

Digital Users Perception on Digital Banking Frauds - A Study with Special Reference to Selected Digital Banking Services

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Abstract: *Digital banking adoption has been increased in very recent years among the users in Indian banking sectors. The growth of digital gadgets, the spread of speedy net services and the inclination of bankers themselves to encourage the users to go for digital related banking services have paved the way for the speed diffusion of banking services through digital modes. Digital banking normally comprises the banking activities among the customers away from physical transaction to machine based interaction through Automated Teller Machines, internet, telebanking and mobile banking. The longitudinal penetration of digital banking services and simultaneously also elevate digital related frauds through fraudsters. The digital frauds in banking industry happens in customer database stealing, electronic money transfer issues, creation of duplicate websites on the name of customers transaction bank and frauds on credit as well as debit cards. This paper attempts to address the perception of digital customers view on digital frauds and its impact on their trust of digital banking services. The digital customers of selected banks were approached with structured questionnaire which covers the aspects of digital frauds on banking and the status of customer trust.*

Keywords: Digital Banking, Digital Frauds, Fraudsters, Perception, Trust

1. Introduction

Digital banking is the new avenue of innovative banking in present day banking industry. The changing attitude of customers, the demand for quick and speed services, the need multifold services for customer financial and utility requirements at one bank store step are the new trends of customer expectation in present day banking scenario. The new age banking customers look for convenient, costless and any place banking services at any time motivate the bankers irrespective of their institutional structure to employ human less intervention banking with the support of modern and emerging information communication technology front gadgets namely automate teller machines, internet banking, mobile banking, apps, telebanking for various banking services ranges from deposit, loan, money transfer, account verification, loan syndication and basic utility services for their customers. The present day customers with information savvy background look for comfortable banking by keeping machine in hand with value for money on their investment. The banking culture in India in very recent periods also motivated all age group of customers to go for digital banking. The motive of present banking industry on branchless banking also chats out systematically and appreciated by customer segment by adopting digital banking.

With the advances in information technology, most banks have migrated to digital banking at the same time it leads to creation of minds of frauds through online processing systems, some of the types of frauds are frequently happens and mainly through internet, they are phishing, spam, spyware, card skimming [5], hacking and so on.

It is imperative to understand the view of digital customers about the issues faced by digital frauds while performing digital banking. There are possibilities among the customers end who do not intensively realize the happening of digital

frauds. More over it is necessary by bankers to periodically monitor the kind of digital frauds happening in banking services and also understand the opinion of customers over the digital frauds. The current research paper may be helpful to view the opinion of digital customers on digital frauds and also helpful to probe their trust factors on pursuing digital banking services.

2. Statement of the Study Problem

Digital fraud has become a central issue in the era of digitization in our economy especially on digital banking activities. The digital banking in India undertakes by all form of customers namely individual, institutional, traders and industry. The recent survey undertaken by NAASCOM [1] on the utilization of digital banking among the Indian customers reveals that all forms of financial services are majorly done by customers over digital banking. The proportionate percentage of adoption of digital banking also increases reasonably in recent periods. But at the same time, according to a global survey conducted by FIS [2][3], a financial services technology firm, Indians are among the most frequent victims of online banking frauds. In fact, around 18% of Indians surveyed reported a fraud in the preceding year. This was a higher percentage than any other country's respondents. In comparison, only 6% of people from Germany reported a fraud followed by 8% in the UK. A major portion of frauds affected Indians between the ages of 27 to 37 - the most regular users of online banking channels. In this circumstance a comprehensive research study is need to understand the perception of customers about digital frauds and also probe to predict its influence on customer trust on digital banking services in terms of banks in general and their corresponding banks on particular. This work is an extension of the previous work [4].

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3. Objectives of the study

- 1) To know socio economic profile of customers who have engaged on digital banking services in the selected study
- 2) To learn the reasons for doing digital banking by different categories of customers
- 3) To understand their view on digital banking frauds and its intensity
- 4) To verify the impact of their perception of digital banking frauds on their trust aspect on digital banking services

4. Scope of the study

The study on digital customer perception on digital banking frauds has been employed among the different categories of customer's namely individual, institutional, industry and traders. The customers with different age, income and occupation background have been chosen for the study. The form of digital banking done by them through ATM, mobile, internet, POD purchases through debit/credit cards and electronic fund transfer through APPS have been chosen as digital banking customers. The customers belong to all forms of banks like public, private and others have been taken as pooled respondents for the study.

