by micro financing services for poor.

Palani and Yashodha in 2014 studied that education, gender, income has major role in mobile banking usage. The factors like trust, gender, culture, religion, security and price are inhibitors and affect the customer mindset towards mobile banking to a little extent.

### **Problem Statement-**

The study has not been undertaken so far on knowing the impact of digital marketing tools on Indian Rural Banking.

### **Objectives of Study-**

1. To explore the impact of digital marketing tools on Customers of Indian Rural Banking marketing
2. To know about the customer awareness on usage of digital media in Indian rural areas

### **Research Hypotheses-**

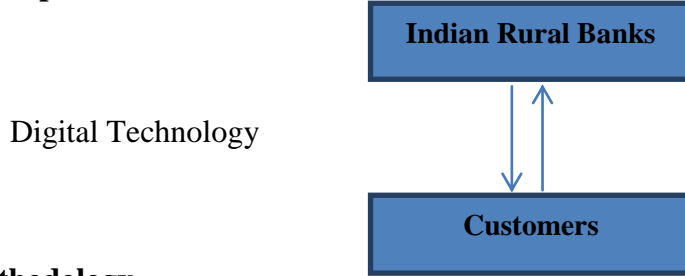
1H<sub>0</sub>- Age has no significant impact on usage of mode in rural banking

1H<sub>1</sub>- Age has significant impact on usage of mode in rural banking

2H<sub>0</sub>- There is no association between preference of banking operation and perception of responsive banking

2H<sub>1</sub>- There is association between preference of banking operation and perception of responsive banking

**Conceptual Framework-**



**Methodology**

The paper has used the primary and secondary sources of information. 100 samples have been collected from customers of banks in rural areas of Ghaziabad. The sampling technique is intercept sampling and area is Ghaziabad. The survey has been conducted with the help of questionnaire. The respondents are both types of customers online and offline user. The statistical analysis technique used is descriptive, Chi- Square and one way ANOVA for data analysis.

**Data Analysis-**

**Table 1- Use of Mode in banking**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Digital	8	8.0	8.0	8.0
Traditional	92	92.0	92.0	100.0
Total	100	100.0	100.0	

Table 1 indicates that popular mode of banking used is traditional which is 92% and 8% prefer digital media for banking. The digital banking includes mobile banking, internet banking and phone messaging. The traditional banking includes visiting bank branch. The customers prefer traditional media as effective mode for their regular operations of rural banking.

**Table 2- Preferred banking operation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Visiting Branch	83	83.0	83.8	83.8
Telephone banking	6	6.0	6.1	89.9
Online banking	3	3.0	3.0	92.9
Others(mail etc)	7	7.0	7.1	100.0
Total	99	99.0	100.0	
Missing System	1	1.0		
Total	100	100.0		

Table 2 depicts that preferred mode of banking for paying bills is visiting branch. Other ways of banking operation are less utilized in rural banking.

## ANOVA

**Table 3- Use of Mode in banking**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.368	3	.123	1.683	.176
Within Groups	6.992	96	.073		
Total	7.360	99			

Table 3 clearly mentions that age has no impact on use of mode in banking.

**Table 4- Test Statistics**

	Preferred banking operation	Banks to be perceived responsive
Chi-Square	183.141 <sup>a</sup>	38.500 <sup>b</sup>
df	3	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 24.8.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0.

Table 4 indicates that the significant value p is less than .05 and null is rejected and we accept that there is association between preferred banking operation and perception of responsive banking.

### Findings-

The analysis of data has indicated that the digital marketing has no substantial impact on Indian rural banking. The banks have automated but rural customers are not able to utilize the digital media effectively. They find comfort in using the traditional mode for their banking operations. The internet penetration in India is around 20%. The rural penetration in terms of internet usage is quite less. Digital Marketing tools are not accepted in rural banking of India. Further the awareness of digital media for rural banking is quite low.

### Conclusion & Recommendation-

The benefits underlying the use of digital media are based on customer perception of the use of information technology. The consumption of information technology in buying of banking products will lead to bright future of India from business perspective. Indian Government has to increase the adoption rate of technology so that growth of industry can be sustained. The sustainable model of digital marketing can be proposed so that futures of Indian rural banking are maintained. The study can further be taken up for exploring the factors of digital marketing which inhibits the rural consumers in adoption of technology.

### **Limitation-**

Owing to lack of time and resources the researcher has been able to explore limited dimensions of digital marketing for future prospects of rural banks in India. Given a time in future, more researches may be performed in the area of knowing more on workability of digital marketing models for growing banking business in rural India.

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