



## A Study on Impact of Digital Banking on Customers Satisfaction

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### ABSTRACT

This study explores the influence of digital banking on customer satisfaction, emphasizing its growing significance in the financial sector. As digital banking becomes a cornerstone of modern banking services, understanding its impact on customer experiences and preferences is crucial for financial institutions striving to stay competitive. The research investigates key factors such as convenience, accessibility, security, and service responsiveness, which collectively shape customer perceptions. Data was collected using a structured approach, with participants selected through snowball sampling. The findings highlight that customers highly appreciate the ease and time-saving advantages offered by digital banking platforms. However, concerns about data security and the lack of personalized services suggest room for improvement. These insights underline the importance of addressing such challenges to enhance customer satisfaction and trust. The study contributes to the understanding of digital banking's role in shaping customer experiences, providing actionable recommendations for financial institutions to refine their digital strategies. By bridging gaps in service delivery, banks can optimize customer satisfaction and foster long-term loyalty in the digital era.

Keywords: Digital Banking, Customer Satisfaction, Financial Sector, Long-Term Loyalty, Customer Experiences

### 1. Introduction

The financial landscape has undergone a transformative shift with the advent of digital banking, a phenomenon that has redefined customer experiences and expectations. Digital banking, encompassing a suite of online and mobile banking services, has become integral to modern banking practices, enabling customers to perform transactions conveniently from anywhere, at any time. This paradigm shift has been propelled by technological advancements, the widespread adoption of smartphones, and the increasing demand for quick, efficient, and seamless financial services. Customer satisfaction stands at the heart of this transformation, as banks strive to maintain a competitive edge in the digital era. The success of digital banking hinges on several critical factors, including ease of use, accessibility, security, and the responsiveness of services. Customers increasingly value the ability to perform tasks such as fund transfers, bill payments, and account management with minimal effort. However, the digital banking experience is not without its challenges—issues such as data security concerns, occasional technical disruptions, and a lack of personalized service remain significant barriers to achieving complete customer satisfaction. This study investigates the impact of digital banking on customer satisfaction, focusing on key attributes that influence customer perceptions and preferences. By examining customer feedback and experiences, the research seeks to identify areas where digital banking excels and areas that require improvement. Understanding these dynamics is crucial for financial institutions to refine their digital strategies, bridge gaps in service delivery, and foster trust and loyalty among customers. The findings of this research will contribute valuable insights to the academic discourse on digital banking while providing practical recommendations for financial institutions aiming to enhance their digital platforms. As the reliance on digital banking continues to grow, this study underscores the need for a balanced approach that combines technological innovation with a customer-centric mindset. By addressing customer concerns and expectations, banks can optimize their services to meet the demands of an increasingly digital-savvy clientele. In conclusion, the rise of digital banking represents a pivotal development in the evolution of the financial sector. This study seeks to illuminate its influence on customer satisfaction, offering a comprehensive understanding of how financial institutions can adapt to this digital revolution while ensuring customer needs remain a top priority.

### Objectives

- To study the level of satisfaction of customers by using digital banking
- To determine the customers awareness of digital banking.
- To educate the population about the importance of digital banking.
- To study how adaptability of digital banking influence customers satisfaction.

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## 2. Literature Review

**Kumar, S. & Singh, P. (2021)** Kumar and Singh examine the role of digital banking in promoting financial inclusion in rural India. Their research highlights the penetration of banking services through mobile apps, digital wallets, and banking correspondents. They argue that digital banking has bridged the gap between the unbanked population and formal financial institutions. Based on field studies in five states, the authors find that while digital platforms have expanded access to banking, lack of digital literacy and unreliable internet infrastructure remain significant barriers. The study concludes that policy interventions such as digital literacy campaigns and improved connectivity are essential for the success of digital banking in rural India.

