



## **A STUDY ON CUSTOMERS' PERCEPTIONS ON DIGITAL PAYMENT SYSTEMS OF SBI**

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### **ABSTRACT**

The advent of digital technologies has revolutionized the global financial landscape, with India witnessing a significant shift towards cashless transactions in recent years. The Government of India, through various policy measures like Digital India and demonetization, has strongly encouraged the adoption of digital payment systems. In this context, the State Bank of India (SBI), the country's largest and most trusted public sector bank, has played a pivotal role in offering a wide array of digital payment solutions. These include SBI YONO, internet banking, mobile banking, Unified Payments Interface (UPI), debit cards, and other electronic fund transfer mechanisms. This study aims to explore and analyse customers' perceptions of SBI's digital payment systems, focusing on aspects such as usability, reliability, security, accessibility, and customer satisfaction. The primary objective of this study is to understand how customers perceive the digital payment platforms provided by SBI, identify the challenges they face, and examine the factors that influence their adoption and continued usage. The study uses a quantitative research approach, wherein data was collected through structured questionnaires administered to a diverse group of SBI customers from urban, semi-urban, and rural regions. The sample includes various age groups, educational backgrounds, and income levels to ensure a comprehensive understanding of user experiences. The research findings indicate that a significant proportion of customers find SBI's digital payment systems convenient, time-saving, and efficient for carrying out everyday banking transactions. The integration of services within the YONO app, for example, is viewed positively due to its all-in-one functionality. Customers appreciate the ability to manage accounts, pay bills, transfer funds, and access financial products without visiting a physical branch. However, the study also highlights several areas of concern.

**Keywords :** Digital Payment Systems , Customer Perception, State Bank of India (SBI) , SBI YONO, Mobile Banking, Online Banking, Unified Payments Interface (UPI).

### **Introduction**

In recent years, the banking sector in India has undergone a significant transformation driven by technological advancements and government initiatives aimed at promoting a cashless economy. The introduction of digital payment systems has not only redefined how banking operations are conducted but also reshaped customer expectations and experiences. Among the major players in this digital shift, the State Bank of India (SBI), the largest public sector bank in the country, has been at the forefront in offering a variety of digital payment solutions such as internet banking, mobile banking, Unified Payments Interface (UPI) services, debit card facilities, and its flagship mobile app, YONO (You Only Need One). These services are designed to make banking faster, more convenient, and more accessible to a broad range of customers. Digital payment systems offer numerous advantages, including time savings, ease of access, reduced dependency on cash, and increased transparency in financial transactions. However, despite these benefits, the successful adoption of digital payment systems largely depends on how customers perceive these technologies. Factors such as ease of use, security, trust, reliability, accessibility, and customer support play crucial roles in influencing customers' acceptance and continued use of digital platforms. Particularly in a diverse country like India, where users vary significantly in terms of literacy, technological proficiency, income levels, and geographical location (urban vs rural), understanding customer perception becomes critical.

The State Bank of India serves a wide customer base, ranging from technologically advanced urban users to customers from remote rural areas who may have limited exposure to digital technology. This makes the study of customer perceptions towards SBI's digital payment systems especially relevant. While younger, tech-savvy individuals may find digital platforms convenient and user-friendly, older customers and those in rural settings may face challenges related to trust, lack of awareness, and infrastructural issues such as unreliable internet connectivity. Moreover, incidents of cybersecurity breaches, transaction failures, and technical glitches can negatively affect customer trust and satisfaction. In addition, the perceived complexity of using digital platforms can act as a barrier, particularly for senior citizens and individuals who are not familiar with modern technologies. Therefore, it becomes imperative for banks like SBI to constantly monitor customer feedback and make continuous improvements to their digital offerings.

This study aims to explore and analyse the perceptions of SBI customers towards digital payment systems, focusing on key dimensions such as convenience, security, usability, and satisfaction. By understanding these perceptions, SBI can identify the major factors that influence user adoption,

address the barriers faced by different segments of customers, and improve the overall digital banking experience. The insights from this research are expected to contribute to the formulation of strategies that enhance the effectiveness and inclusivity of SBI's digital payment systems, ensuring that the benefits of digital banking reach all sections of society. In an era where digitalization is not just a trend but a necessity, especially after the COVID-19 pandemic, banks must align their services with customer expectations to remain competitive. Hence, studying customer perceptions is not only timely but also vital for sustainable digital transformation in the banking sector.

