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A STUDY ON THE IMPACT OF DIGITAL BANKING ON CUSTOMER SATISFACTION

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ABSTRACT

The shift to digital banking has transformed how financial institutions engage with their customers, with direct implications for customer satisfaction. This research investigates the connection between digital banking services and customer satisfaction through an examination of the convenience, personalization, speed, and security provided by these platforms. The research aims to determine key drivers of enhanced customer experiences while also acknowledging issues such as data privacy and system reliability. The results seek to offer a detailed insight into how digital banking increases or reduces customer satisfaction.

KEYWORDS – customer satisfaction, banking, digital banking, financial institutions, customer loyalty, Banks.

INTRODUCTION

Digital banking has completely changed how consumers engage with financial institutions by providing a variety of services like fund transfers, bill payments, and account management via mobile and internet platforms. These developments offer important benefits like speed, ease of use, and increased accessibility. Nonetheless, issues including decreased interpersonal communication, technological obstacles, and security worries continue to exist. With an emphasis on ease, system dependability, security, and customization, this study investigates the relationship between digital banking and client satisfaction.

REVIEW OF LITERATURE

Convenience, accessibility, and quickness have a big impact on customer happiness, according to research. Strong security measures and user-friendly digital platforms are crucial, according to Deloitte (2021) and McKinsey (2020). However, especially for senior users, the absence of human interaction might cause discontent. Research indicates that although digital features are appreciated, security lapses and impersonal interactions continue to be major issues.

OBJECTIVES OF THE STUDY

- To examine how digital banking affects customer satisfaction.
- To investigate the impact of personalization on customer satisfaction.
- To explore the effect of customization on customer loyalty.

RESEARCH METHODOLOGY

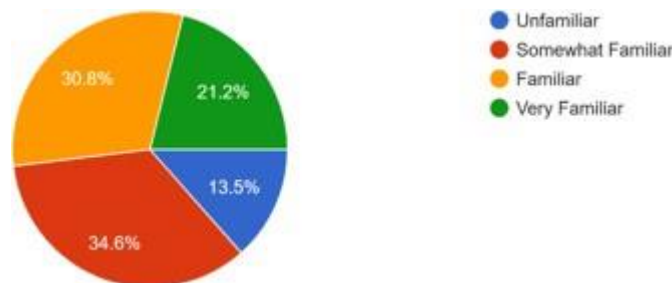
This study used Google Forms to disseminate quantitative questionnaires as part of a descriptive research strategy. Snowball sampling was used to choose respondents from Amity University as well as friends and acquaintances. Students and working professionals aged 20 to 45 and older made up the target demographic. The study included multiple-choice questions about the user experience of digital banking.

DATA ANALYSIS & INTERPRETATION

- The majority of respondents were below 25 and were students.
- 63.5% female, 36.5% male.
- The majority were relatively familiar with digital banking.

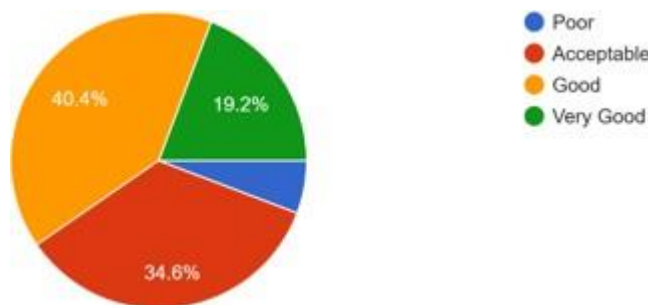
- Convenience and security were overall rated positively.
- Real-time notices and automated services were considered to be important by 78.8% of the respondents.
- Security break-ins were perceived to have an enormous impact by 34.6%.
- Most perceived digital banking as being less secure compared to the old ways.
- Trust levels varied, with only 26.9% completely trusting digital platforms.