**Bhardwaj, T. & Mehta, K. (2022)** Bhardwaj and Mehta's study investigates the intersection of fintech and traditional banking, focusing on how fintech innovations have enhanced digital banking services in India. They argue that fintech firms have accelerated the development of digital payment systems, mobile wallets, and AI-driven customer service. By analyzing data from 15 major banks and fintech startups, the study shows that collaboration between traditional banks and fintech companies has led to improved efficiency and customer experience. However, the authors note that regulatory challenges and data privacy concerns are key issues that must be addressed to ensure the sustainable growth of fintech-driven digital banking.

**Kaur, J. & Gill, P. (2021)** Kaur and Gill focus on how digital banking services have contributed to women's financial inclusion in India. Their study explores the impact of digital financial services, particularly mobile banking, and digital wallets, on women in both urban and rural areas. The authors find that digital banking has made financial services more accessible to women, especially in rural regions where traditional banks are scarce. By surveying 300 women across different income groups, the study highlights the role of digital banking in empowering women by offering them control over their finances.

**Verma, A. & Malhotra, D. (2021)** Verma and Malhotra focus on the user experience (UX) and interface design of digital banking apps in India. Their study analyses how the design of mobile banking applications affects user satisfaction and adoption rates. By conducting usability tests on the apps of five leading Indian banks, the authors identify key features that enhance user experience, such as intuitive navigation, personalized dashboards, and real-time notifications. The study finds that users prioritize ease of use, speed, and security in digital banking apps, and these factors significantly influence their continued use of these platforms. The authors recommend that banks invest in UX research and continuously update their apps to meet evolving customer expectations.

**Nambiar, K. & Koshy, A. (2021)** Nambiar and Koshy explore how the COVID-19 pandemic has accelerated digital banking trends in India. Their study analyses changes in consumer behaviour and banking practices during the pandemic. Through surveys conducted during and after the lockdown periods, the authors observe a significant increase in the use of digital banking services, with many consumers adopting online banking for the first time. The study highlights the role of safety concerns and the necessity of contactless transactions as driving factors for this shift. The authors argue that this trend is likely to persist post-pandemic, and banks must adapt to the new normal by enhancing their digital infrastructure.

**Jha, S. & Kumar, V. (2022)** Jha and Kumar examine customer engagement strategies employed by Indian banks to enhance digital banking experiences. Their study analyses various engagement tactics, including personalized communication, loyalty programs, and interactive customer support systems. Through a series of case studies of leading banks, the authors find that effective engagement strategies lead to higher customer retention and satisfaction. The research also highlights the importance of data analytics in understanding customer behavior and tailoring services accordingly. The authors conclude that banks need to invest in technology and innovation to create meaningful interactions with customers in the digital landscape.

**Tyagi, A. & Sharma, R. (2022)** Tyagi and Sharma focus on the challenges and opportunities of digital banking services for the elderly population in India. Their study explores the barriers faced by older adults in adopting digital banking, such as lack of technological familiarity and concerns about security. By conducting interviews and surveys with 300 elderly users, the authors highlight the importance of user-friendly interfaces and personalized assistance. The research concludes that banks should design services with the elderly in mind, offering training sessions and support systems to facilitate their engagement with digital banking.

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## 3. Research Methodology

In this research, the methodology section indicates that how to conduct the research. This includes data collected from people, sample of study and methods covered in primary research. So, we mention below the detail information about it.

**Primary data:** The data is collected by the survey method. The survey has been done through questionnaire by Google form.

**Secondary data:** The sources of secondary data are articles, research paper and online sites, websites etc....

**Sample size:** The sample size for this research is 450 people.

**Sampling method:** The method is simple random sampling by considering the responses from Pune city only.

**Statistical tools used for analysis:** Graphical method and percentage method have been used for analysis data.

#### 4. Summary of data collection

AGE GROUP	NO. OF RESPONSES	PERCENTAGE
18-25	65	14.2%
26-35	128	28.3%
36-45	144	31.9%
46-60	77	17%
60 and above	39	8.6%

##### Interpretation:

The above Chart classified the large number of respondents come from the age group of between 36-45 with 31.9%. We observe that there is very a smaller number of users is come from the age group above 60 with only 8.6%.