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## Conceptual Framework

The conceptual framework of this study is designed to provide a structured understanding of the key variables that influence customers' perceptions of digital payment systems offered by the State Bank of India (SBI). It connects theoretical foundations with practical elements to examine how various factors contribute to customer satisfaction and adoption of digital banking platforms. At the core of the framework lies the Technology Acceptance Model (TAM), which is widely used to study the adoption of new technologies. According to TAM, two primary factors—Perceived Usefulness (PU) and Perceived Ease of Use (PEOU)—significantly influence an individual's intention to use a technology. In the context of SBI's digital payment systems, perceived usefulness refers to the extent to which customers believe that digital banking improves the efficiency of their financial transactions. Perceived ease of use denotes how effortless customers find the digital interfaces such as the SBI YONO app, internet banking portal, and UPI services.

Beyond TAM, this study also incorporates dimensions from the Unified Theory of Acceptance and Use of Technology (UTAUT), which includes additional variables like Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions. These elements are vital in understanding the broader context of customer behaviour in a developing economy like India, where social norms, peer influence, and infrastructure availability can significantly impact user choices.

Another critical aspect of the conceptual framework is *Trust and Security*. With the rising number of cyber threats and frauds in digital transactions, customers' trust in the security of SBI's platforms becomes a deciding factor in usage and satisfaction. Trust is influenced by factors such as encryption technologies, two-factor authentication, customer service response, and the transparency of digital operations. Accessibility and Digital Literacy are also considered in the framework. These relate to the ease with which customers can access and understand digital banking services. This is particularly important in rural and semi-urban areas, where internet connectivity and smartphone penetration may be limited, and where customers may not have sufficient exposure to or training in digital technologies. The outcome variable in this framework is Customer Satisfaction and Continued Usage Intention.

The hypothesis is that when customers find digital payment systems useful, easy to use, trustworthy, and accessible, they are more likely to be satisfied and continue using them. Conversely, negative experiences—such as technical failures, complex interfaces, or security concerns—can result in reduced trust and a return to traditional banking methods. In summary, the conceptual framework integrates multiple perspectives to analyse customer perception, including technological, behavioural, and demographic factors. The relationships among perceived usefulness, ease of use, trust, accessibility, and satisfaction provide a comprehensive model for evaluating the effectiveness of SBI's digital payment platforms. This framework not only guides the data collection and analysis in the present study but also serves as a foundation for developing practical recommendations aimed at improving SBI's digital services and enhancing customer engagement.

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## Review of Literature

The advancement of digital payment systems has significantly transformed the banking sector worldwide. Various studies have explored customer perceptions, adoption patterns, and the factors influencing the use of digital payment technologies. This review of literature highlights key findings from previous research relevant to understanding customers' perceptions of digital payment systems, particularly in the context of the State Bank of India (SBI).

### Digital Payment Systems and Customer Perception

According to Davis (1989), the **Technology Acceptance Model (TAM)** emphasizes that perceived usefulness and perceived ease of use are crucial determinants of technology adoption. Many researchers have applied TAM to digital banking, suggesting that customers are more likely to adopt digital payment systems when they find them convenient, user-friendly, and efficient (Venkatesh et al., 2003). In the Indian context, Sharma and Singh (2019) observed that customers perceive digital payments as beneficial for quick and hassle-free transactions but may hesitate due to security concerns and technical glitches.

### Security and Trust

Trust plays a vital role in influencing the adoption of digital banking platforms. According to Yousafzai et al. (2003), customers are cautious about sharing financial information online and their trust depends on the security measures offered by banks. In studies related to Indian banks, it has been found that lack of strong cybersecurity frameworks and instances of fraud can negatively affect customer trust (Kumar & Mohan, 2020). SBI, being a leading public sector bank, must prioritize strong authentication methods and customer support systems to maintain trust.

### Impact of Demographic Factors

Several studies have emphasized the influence of demographic factors such as age, education, and income level on the use of digital payment systems. Bhatt (2017) notes that younger customers are more adaptable to digital banking platforms compared to older generations who may find digital interfaces complex and intimidating. Similarly, rural customers often face challenges due to limited access to smartphones, internet connectivity, and low digital literacy, impacting their perception of digital payment systems (Rani & Venkatesh, 2018).

### Satisfaction and Continued Usage

Research by Parasuraman et al. (2005) on e-service quality suggests that elements like reliability, responsiveness, and assurance directly influence customer satisfaction and loyalty. In the banking sector, customer satisfaction with digital payment systems leads to higher chances of repeated usage and word-of-mouth promotion. A study by Jain and Sandhu (2020) on SBI's YONO app reported that while customers appreciate the range of services provided, dissatisfaction with technical support and occasional app downtimes can hinder continued usage.

