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A study adoption of digital banking payment methods in digital marketing transactions with special reference to Mayiladuthurai Dt.

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Abstract

The adoption of digital banking payment methods in digital marketing transactions is influenced by factors such as Performance Expectancy, Effort Expectancy, and Social Norms. Performance Expectancy is positively influenced by the belief that digital banking will enhance transaction performance or efficiency. Effort Expectancy is not significantly influenced by the ease of use of digital banking platforms. Social norms have no significant impact, suggesting decisions are more individualistic. Digital banking payment methods positively influence facilitating conditions, enhancing hedonic motivation, price consideration, perceived risk, and trust. Access to resources, fun aspects, and cost-effectiveness enhance adoption, while price consideration is a positive factor. Trust, a strong predictor of adoption, emphasizes the importance of security and credibility in financial platforms.

Keywords: Digital banking, effort expectancy, digital marketing

Introduction

Digital marketing is crucial for banks to stay ahead of the competition and adapt to the rapidly evolving banking industry. With 89% of finance companies working towards a digital revolution, banks need to create a strong online presence to foster customer acquisition and retain loyalty. Digital marketing techniques, such as email marketing, search engine marketing, and social media marketing, help banks connect with their target consumers easily and engage on a larger scale. The rapid increase in digitalization has made customers digitally connected, leading to an expectation of a more seamless and convenient banking experience. Banks should focus on making their banking services completely digital to provide easy access to digital banking services and find their target audience digitally. To progress through the competitive landscape, banks must maintain a strong online presence and strategically present their service offerings and values. Digital marketing helps establish trust among customers, uphold a reputation for customer-centricity, security, and reliability, and foster enhanced customer loyalty. Lastly, banks must ensure ethical marketing and regulatory compliance, as recent incidents in risky crypto businesses have highlighted the importance of maintaining ethical practices and maintaining customer privacy. By adopting digital marketing strategies, banks can navigate the ever-evolving digital landscape and thrive in the competitive financial industry.

Theoretical background of the study

Khan and Minhaj (2021) ^[4] Digital marketing play a crucial role in driving small business effectiveness and digital transformation, leading to stronger economic outcomes and expanded market presence. It helps businesses understand customer preferences, create better experiences, and adopt smarter selling practices. Platforms like websites, industry-specific outlets, and forums are particularly beneficial for start-ups. Hat, Tan, Ngoc Vi, Phu and Ting (2024) ^[2] The primary objective of this study is to evaluate the current status of online banking in India, with a specific focus on the impact of service quality on consumer retention and consumer credibility. This research explores how the quality of online banking services influences consumer behaviour, particularly in terms of loyalty and trust. The findings indicate that online banking service quality has a significant and direct positive effect on consumer retention, consumer credibility, and consumer satisfaction. Furthermore, consumer satisfaction was found to mediate the relationship between service quality and both consumer

retention and credibility, underscoring its critical role in enhancing consumer loyalty and trust in online banking platforms. Khan and Minhaj (2022) ^[5] With the increasing global prominence of online payments, digitization has propelled online banking into the forefront of both customer and business interactions, particularly within the marketing domain. This study explores the influence of key e-banking components—efficiency and reliability, service quality, customer satisfaction, and customer retention—within the Indian context. The findings demonstrate that efficiency and reliability, along with service quality, have a significant direct impact on customer satisfaction and customer retention. Additionally, customer satisfaction was found to mediate the relationship between these factors and customer retention. This study offers practical insights for banks and businesses targeting India as a potential market and uniquely identifies four critical components shaping the e-banking experience: efficiency and reliability, service quality, customer satisfaction, and customer retention.

Cost-Effective: Digital marketing is considered more cost-effective than traditional channels (Anurag & Kaur, 2021) ⁺. With just one click, a company can reach millions of people. Unlike traditional marketing, it does not require large investments in billboards, pamphlets, or location-specific advertisements. A single digital advertisement can be distributed across multiple platforms and geographic locations simultaneously. Jeung and Park (2017) ^[3] **Wider Reach:** Digital marketing offers a vast reach, making it particularly beneficial for the banking sector. It leverages various channels such as Search Engine Optimization (SEO), social media marketing, and email marketing to connect with a broader audience effectively. Digital marketing extends beyond just online platforms; it also includes digital channels such as mobile devices, laptops, and other connected technologies, making it an indispensable component in today's digital age.