EMPLOYMENTSTATUS	NO. OF RESPONSES	PERCENTAGE
Student	71	15.8%
Employed	165	36.7%
Business Owner	134	29.8%
Unemployed	40	8.9%
Retired	40	8.9%

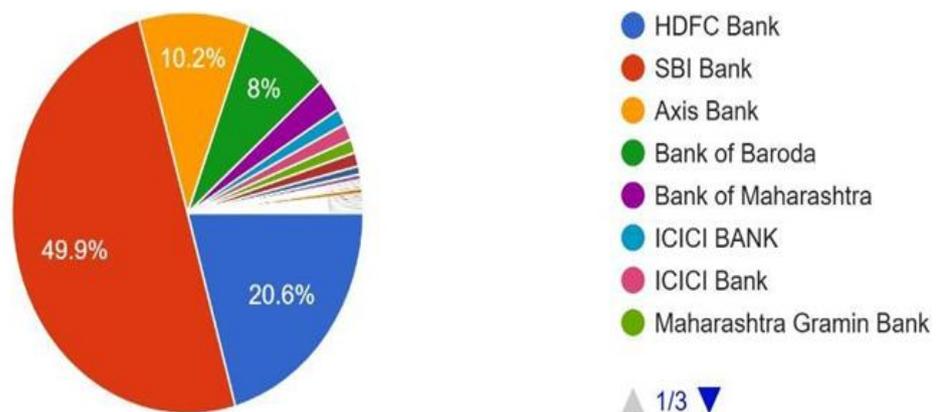
##### Interpretation:

From the above chart we find that majority of customer use digital banking services are employed and business owner with 36.7% and 29.8% respectively.

#### 5. Analysis of Data

##### 1) Which bank do you use for digital banking?

BANK	NO. OF RESPONSES	PERCENTAGE
HDFC Bank	93	20.6%
SBI Bank	225	49.9%
Axis Bank	46	10.2%
Bank of Baroda	36	8%
Other Bank	51	11.3%

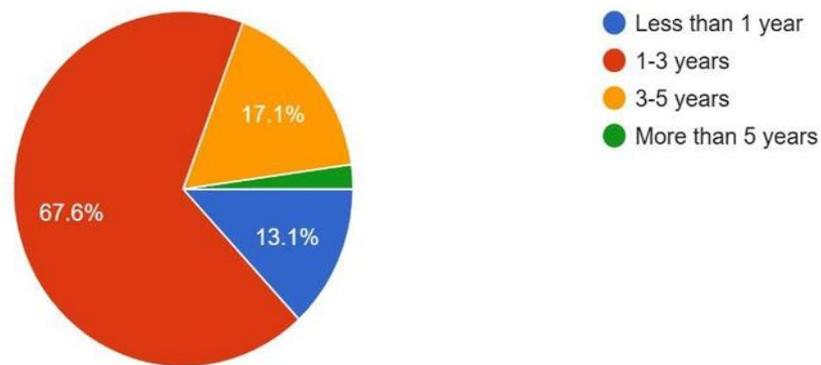


**Interpretation:**

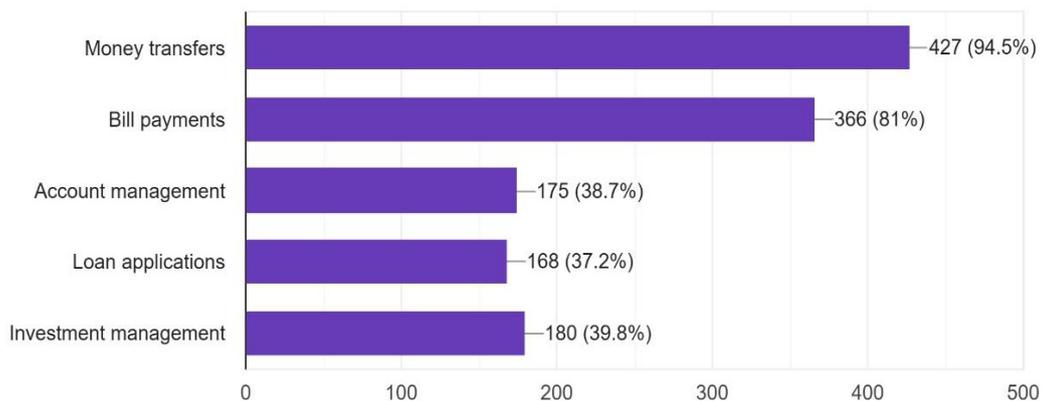
The above chart shows that the majority people are use SBI and HDFC with 49.9% and 20.6% respectively and rest of users use Axis bank, Bank of Baroda and other banks with 10.2%, 8% and other banks 11.3% respectively.