### Government Initiatives and Digital Push

The Indian government's initiatives, including "Digital India" and the promotion of UPI-based payments post-demonetization, have significantly boosted digital banking adoption (Mehta, 2018). However, the success of such initiatives largely depends on banks' abilities to deliver user-centric, secure, and accessible digital platforms.

In short, this literature indicates that while digital payment systems offer tremendous advantages and have seen increased acceptance, customer perceptions are shaped by multiple factors—convenience, security, trust, accessibility, and user experience. Therefore, banks like SBI must address both technological and behavioural aspects to foster greater digital adoption among all customer segments.

## Research Methodology

The research methodology defines the systematic approach adopted to achieve the objectives of the study titled "*A Study on Customers' Perceptions on Digital Payment Systems of SBI.*" This study uses a quantitative research design to gather measurable data and analyse customers' views, experiences, and satisfaction levels regarding SBI's digital payment services. The study follows a descriptive research design. Descriptive research is most appropriate for studies that seek to gather information about the characteristics, perceptions, and behaviours of a specific population. The primary focus is to understand customers' awareness, adoption patterns, satisfaction levels, and the challenges they face while using SBI's digital payment systems. A *convenience sampling* method is used to select respondents for the study. Since the population is vast and widely spread, convenience sampling helps in easily accessing customers willing to share their experiences. Care was taken to ensure representation across different age groups, income levels, and geographical locations (urban, semi-urban, and rural areas).

The source of data was primary. It was collected directly from SBI customers through a structured questionnaire which was responded by a 152 people. A *structured questionnaire* was designed as the main research instrument. The questionnaire consisted of both closed-ended and Likert-scale-based questions, covering areas such as: Frequency of digital payment usage, preferred SBI digital platforms (YONO, internet banking, UPI, etc.), ease of use, perceived security and trustworthiness, challenges encountered, overall satisfaction.

Data was collected both online (through Google Forms) and offline (physical distribution of questionnaires at SBI branches) to reach a wide range of respondents. The collected data was coded, tabulated, and analysed using statistical tools. Techniques such as percentage analysis, mean scores, and cross-tabulation were employed to interpret the data. Graphical representations like pie charts and bar diagrams were also used for better visualization of results. Further, correlation analysis was conducted to explore the relationships between variables such as ease of use, trust, and customer satisfaction. The study is geographically confined to selected branches and customers of SBI and may not represent the perceptions of all SBI customers nationwide. Time constraints and respondents' willingness to share honest feedback were other limitations. Nonetheless, the study provides valuable insights into customers' experiences and areas of improvement for SBI's digital services. A structured and systematic methodology enables this study to effectively capture and analyse customers' perceptions of SBI's digital payment systems. The findings derived through this methodology are expected to offer practical recommendations to enhance SBI's digital banking experience.

## Data Analysis

### 1. Age:

153 responses

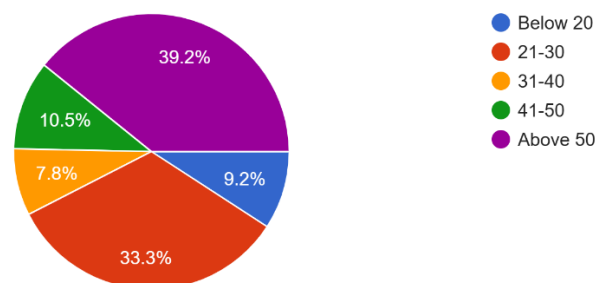


Figure no.1: Age Group

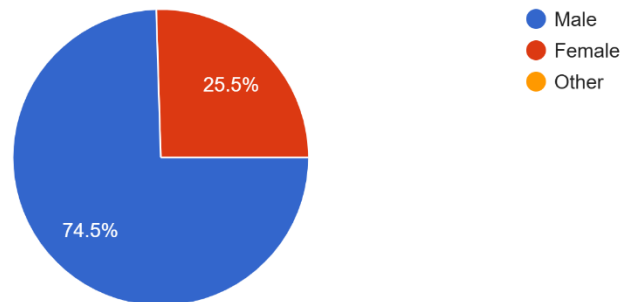
The pie chart represents the age distribution of 153 survey respondents:

- Above 50: Largest group at 39.2%
- 21–30 years: Second largest, 33.3%
- 41–50 years: 10.5%
- 31–40 years: 7.8%
- Below 20: Smallest group, 9.2%

This shows the majority of respondents are over 50 or in their 20s.