5. Methodology

The present research study on digital customers' perception on digital banking frauds was done as descriptive in nature. The respondents for the study have been chosen from different background of age, sex, income and occupation. The respondents' been approached personally with personal interview basis with structured questionnaire. Initially a pilot study was undertaken among the bankers, customers, experts and technocrats about their view on digital banking issues. Based on the depth discussion and interaction, it was decided to undertake a study on the perception of digital customers on digital banking frauds. The research basically reviewed different literatures on the study and also conducted informal interview with his known and peer groups about the topic. Based on the outcome of discussion, a structured questionnaire was prepared. The questionnaire comprised three parts. The part one covered the aspects socio economic profile of respondents like their age, sex, educational background, type of employment and their income. The second part probed their nature of banking operations and the third part of questionnaire comprised questions about digital frauds in the forms of statements and which were measured by 5 point Likert Scale (1- strongly disagree to 5- strongly agree). The obtained responses for the item scales have checked for its content, criteria and reliability. The 46 respondents were chosen on the basis of convenient sampling method,

6. Results and discussion

The result part is divided into three sections, section 1 shows the socio economic profile of the respondents, it is depicted in table 1, section 2 shows the banking operations of the respondents, it is shown in table 2, section 3 deals with perception of digital banking frauds on their trust aspect on digital banking services, it is shown in table 3.

6.1 Socio-economic status

From the table 1, it is understood that 23.9, 28.3, 23.9 and 23.9 percentages of respondents belongs to <25, 25-35, 36-45 and >45 age groups, 50 percentages of respondents belong to male category and 50 percentages of respondents belong to female category. With respect to education qualification, 13 percentages of respondents belongs to SSLC, 17.4 percentages of respondents belongs to HSC, 10.9 percentages of respondents belongs to diploma, 37 percentages of respondents belongs to UG, 19.6 percentages of respondents belongs to PG and 2.2 percentages of respondents belongs to Ph.D category. 8.7, 37, 37 and 17.4 percentages of respondents belongs to <=1,00,000, 1,00,001 to 2,00,000, 2,00,001 to 4,00,000 and > 4,00,000 income categories. For occupation, 41.3 percentages of respondents belongs to private category, 28.3 percentages of respondents belongs to Government category, 26.1 percentages of respondents belongs to business category and 4.3 percentages of respondents belongs to industrialist category.

Table 1: Socio-economic profile of the respondents

Variable	Category	Percentage
Age	<25	23.9
	25-35	28.3
	36-45	23.9
	>45	23.9
Gender	Male	50
	Female	50
Education Qualification	SSLC	13
	HSC	17.4
	Diploma	10.9
	UG	37
	PG	19.6
	PhD	2.2
Income	<=1,00,000	8.7
	1,00,001 to 2,00,000	37
	2,00,001 to 4,00,000	37
	>4,00,000	17.4
Occupation	Private	41.3
	Government	28.3
	Business	26.1
	Industrialist	4.3

Source: Primary data

6.2 Mode of banking operations

From the table 2, it is observed that 76.1 percentages of respondents belongs to savings account and 23.9 percentages of respondents belongs to current account category. For type of bank, 47.8 and 52.2 percentages of respondents belongs to private and public bank categories. For nature of account, 60.9, 10.9 and 28.2 percentages of respondents belongs to individual, institutional and joint account categories. With respect to status of doing digital banking, 100 percentages of respondents were doing digital banking. For mode of doing digital banking, 2.2, 28.3, 63 and 6.5 percentages of respondents belongs to mobile, computer with internet connection, mobile and computer with internet connection and third party categories. For type of digital banking services availed, 8.7, 8.7, 10.9 and 71.7 percentages of respondents belongs to ATM, credit/debit, NET banking and all of the above categories. With respect to purpose of digital banking, 73.9 and 26.1 percentages of respondents belongs

to personal and institutional categories. Similarly for type of services done through digital banking, 8.7, 45.7, 4.3, 2.2 and 39.1 percentages of respondents belongs to money transfer through online, online purchase, Account and balance verification through internet and mobile banking, information services and all the above categories.