**2) How long have you been using digital banking services?**

TIME PERIOD	NO. OF RESPONSES	PERCENTAGE
Less than 1 year	59	13.1%
1-3 years	305	67.6%
3-5 years	77	17.1%
More than 5 years	10	2.2%

**Interpretation:**

Most respondents 67.6% have been using digital banking for 1-3 years, indicating its relatively recent adoption. Smaller groups have shorter or longer usage durations.

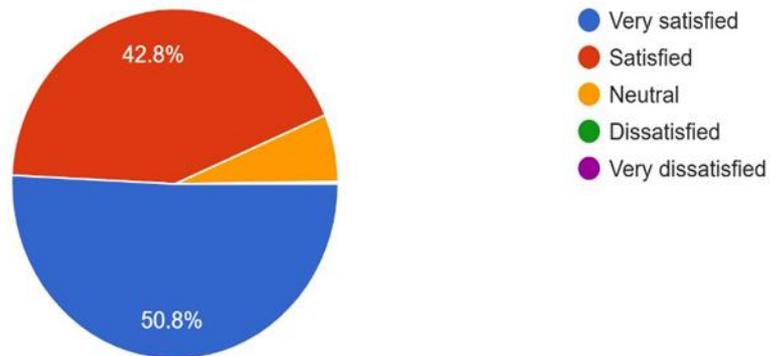
**3) What types of banking transactions do you perform digitally?****Interpretation:**

The above chart indicates the large number of people use digital banking for money transfer purpose that is 94.5%. And bill payments users are 81%.

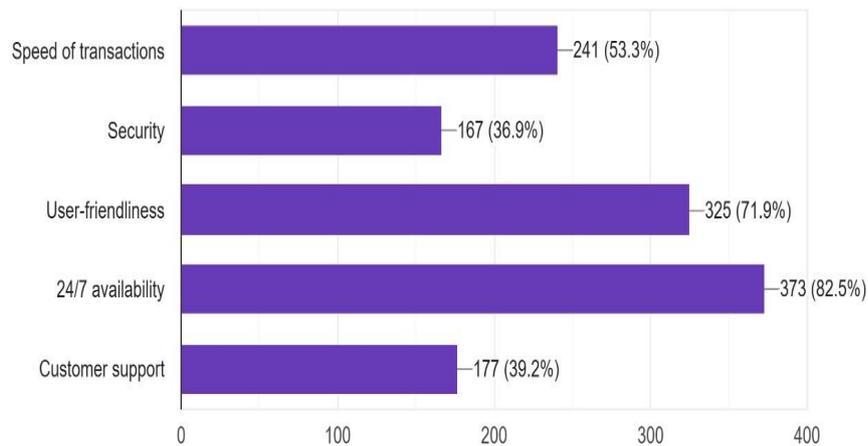
**4) How satisfied are you with the overall convenience of digital banking services?**