## 2. Gender:

153 responses



**Figure no.2: Gender Distribution**

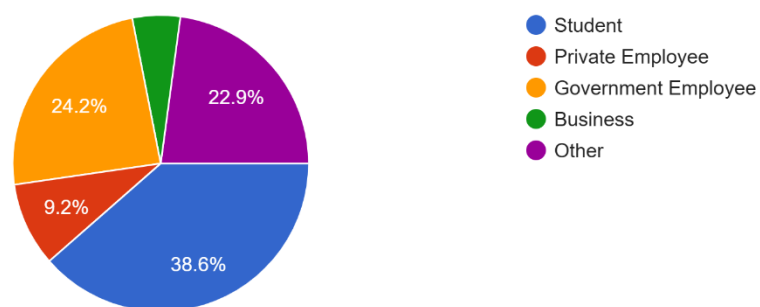
This figure shows the gender distribution of 153 survey respondents:

- Male: 74.5% (majority)
- Female: 25.5%
- Other: 0% (not represented in the chart)

The data indicates a predominantly male respondent group.

## 3. Occupation:

153 responses



**Figure no.3: Occupation**

This figure shows the occupational distribution of 153 survey respondents:

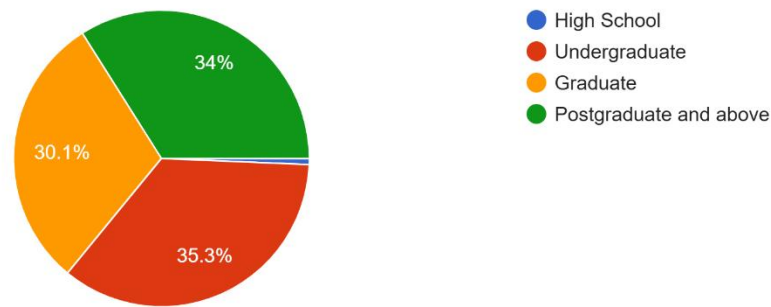
- Students: 38.6% (largest group)

- Government Employees: 24.2%
- Other: 22.9%
- Private Employees: 9.2%
- Business: 5.2% (smallest group)

Most respondents are students, followed by those in government jobs and other occupations.

#### 4. Education Level:

153 responses



**Figure no.4: Education Level**

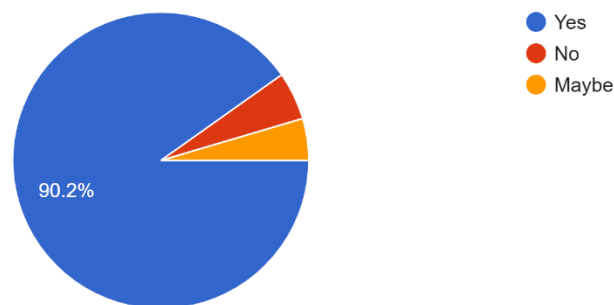
This pie chart displays the education levels of 153 respondents:

- Undergraduate: 35.3% (largest group)
- Postgraduate and above: 34%
- Graduate: 30.1%
- High School: Less than 1% (a very small portion)

Most respondents have at least an undergraduate or higher education level.

#### 5. Are you aware of SBI's digital payment services (YONO, BHIM SBI Pay, SBI net banking, etc.)?

153 responses



**Figure no.5: Awareness of SBI Digital Payment Services**

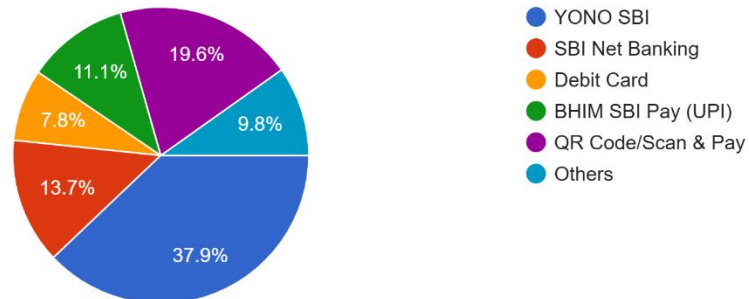
This pie chart shows awareness of SBI's digital payment services among 153 respondents:

- Yes: 90.2% (majority are aware)
- No: Small percentage
- Maybe: Also a small percentage

The data indicates very high awareness of SBI's digital payment platforms.