1. How familiar are you with using digital banking services?



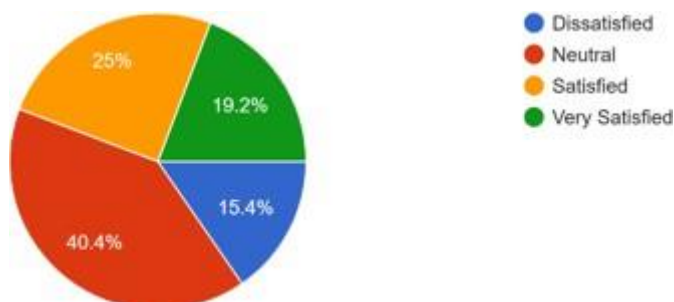
Out of 52 responses about familiarity with digital banking, 34.6% were "Somewhat Familiar," the largest group. 30.8% were "Familiar," 21.2% were "Very Familiar," and 13.5% were "Unfamiliar." Most respondents have some familiarity, but many are only "Somewhat Familiar."

2. How do features like convenience, speed, and safety in online banking make the customer's experience?



Out of 52 responses regarding how convenience, speed, and safety in online banking affect customer experience, the results show a generally positive trend. The largest group, 40.4%, reported a "Good" experience, indicating that these features generally contribute positively. However, a significant 34.6% rated their experience as only "Acceptable," suggesting an opportunity for improvement. 19.2% reported a "Very Good" experience, representing the most satisfied group, while a small fraction, 5.8%, reported a "Poor" experience. Overall, while the majority leans towards positive feedback, the presence of a large "Acceptable" segment highlights the potential for enhancing the customer experience further.

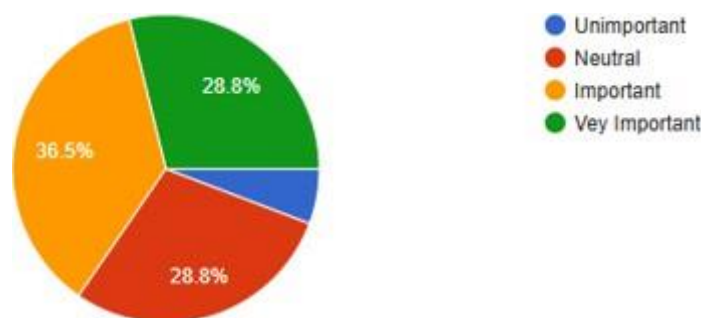
3. How does the lack of personal interaction in online banking affect how customers feel about their bank?



Out of 52 responses about the impact of less personal interaction in online banking, 40.4% felt "Neutral," the largest group. 25% were "Satisfied," and 19.2% were "Very Satisfied," indicating acceptance or preference for online banking's convenience. However, 15.4% were "Dissatisfied," showing that

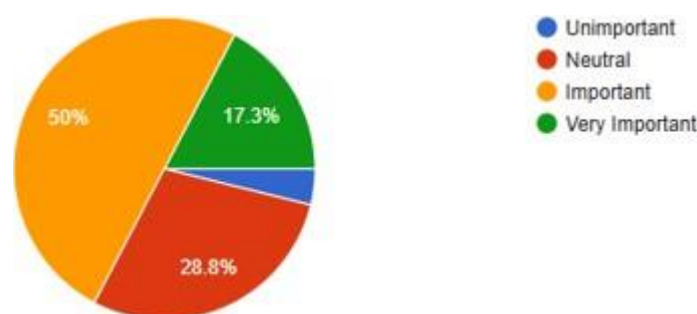
some customers miss personal contact. Overall, while many are neutral or satisfied, the dissatisfaction highlights the need for banks to balance digital efficiency with some level of personal connection.

4. How important is safety and protection in online banking to gaining customers' trust, compared to traditional banking?