Improved Customer Engagement: Through digital marketing strategies such as personalized email campaigns, social media interactions, and mobile banking applications, banks can engage with customers on a more personal and interactive level. This leads to stronger relationships and improved customer satisfaction (Kumar, 2019) ^[6].

Competitive Advantage: By adopting digital marketing techniques, banks can remain competitive in an ever-evolving market. Those that effectively utilize digital channels are better positioned to differentiate themselves and attract tech-savvy customers. **Updates on Banking Products and Services:** In today's fast-paced banking environment, innovation is constant, with new products and services being launched frequently. Digital marketing plays a crucial role in keeping customers informed and engaged with these ongoing developments. Gulati, Tushar (2024) Digital marketing strategies significantly impact customer retention, with flexibility and variety being key factors. HDFC Bank and Nordea Bank demonstrated a stronger positive impact due to their broader marketing tools. However, contextual adaptation to cultural and economic settings did not significantly affect retention. The study suggests that some digital marketing practices can be universally effective, but others may require regional

customization (Mulyana, Hurriyati, Disman, & Adiwibowo., (2017) ^[7]

Objectives of the research

To understand the impact of digital marketing on the mode of banking based on consumer perception

To explore the impact of the post service facilities on consumer perception

Statistical application

Simple random sampling: The study is intended to assess online shopper perception, especially in Mayiladuthurai Dt. For collecting primary data Persons who were at least once buying the online and online payment mode at least once were considered. The present research intends to gather 310 sample responses after all screen and editing data set, the research finalize 281 response. Kaiser-Meyer-Olkin Measure of Sampling Adequacy test also shows that 281 size is appropriate for analysis.

So, the researcher uses the formula which could help to determine the appropriate sample size for this study. The confidence level is 95% (Za), and the margin of error is 5% (E) of this study and sample size determined as (Determining the sample size N required when estimating population proportion; unknown P stand). Measured Structural Equation Modeling (MSEM) and Structural Equation Modelling are some of the noticeable methods to fulfil the research requirements of modern researchers, especially after usage AMOS software. The present study also uses MSEM and SEM. Before executing these models, explorative factor analysis and confirmative need to run to confirm loading in particular variables. Explorative factor analysis is part of factor analysis in SPSS and it also executes in SPSS software.

Hypotheses

H1: Performance expectancy significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H2: Effort expectancy significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H3: Social norms significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H4: Facilitating condition significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H5: Hedonic motivation significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H6: Price consider significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H7: Perceived risk significantly influences the adoption of digital banking payment methods in digital marketing transactions.

H8: Perceived trust significantly influences the adoption of digital banking payment methods in digital marketing transactions.

Table 1: Master validity

	CR	AVE	MSV	MaxR(H)	HM	EE	PT	SN	PE	BI	FC	BB	PR
HM	0.944	0.771	0.100	0.966	0.878								
EE	0.942	0.773	0.036	0.990	0.030	0.879							
PT	0.920	0.745	0.134	0.968	0.180*	0.073	0.863						
SN	0.927	0.774	0.018	0.999	0.044	-0.081	0.133†	0.880					
PE	0.893	0.678	0.073	0.910	0.040	0.061	0.167*	0.062	0.823				
BI	0.894	0.678	0.134	0.899	0.211**	0.134†	0.366***	-0.075	0.271***	0.824			
FC	0.855	0.598	0.062	0.872	0.027	0.032	0.171*	-0.058	-0.060	0.250**	0.773		
BB	0.924	0.806	0.111	1.027	0.316***	0.190**	0.275***	0.071	0.194**	0.333***	-0.014	0.898	
PR	0.715	0.517	0.022	0.836	-0.051	0.038	0.062	0.026	-0.047	-0.149†	0.132	0.023	0.638

Source: SPSS

The validity table explains the maximum shared variance Average variance extract, and composite value is good for analysis. Measured Structural Equation Model (MSEM) The hypotheses test in MSEM and SEM, based on two endogenous (buying intention and

buyer behavior) and seven exogenous (performance expectancy, (ii) effort expectancy, (iii) social influence, and (iv) facilitating conditions, (v) hedonic motivation (vi) perceived risk and (vii) perceived trust.)

