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Perceived Impact of Digital Banking Services on Rural Customers: Evidence from The Yavatmal Urban Co-operative Bank Ltd., Maharashtra

Sanjana Pravin Fulari

Roll No.2025-27 D2F1-50

Under the guidance of

Dr. MARUTI PRASAD
Master of Business Administration

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At

School of Business, Indira University

Tathwade, Pune – 411033

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Abstract

UPI, mobile banking and ATMs now let many people bank without going to a branch, but it is less clear how much rural customers of small co-operative banks actually gain from them. This study looks at how rural customers of The Yavatmal Urban Co-operative Bank Ltd. in Maharashtra, India, see digital banking in terms of awareness, use, convenience and the difficulties they run into. Data came from a structured questionnaire circulated through Google Forms during a two-month on-the-job training at the bank in 2026. A convenience sample of 103 respondents answered, and the responses were analysed with frequencies, percentages and 95% confidence intervals. Awareness was highest for mobile banking (58.3%) and lowest for internet banking (28.2%). About 64% of respondents agreed that digital banking saves their time and 61% agreed that it reduces their need to visit the branch. Overall, 82.5% rated their experience as good or excellent. Even so, 58.3% said they do not know enough to use digital banking comfortably, 52.4% named poor internet connectivity and 31.1% feared online fraud. Respondents mostly used digital banking for money transfers, mobile recharge and bill payment. For this group, the main obstacle appears to be not access to digital services but the confidence and know-how to use them. Because the sample is small and was not drawn at random, the findings are indicative and should not be generalised to all rural customers of the bank. The paper ends with practical suggestions for assisted, local-language digital literacy support in co-operative banks.

Keywords: *digital banking; rural customers; financial inclusion; co-operative banks; digital literacy; UPI; India*



1. Introduction

Not long ago, most banking in India meant standing in a queue at a branch. A person who wanted to send money to a relative, pay an electricity bill or check a balance usually had to go in person. That has changed quickly. Mobile banking apps, ATMs, UPI and electronic fund transfers now handle a large share of routine transactions, and they work at any hour. For people who live far from a branch, or who lose a day's wages travelling to one, these channels should in principle make a real difference.

Having the channel available is not the same as using it, though. The Global Findex survey has repeatedly shown that owning an account and actually using it for digital payments are two separate things (Demirgüç-Kunt et al., 2022). Rural customers may face weaker mobile networks, less experience with smartphones, and a worry that one wrong tap could cost them their savings. Whether digital banking benefits a given group of customers therefore depends on more than whether the bank offers it.

Urban co-operative banks are an interesting place to look at this question. They are usually smaller than large commercial banks, they are rooted in a local community, and many of their customers value being able to walk in and speak to someone they know. The Yavatmal Urban Co-operative Bank Ltd., founded in 1965 in Yavatmal district of Maharashtra, fits that description. As such banks add digital services, a practical question arises: do customers in nearby rural areas find those services useful, and what stops them from using them more?

This study tries to answer that question from the customers' side. It has four objectives:

(1) to find out how aware rural customers are of the digital banking services available to them, and how they use them;

(2) to assess how far they feel digital banking saves time and reduces the need to visit the branch;

(3) to identify the main difficulties they face when using digital banking; and

(4) to suggest ways in which the bank can improve adoption among rural customers.

The data come from a survey of 103 respondents collected during an on-the-job training placement at the bank. The paper adds a small, locally grounded set of evidence on a type of institution, the rural-facing urban co-operative bank, that gets less attention in the adoption literature than large commercial banks do. The rest of the paper is organised as follows. Section 2 reviews the relevant literature, Section 3 describes the study setting, Section 4 explains the method, Section 5 presents the results, Section 6 discusses them, and Section 7 covers practical implications, limitations and conclusions.

2. Literature Review

2.1 Digital banking and financial inclusion

Financial inclusion is usually understood as people having access to useful and affordable financial services. Sarma and Pais (2011) examined what is associated with higher levels of inclusion across countries and found that it tracks wider social and economic conditions, including income, literacy and the quality of infrastructure such as connectivity. That fits the intuition behind digital banking policy: if the physical distance to a branch is the barrier, electronic channels can shorten it. Yet the same finding is a reminder that inclusion depends on conditions around the service, such as education and a working network, and not only on the service itself.