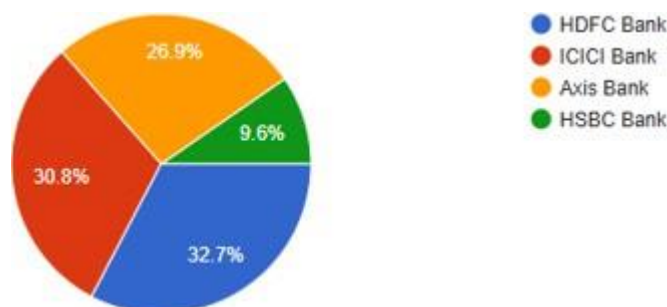
Out of 52 responses regarding the importance of safety and protection in online banking compared to traditional banking, the results are varied. The largest group, representing 36.5% of responses, indicated that safety and protection are "Important". A significant portion, 28.8%, found it to be "Very Important," highlighting a strong emphasis on security in the digital banking environment. Another 28.8% felt "Neutral" about the issue, suggesting that they may not prioritize online safety and protection as much or see it as equally important in both online and traditional banking. A smaller segment found it "Unimportant." Overall, the responses show a clear recognition of the importance of safety and protection in online banking, with the majority of respondents considering it either important or very important.

5. How important does real-time transaction alerts and automated services play in enhancing customer satisfaction in digital banking?



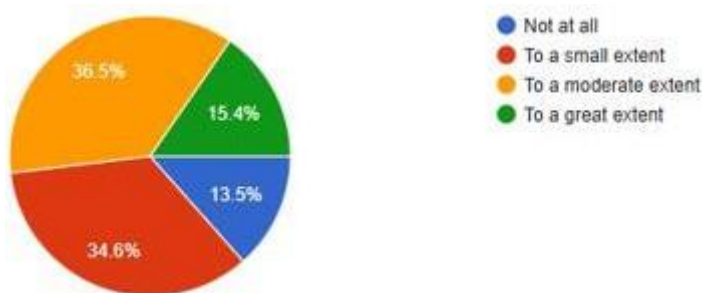
Out of 52 responses regarding the importance of real-time transaction alerts and automated services in enhancing customer satisfaction in digital banking, 50% indicated that these features are "Important". Another 28.8% found them to be "Very Important". 17.3% of respondents were "Neutral" on the matter, and a very small fraction found them to be "Unimportant". Overall, the data clearly shows that the majority of respondents consider real-time transaction alerts and automated services to be important or very important for customer satisfaction in digital banking.

6. Which bank according to you provides the best Digital Banking Service?



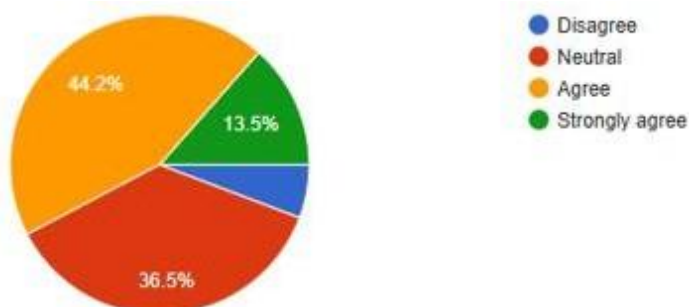
Out of 52 responses regarding which bank provides the best digital banking service, the results show a fairly distributed preference across four banks. HDFC Bank emerged as the top choice, with 32.7% of respondents selecting it as the provider of the best digital banking service. Closely following is ICICI Bank, with 30.8% of the vote. Axis Bank received 26.9% of the responses, indicating a significant portion of customers find their digital banking services commendable. HSBC Bank was chosen by 9.6% of respondents, making it the least favored among the four options presented. Overall, while HDFC and ICICI Banks lead the pack, Axis Bank also holds a substantial share, suggesting a competitive landscape in digital banking services.

7. To what extent does the impersonal nature of digital banking (compared to face-to-face banking) influence the customer experience for different demographics?