Table 2: Nature of banking operations

Variable	Category	Percentage
Type of Account in Bank	Savings	76.1
	Current	23.9
Type of Bank	Private	47.8
	Public	52.2
Nature of Account	Individual	60.9
	Institutional	10.9
	Joint	28.2
Status of doing digital banking	Yes	100
Mode of doing digital banking	Mobile	2.2
	Computer with internet connection	28.3
	Mobile and computer with internet connection	63
	Third party	6.5
Type of digital banking services availed	ATM	8.7
	Credit/Debit	8.7
	NET banking	10.9
	All of the above	71.7
Purpose of doing digital banking	Personal	73.9
	Institutional	26.1
Type of services done through digital banking	Money transfer through online	8.7
	Online purchase	45.7
	Account and balance verification through internet and mobile banking	4.3
	Information services	2.2
	All the above	39.1

Source: Primary data

6.3 View about digital banking, banking frauds and trust towards respective bankers

From the above table 3, it is very clear that the customers of the bank are much satisfied with their login and password authentication, the mean value of 3.78 indicates that they are much confident with the authenticated sites of nationalized banks. At the same time, the mean value of 3.00 indicates the lack of confidence among banking clients for using the banking operations for other services like payment for LIC premiums, school fees, paying online EB charges etc., because it has to run their services with the help of other gateways. Similarly the mean of 3.59 indicates high level of trust by the clients in the debit and credit cards issued by the banks, since it supported by one time password. The least mean value is 3.00; indicates that respondents are not happy with the confident level with their respective bankers for doing digital banking.

Table 3: Opinion about digital banking and trust statement towards respective bankers

Statements	Mean
My bank login and password are well protected	3.78
I never experience any form of duplicate financial transaction on my account	3.76
My financial transaction are completely hided by banker	3.61
My credit/debit cards are secured and highly protectable	3.59
My bankers always support me on my digital banking compliance	3.57
I do not have an experience of leaking my financial data	3.52
My banker has strong security concern on customer data management	3.52
My bank always take care on maintaining and updating my personal data	3.52
My transaction on ATM services of my bankers are well protected	3.52
ATM support services of my bankers are regularly monitored and updated	3.48
Through my bankers i am getting calls	3.48
I find better digital support services when compared to other bankers	3.37
I am receiving my transaction mails only by identified bankers	3.37
My bankers informs constantly on digital frauds	3.35
I am confident on my bankers digital support services in future	3.22
My database is shared among different desk doing my digital transactions	3.20
I am getting privacy on my digital transaction	3.15
Any information of my data steeling is informed to me	3.09
My personal data are referred by unknown trackers	3.04
I am confident on my bankers digital services	3.00

Source: Primary data

7. Conclusion and Limitations of the study

Digital banking has become a flourishing future in the banking industry. The growth and influx of advanced gadget on network communication industry provides comprehensive and sophisticated instruments with high data speed as well as connectivity. The evolution of digital economy and its pace of development should include all forms of financial and banking transactions with any spot of customers through digital mode. In this aspect, the digital banking will become complete banking products to customers in next decade. But the alarm is, the intensity of digital banking also pave the chances of unprecedented digital frauds which can be either measured or unmeasured. The impact of customers perception of experiencing and understanding the digital frauds in banking industry may created a test run on their trust of digital banking as well the bankers. The outcome of the study shows that the digital frauds especially on security and privacy have significant impact on the trust of customers on digital banking it is recommended to the bankers to invest a reasonable amount on bringing new technology on creating security walls as well as customer privacy syndromes.

The study was undertaken among the available customers through personal and online contacts. The study has not clearly demarcated the customers who avail all forms of digital banking services. The study has not focused on the view of digital customers based on their gender representation. The study circumscribed only the aspects of

digital frauds on customer trust on digital banking services in general. This study can be extended as hypothetical study, data mining algorithms and statistical methods.

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