The Global Findex 2021 report documents fast growth in account ownership and digital payments across the world, including in India, and also notes that having an account does not mean that people use it for digital transactions (Demirgüç-Kunt et al., 2022). This gap between access and use is the starting point of the present study.

2.2 Why customers adopt digital channels, or do not

Most research on this question builds on a few well-known models. Davis (1989) proposed that people accept a technology mainly because they find it useful and easy to use. Rogers (2003) described how innovations spread through a community and listed the traits that make adoption more likely, among them relative advantage, compatibility with existing habits, and low complexity. Venkatesh et al. (2003) later combined several earlier models into the Unified



Theory of Acceptance and Use of Technology. It points to expected performance, expected effort, social influence and facilitating conditions such as available help and infrastructure.

These ideas have been applied to banking in many settings. Gu et al. (2009) extended the technology acceptance model with trust-related factors in a study of mobile banking and found that trust mattered alongside usefulness and ease of use. Laukkanen (2016) compared why consumers adopt or reject internet banking and mobile banking, and showed that the two channels, although they look similar, are not accepted or resisted for exactly the same reasons. Taken together, this work suggests that usefulness, ease of use, trust and support all matter, and that they matter differently for different channels.

2.3 The rural and co-operative context

The models above were largely developed and tested in workplace or urban consumer settings. A rural customer of a small co-operative bank sits in a rather different position. Network coverage may be patchy, experience with smartphones may be limited, and the relationship with the bank is often personal and long-standing. In terms of the models, “effort” and “facilitating conditions” are likely to carry more weight, because they cover the knowledge and connectivity problems that rural customers talk about. This study does not set out to test those models. It uses them as a lens to read what rural customers of one co-operative bank report about awareness, benefits and barriers.

3. Study Setting

The Yavatmal Urban Co-operative Bank Ltd. was registered on 12 April 1965 and began as the Sankatmochan Urban Co-operative Bank Ltd., Yavatmal, set up to meet the financial needs of ordinary people in the town and to encourage saving (The Yavatmal Urban Co-operative Bank Ltd., n.d.). The bank describes itself as having adopted core banking and modern technology to improve service. Its head office is in Yavatmal and the survey reported here was carried out while the author was placed with the bank at Umarkhed during an on-the-job training programme from 25 May to 25 July 2026.

4. Methodology

4.1 Research design and instrument

The study is descriptive with a limited analytical component. A structured questionnaire was prepared in line with the objectives. It collected three demographic details (age group, gender and education) and then asked about five areas: awareness of five digital banking services (digital banking in general, mobile banking, UPI, ATM service and internet banking); agreement, on a five-point scale, with two statements, “Digital banking services save my time” and “Digital banking services reduce my need to visit the bank branch”; the challenges respondents face; their main purpose in using digital banking; and their overall awareness and overall experience. The questions on awareness, challenges and purpose allowed more than one answer, so percentages for those items add up to more than 100.

4.2 Sampling and data collection

Respondents were reached through convenience sampling, which means that people who were accessible and willing to take part were included. This was the practical option in a short training period. The questionnaire was circulated through Google Forms, and responses were checked for completeness before analysis. In all, 103 responses were received. The question on the main purpose of using digital banking was answered by 94 of them, and percentages for that question use 94 as the base. All other percentages use 103.

4.3 Analysis

Responses were tabulated as counts and percentages. For the main indicators, 95% confidence intervals were calculated with the Wilson score method, which behaves better than the simple normal approximation when samples are modest in size. For the two agreement statements, “disagree” and “strongly disagree” were combined for reporting. Because the sample is not random, the confidence intervals show the statistical uncertainty of the 103 answers only. They do not make the results representative of the bank’s whole rural customer base.



5. Results

5.1 Profile of respondents

Table 1 shows who answered. The largest age group was 20–30 years (32.0%), followed by 31–40 years (23.3%), so a little over half of the respondents (55.3%) were between 20 and 40. People above 50 made up 11.7%. Women (49.5%) and men (46.6%) were represented about equally, and 3.9% chose "other". Graduates were the biggest education group (38.8%), and 30.1% had studied up to Class 9–12.

Table 1. Profile of respondents (n = 103)

Characteristic	Respondents (n)	Percentage (%)
Age group		
Below 20 years	15	14.6
20–30 years	33	32.0
31–40 years	24	23.3
41–50 years	19	18.4
Above 50 years	12	11.7
Gender		
Female	51	49.5
Male	48	46.6
Other	4	3.9
Education		
Class 1–8	19	18.4
Class 9–12	31	30.1
Graduate	40	38.8
Postgraduate	13	12.6

Source: Primary survey data.