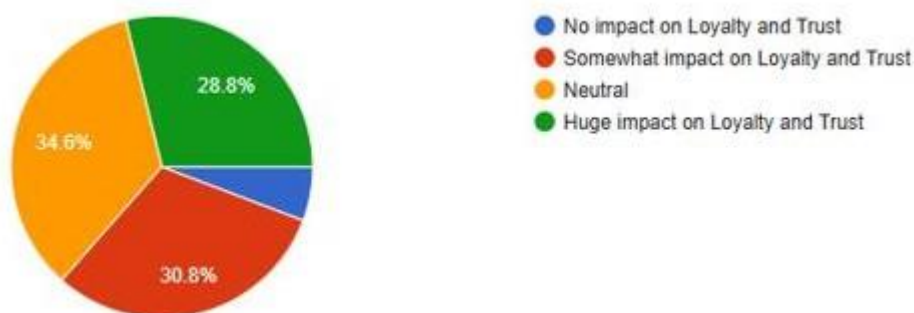
Out of 52 responses regarding the influence of the impersonal nature of digital banking on customer experience across different demographics, the results indicate a range of impacts. A significant portion, 36.5%, felt that the impersonal nature influenced the customer experience "To a moderate extent." Closely following, 34.6% believed it influenced the experience "To a small extent." 15.4% reported it influenced the experience "To a great extent," suggesting a notable negative impact for this segment. Finally, 13.5% indicated that the impersonal nature of digital banking influenced their experience "Not at all." Overall, the data suggests that while the impersonal aspect of digital banking does influence customer experience, the impact is perceived as moderate to small for the majority of respondents, with a smaller but significant portion feeling a strong negative influence.

8. Do regional disparities in digital infrastructure affect customer satisfaction with digital banking services?



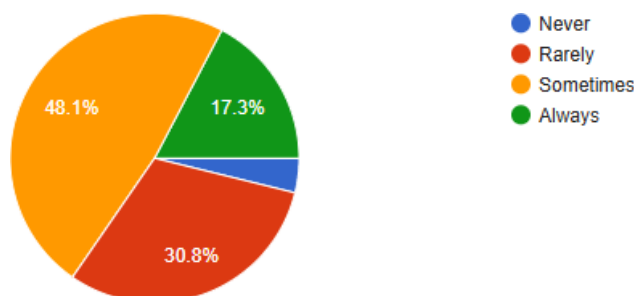
Out of 52 responses regarding whether regional disparities in digital infrastructure affect customer satisfaction with digital banking services, 44.2% disagreed. 36.5% were neutral, 13.5% agreed, and 5.8% strongly agreed. Overall, the data suggests that the largest proportion of respondents do not believe that regional disparities in digital infrastructure affect customer satisfaction with digital banking services.

9. What are the potential consequences of security breaches in digital banking for customer loyalty and trust?



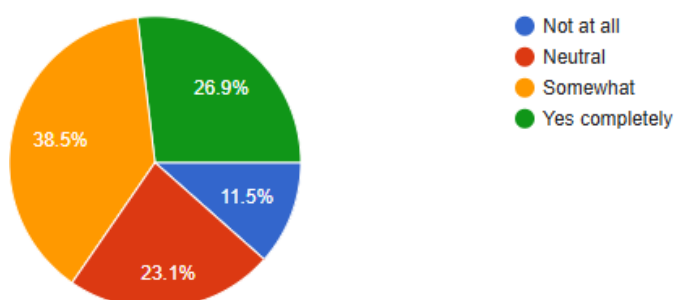
Out of 52 responses concerning the potential consequences of security breaches in digital banking for customer loyalty and trust, the results indicate a significant concern about the impact. A substantial 34.6% of respondents believe that security breaches have a "Huge impact" on loyalty and trust. Following closely, 30.8% believe that breaches have a "Somewhat impact." 28.8% of respondents were "Neutral" on the issue, suggesting they may not have a strong opinion or believe the impact varies. Only 5.8% of respondents believe that security breaches have "No impact" on loyalty and trust. Overall, the data strongly suggests that security breaches are perceived as a significant threat to customer loyalty and trust in digital banking.