SATISFACTION LEVEL	NO. OF RESPONSES	PERCENTAGE
Very Satisfied	229	50.8%

Satisfied	193	42.8%
Neutral	29	6.4%
Dissatisfied	0	0.0%
Very Dissatisfied	0	0.0%

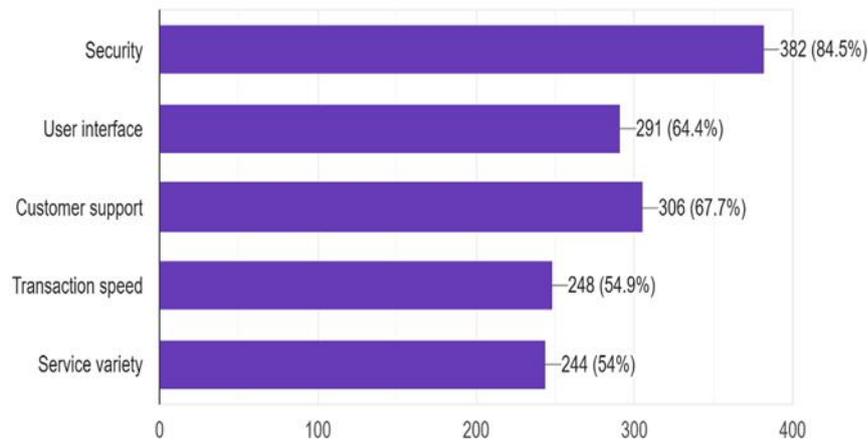
**Interpretation:**

The above chart shows that 50.8% peoples are very satisfied for digital banking services. And 6.4% peoples are neutral about digital banking services, 0% people are dissatisfied.

**5) What features do you value most in a digital banking service?****Interpretation:**

This chart shows the 82.5% customers satisfied with 24/7 availability by digital banking services. And 53.3% are satisfied with the speed of transactions.

**6) Which aspect of digital banking do you think needs the most improvement?**



### Interpretation:

The bar chart indicates that security (84.5%) is the top area for improvement in digital banking, followed by customer support (67.7%) and user interface (64.4%). Lesser concerns include transaction speed and service variety, highlighting key focus areas for enhancements.

### Findings

- The most of respondent who age between 36-45 are use the digital banking services.
- Most of respondent are employed & business owners.
- Among 450 respondents 299 people are both employed & business man. Because the services are more benefited towards this people.
- It is very interesting to see that 318 people have accounts in SBI and HDFC banks. 133 people have accounts in Axis Bank, Bank of Baroda and other banks.
- Out 450 respondent 305 people are using digital banking services from 1-3 years.
- 94.5% respondents are use digital banking services for money transfers, and 81% respondent are used for bills payments.
- 229 respondents are very satisfied with their overall convenience of digital banking services.
- Out of 450 respondents 373 are mostly likes 24/7 availability feature.
- 325 respondents are gives value for User-friendliness.
- 84.5% respondents are wanting to improve security in digital banking.
- 306 respondents are wanting to improve in customer's support.

### Limitation of the Study

- The study may not represent the entire customer base as it could be restricted to a specific region, demographic group, or banking institution, leading to biased or non-generalizable results.
- The digital banking landscape evolves quickly with new technologies, features, and security measures. Findings may become outdated as innovations emerge, affecting long-term relevance.
- Other factors such as economic conditions, regulatory changes, cybersecurity threats, and digital literacy levels may impact customer satisfaction but may not be fully accounted for in the study.

### Conclusion

The study on the "Impact of Digital Banking on Customer Satisfaction" underscores the transformative influence of digital banking on customer experiences. Digital banking services—encompassing online platforms, mobile applications, and automated systems— have substantially improved satisfaction levels by offering convenience, faster transactions, and enhanced accessibility. Key factors such as intuitive user interfaces, secure systems, efficient problem resolution, and a wide array of services play a pivotal role in shaping customer satisfaction. Nonetheless, the study highlights certain challenges, including technical disruptions, cybersecurity risks, and digital literacy gaps, which can hinder customer satisfaction. To address these, financial institutions must adopt a customer-centric approach by prioritizing security, enhancing platform reliability, and providing comprehensive

support to users across all demographics. In conclusion, while digital banking has revolutionized the financial services industry, its continued success depends on balancing technological advancements with personalized customer care. By addressing existing challenges and innovating continuously, digital banking has the potential to sustain and further enhance customer satisfaction in the long term.

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