5.2 Awareness of digital banking services

Mobile banking was the service most respondents knew about (58.3%), ahead of UPI and ATM service (53.4% each). Just under half (47.6%) selected digital banking in general. Internet banking stood apart: only 28.2% were aware of it (Table 2 and Figure 1).

Table 2. Awareness of digital banking services (n = 103, multiple answers allowed)

Service	Respondents (n)	Percentage (%)
Mobile banking	60	58.3
UPI	55	53.4
ATM service	55	53.4
Digital banking (general)	49	47.6
Internet banking	29	28.2

Source: Primary survey data.

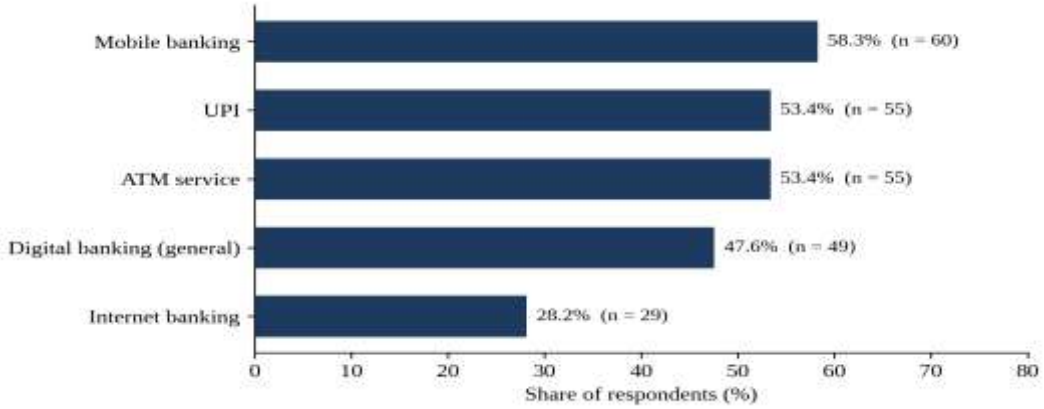


Figure 1. Awareness of digital banking services

When asked a broader question about their awareness of digital banking, 30.1% (31 respondents) said they were fully aware and 39.8% (41) said they were somewhat aware. A further 26.2% (27) had heard about it but did not know much, and 3.9% (4) were not aware of it at all. In other words, 96.1% had at least heard of digital banking, but fewer than a third felt fully informed.

5.3 Perceived benefits

Respondents were positive about the benefits (Figure 2). In all, 64.1% agreed or strongly agreed that digital banking saves their time, with 44.7% strongly agreeing. For branch visits the picture was similar: 61.2% agreed or strongly agreed that digital banking reduces their need to go to the bank, and again 44.7% strongly agreed. About one in five were neutral on both statements (22.3% and 21.4%), and 13.6% and 17.5% respectively disagreed.

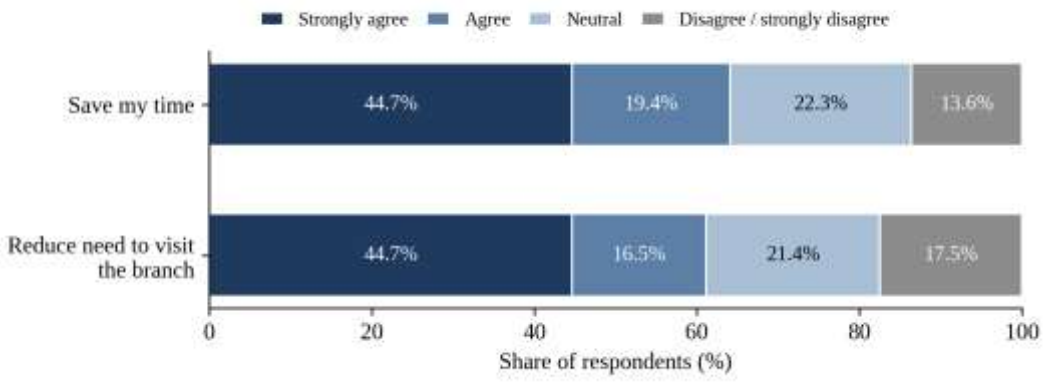


Figure 2. Agreement with statements on time saving and branch visits (n = 103)

5.4 What respondents use digital banking for

Money transfer was the most common purpose (64.9% of the 94 who answered), followed by mobile recharge (61.7%) and bill payment (57.4%). Cash withdrawal (39.4%) and balance enquiry (36.2%) came next, and shopping payments were selected least often (27.7%) (Table 3).