Table 2: Hypotheses Results OF MSEM

S. No	Endogenous Variable	Exogenous Variable	Estimate	S.E.	C.R.	P-value	Result
H1	Digital banking payment methods in digital marketing transactions	Performance Expectancy	0.232	0.071	3.283	0.001	Supported
H2	Digital banking payment methods in digital marketing transactions	Effort Expectancy	0.110	0.077	1.418	0.156	Not Supported
H3	Digital banking payment methods in digital marketing transactions	Social Norms	-0.119	0.074	-1.603	0.109	Not Supported
H4	Digital banking payment methods in digital marketing transactions	Facilitating Condition	0.265	0.084	3.173	0.002	Supported
H5	Digital banking payment methods in digital marketing transactions	Hedonic Motivation	0.145	0.063	2.292	0.022	Supported
H6	Digital banking payment methods in digital marketing transactions	Price Consideration	0.285	0.084	3.133	0.000	Supported
H7	Digital banking payment methods in digital marketing transactions	Perceived Risk	-0.284	0.133	-2.134	0.033	Supported
H8	Digital banking payment methods in digital marketing transactions	Perceived Trust	0.304	0.071	4.275	***	Supported

Source: Primary data (Output generated by AMOS graphic 21version)

Results and Interpretation

The result indicates that Performance Expectancy has a positive and statistically significant effect on the adoption of digital banking payment methods in digital marketing transactions ($\beta = 0.232$, $p = 0.001$). This suggests that when users believe digital banking will enhance their transaction performance or efficiency, they are more likely to adopt these methods. H2 is rejected. Effort Expectancy is not statistically significant in influencing the adoption of digital banking payment methods in digital marketing transactions ($\beta = 0.110$, $p = 0.156$). Interpretation: The ease of use of digital banking platforms does not play a major role in the users' decision-making process. This may be attributed to the growing technological familiarity and digital literacy among users, who are increasingly comfortable navigating digital interfaces without requiring them to be overly simplistic or effort-free. H3 is also rejected. Social Norms have no significant impact ($\beta = -0.119$, $p = 0.109$). Interpretation: Peer or social influence does not significantly affect users' adoption behavior in this context, suggesting decisions are more individualistic. The study tested the hypothesis H4, which suggests that digital banking payment methods positively influence facilitating conditions. The results indicate a moderate positive relationship, with a t-value of 3.173 and a p-value of 0.002, indicating statistical significance at the 0.05 level. Hypothesis H5, which

proposed that digital banking payment methods positively influence hedonic motivation in digital marketing transactions, was supported ($\beta = 0.145$, $t = 2.292$, $p = 0.022$). This suggests that the availability and ease of use of digital banking options can enhance users' enjoyment and positive emotional experience during digital transactions. Hypothesis H6, which posited that digital banking payment methods positively influence price consideration in digital marketing transactions, was supported ($\beta = 0.285$, $t = 3.133$, $p < 0.001$). This indicates that improved digital payment solutions may lead consumers to place greater emphasis on price when making purchasing decisions in digital environments. Hypothesis H7, which suggested a negative relationship between digital banking payment methods and perceived risk, was supported ($\beta = -0.284$, $t = -2.134$, $p = 0.033$). This implies that enhanced digital banking options can effectively reduce users' perceived risks when engaging in digital marketing transactions. Hypothesis H8, proposing a positive effect of digital banking payment methods on perceived trust, was strongly supported ($\beta = 0.304$, $t = 4.275$, $p < 0.001$). This confirms that integrating secure and efficient digital banking systems can enhance user trust in digital marketing environments.

Conclusion

Hedonic Motivation, price consideration, and facilitating

conditions are key factors in influencing digital banking adoption. Access to resources, fun aspects, and cost-effectiveness enhance adoption. Price consideration is a positive factor, while perceived risk reduces adoption. Trust, a strong predictor of adoption, emphasizes the importance of security and credibility in financial platforms.

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