10. Does the speed of digital banking service meet your expectations?



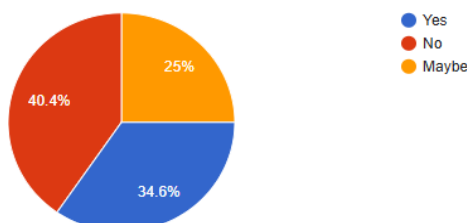
Out of 52 responses concerning whether the speed of digital banking services meets expectations, the results show a mixed reception. The largest segment, 48.1%, indicated that the speed "Sometimes" meets their expectations, suggesting an inconsistent experience. 30.8% reported that the speed "Rarely" meets expectations, indicating a significant level of dissatisfaction with the speed. 17.3% stated that the speed "Always" meets their expectations, representing the most satisfied group. Finally, 3.8% indicated that the speed "Never" meets their expectations, representing the smallest but most dissatisfied group. Overall, the data reveals that while some customers are satisfied with the speed, a significant portion experiences inconsistent or slow speeds, highlighting an area for potential improvement in digital banking services.

11. Do you trust your bank's digital platform for handling sensitive personal and financial information?



Out of 52 responses regarding trust in their bank's digital platform, 38.5% "Somewhat" trust it, the largest group. 26.9% "Yes completely" trust it, while 23.1% are "Neutral." 11.5% "Not at all" trust the platform. Overall, while many have some trust, there's a significant portion with reservations, indicating a need for banks to improve security and confidence.

12. Do you believe digital banking is more secure than traditional in-person banking?



Out of 52 responses regarding whether digital banking is more secure than traditional in-person banking, 40.4% responded no. 34.6% responded yes, and 25% responded maybe. Overall, the data suggests that the largest proportion of respondents do not believe that digital banking is more secure than traditional in-person banking.

RECOMMENDATIONS

- Improve UI/UX of mobile platforms.
- Enhance cybersecurity through biometric logins and fraud alerts.
- Offer 24/7 support via chat and call.
- Implement AI-driven personalization.
- Create accessible interfaces for older customers.
- Maintain strong infrastructure to reduce downtimes.

CONCLUSION

Digital banking has significantly enhanced customer satisfaction with ease of use and availability. But there are still existing gaps in personalization, trust, and usability for older age groups. Sustaining satisfaction and loyalty requires ongoing innovation, robust cybersecurity, and inclusive design. The future of banking hinges on balancing automation with human interaction and personalization.

IMPLICATIONS FOR FURTHER STUDIES

1. Investigating Security and Privacy Qualitatively: To learn the finer points of users' security and privacy issues, hold focus groups or in-depth interviews. What worries them the most? And what knowledge would calm their fears
2. Effect of Security Breach on Trust: Examine how reported security breaches, even at other institutions, affect user confidence and the uptake of online banking services over the long run. How Users View Various Security Measures: Examine how users see different security measures' convenience and efficacy (biometrics vs. multi-factor authentication, etc.).
3. Recognizing and Resolving Technical Problems: Analysis of the Fundamental Causes of Technical Issues: Investigate the root causes of frequent technical problems that customers report (such as app crashes and sluggish loading times). Technical diagnostics and user feedback analysis may be part of this. Recognizing the Obstacles for Elderly Users: Carry out research concentrating on the difficulties older adults and less tech-savvy users encounter when using digital banking interfaces.
4. Developing Inclusive Interfaces: Examine usability standards and design concepts to develop digital banking interfaces that are easier for a variety of user groups to access and use. The Function of Education and Training: Examine how well various educational initiatives can assist senior citizens and less tech-savvy customers in embracing digital banking services.
5. More general implications include: The Evolution of Trust in Digital Finance: longitudinal research examining the ways in which security events, legislative reforms, and technology breakthroughs impact user trust in digital banking over time.

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