Table 3. Main purposes of using digital banking (n = 94, multiple answers allowed)

Purpose	Respondents (n)	Percentage (%)
Money transfer	61	64.9
Mobile recharge	58	61.7
Bill payment	54	57.4
Cash withdrawal	37	39.4
Balance enquiry	34	36.2
Shopping payments	26	27.7

Source: Primary survey data. Percentages are based on the 94 respondents who answered this question.

5.5 Challenges

Lack of knowledge was the most frequently reported difficulty. Six in ten respondents (58.3%) said they do not know enough about digital banking. Poor internet connectivity came close behind (52.4%). Fear of online fraud or financial scams was named by 31.1%, and 20.4% reported technical problems while using the services (Table 4 and Figure 3).

Table 4. Challenges faced while using digital banking (n = 103, multiple answers allowed)

Challenge	Respondents (n)	Percentage (%)
Lack of sufficient knowledge about digital banking	60	58.3
Poor internet connectivity	54	52.4
Fear of online fraud or financial scams	32	31.1
Technical problems while using the services	21	20.4

Source: Primary survey data.

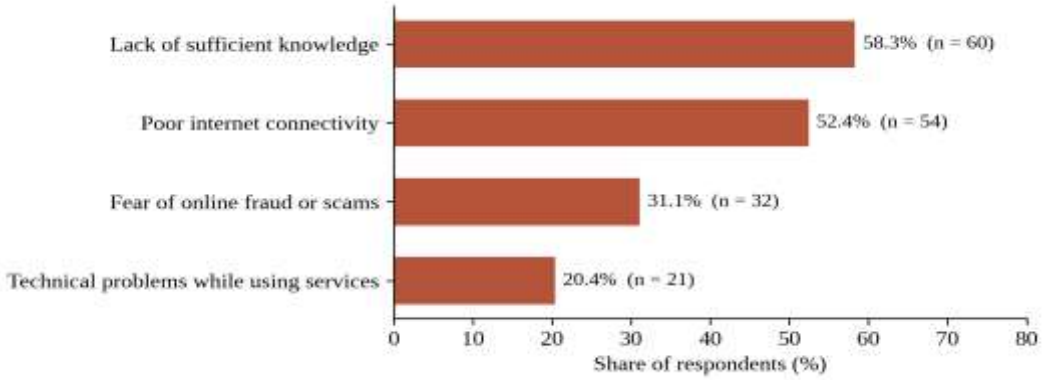


Figure 3. Challenges faced while using digital banking

5.6 Overall experience

Experience with digital banking was rated well. Of the 103 respondents, 40.8% (42) rated it excellent and 41.7% (43) rated it good, so 82.5% were positive. Another 15.5% (16) called it fair, and two respondents (1.9%) rated it poor or very poor.

5.7 Summary of main indicators

Table 5 pulls the main results together and adds 95% confidence intervals. The intervals are fairly wide, which is expected with 103 responses. Even the lower ends are informative, though. For example, the lower bound for lack of knowledge is above 48%, and the lower bound for a good or excellent experience is above 74%.



Table 5. Main indicators with 95% confidence intervals (Wilson method)

Indicator	n / base	%	95% CI (%)
At least somewhat aware of digital banking	72/103	69.9	60.5–77.9
Agree/strongly agree: digital banking saves time	66/103	64.1	54.5–72.7
Agree/strongly agree: fewer branch visits needed	63/103	61.2	51.5–70.0
Rated overall experience good or excellent	85/103	82.5	74.1–88.7
Cite lack of knowledge as a challenge	60/103	58.3	48.6–67.3
Cite poor connectivity as a challenge	54/103	52.4	42.9–61.8
Cite fear of online fraud as a challenge	32/103	31.1	22.9–40.6

Source: Primary survey data; confidence intervals calculated by the author. Intervals reflect sampling uncertainty only and assume the sample behaves like a random one, which it does not.

6. Discussion

The results point in two directions at once. Most respondents see real benefits in digital banking and rate their experience highly, yet a majority also say they do not know enough to use it with confidence. These are not contradictory. Almost everyone (96.1%) had at least heard of digital banking, but only about three in ten felt fully aware, and 58.3% named lack of knowledge as a problem. Knowing that a service exists is one thing. Knowing how to register, how to send money safely, what to do when a payment fails or whom to call after a suspicious message is another. The data suggest that the second kind of knowledge is where rural customers of this bank are short.

Read through the adoption models, the pattern is familiar. Perceived usefulness is clearly present, as the time-saving and branch-visit results show. What seems to hold back wider use is the "effort" side of the story, meaning how hard the services feel to operate, together with weak facilitating conditions such as a stable network and someone to ask for help (Davis, 1989; Venkatesh et al., 2003). Connectivity, named by more than half of respondents, is partly outside the bank's control. Knowledge and confidence are not, and that is where the bank can act.

Fear of fraud, reported by nearly one in three, deserves attention as well. Gu et al. (2009) found that trust shapes intention to use mobile banking, and a customer who has heard a story about a stranger draining someone's account is unlikely to try a new app without reassurance. For a co-operative bank, whose main asset is often local trust, handling this worry well may be as important as adding features.

Usage is concentrated in everyday payments: transfers, recharges and bills. Shopping payments were the least common purpose. The questionnaire did not ask about more advanced services, so the study cannot say whether customers use them. What it does show is that the habit of digital banking in this group is built around routine, repeated tasks. Awareness of internet banking was also low (28.2%). One possible reading is that phone-based channels have taken over from computer-based ones, but the study has no data to test that.

A caution is needed about the positive ratings. The questionnaire was filled in online, which means that people who could not easily open and complete a form were less likely to take part. The sample probably leans towards customers who are already somewhat comfortable with digital tools, and satisfaction among them is likely to be higher than among rural customers as a whole. If so, the share who struggle with knowledge and connectivity in the wider customer base could be even larger than reported here.

7. Implications, Limitations and Conclusion

7.1 Practical implications

The findings lead to several suggestions for the bank and for similar co-operative banks.

1. Run hands-on training sessions in Marathi or the local language, at branches and in villages, where customers practise a transaction themselves instead of only watching a presentation.



2. Set up a visible help point in branches for first-time users, staffed by someone who can walk a customer through registration and a first transfer.

3. Make fraud awareness a regular part of customer communication: never sharing OTPs or PINs, spotting fake links and fake customer-care numbers, and how to report an unauthorised transaction quickly.

4. Give customers clear steps for failed or pending transactions, and look for low-bandwidth options, since poor connectivity affected more than half of respondents.

5. Promote the less familiar services, internet banking in particular, with short demonstrations that show a concrete benefit.

6. Make use of younger customers, the largest group in the sample, as informal helpers for older relatives and neighbours.

7.2 Limitations and directions for future research

The study has limits that readers should keep in mind. The sample of 103 is small and was chosen by convenience, so it cannot represent all rural customers of the bank, and the online format may have favoured people who are more at ease with technology. The study records what respondents say they think and does so at one point in time. It has no baseline or comparison group, so "impact" here means perceived impact and not a measured effect, and the results do not show that digital banking caused the benefits respondents describe. The analysis is descriptive: it does not compare groups, for instance by age, gender or education, and it uses no tests of significance. The sample was not drawn from the bank's customer records, and the questions did not capture actual transaction data. The study was also confined to one bank, and conditions at other banks and in other regions may differ.

Future work could address these points with a random sample drawn across several branches, cross-tabulations or regression models that link age, education and connectivity to adoption, use of the bank's own transaction records, and interviews with older and less educated customers whose voices an online form is likely to miss.

7.3 Conclusion

This study asked how rural customers of The Yavatmal Urban Co-operative Bank Ltd. experience digital banking. The answer, from 103 respondents, is cautiously positive. Most believe digital banking saves them time and spares them trips to the branch, and more than eight in ten rate their experience as good or excellent. They use it mainly for money transfers, recharges and bill payments. At the same time, a majority say they lack the knowledge to use it with confidence, more than half are held back by poor connectivity, and almost a third worry about fraud. The practical message for the bank is that offering digital services is only the first step. Patient, local-language, hands-on help is likely to do more to widen use than any new feature. Larger and more representative studies would show how far these patterns hold across the bank's rural customer base.

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