## 6. Which digital payment methods of SBI do you use?

153 responses



**Figure no.6: Methods of SBI's Digital Payment**

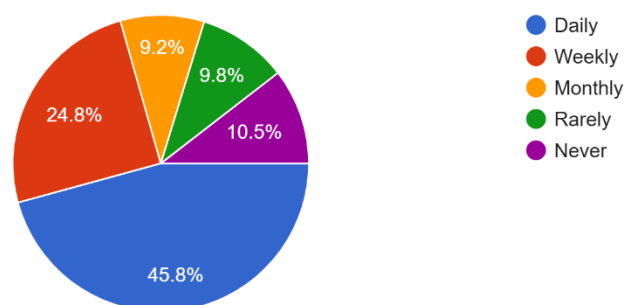
This figure illustrates which SBI digital payment methods are used by 153 respondents:

- YONO SBI: 37.9% (most used)
- QR Code/Scan & Pay: 19.6%
- BHIM SBI Pay (UPI): 11.1%
- SBI Net Banking: 13.7%
- Debit Card: 7.8%
- Others: 9.8%

YONO SBI is the most preferred digital payment method among users.

## 7. How frequently do you use SBI's digital payment services?

153 responses



**Figure no.7: Frequency of use**

This given figure titled 'Frequency of Use' shows how frequently 153 respondents use SBI's digital payment services:

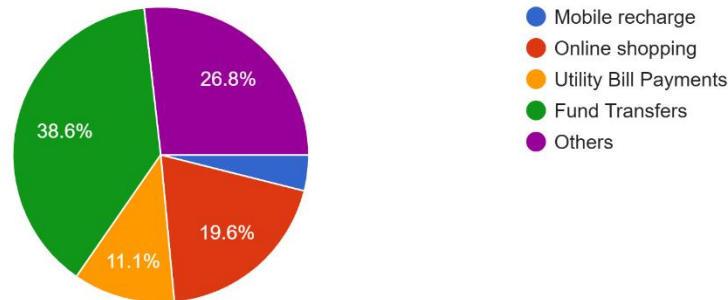
- Daily: 45.8% (most frequent users)
- Weekly: 24.8%
- Never: 10.5%

- Rarely: 9.8%
- Monthly: 9.2%

The majority of users access SBI's digital services daily, indicating strong regular engagement.

#### 8. What are your main purposes for using SBI digital payments?

153 responses



**Figure no.8: Purposes for use**

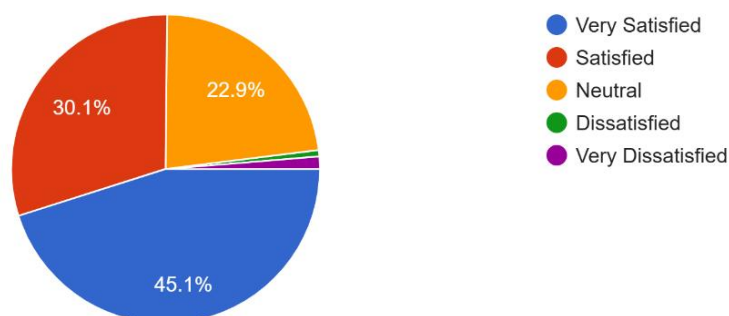
The pie chart shows the main purposes for using SBI digital payments based on 153 responses:

- Fund Transfers are the most common use, with 38.6%.
- Others account for 26.8%.
- Online Shopping makes up 19.6%.
- Utility Bill Payments represent 11.1%.
- Mobile Recharge is the least common, at 4%.

This indicates that SBI digital payments are primarily used for transferring funds.

#### 9. How satisfied you are with the SBI's Digital Payment Services ?

153 responses



**Figure no.9: Customers' Satisfaction Levels**

The pie chart shows user satisfaction with SBI's Digital Payment Services from 153 responses:

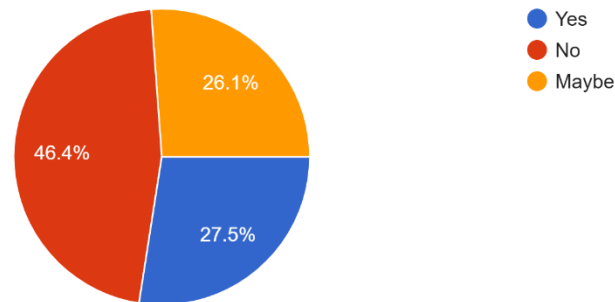
- 45.1% of users are Very Satisfied.
- 30.1% are Satisfied.

- 22.9% are Neutral.
- A very small number are Dissatisfied or Very Dissatisfied.

Overall, most users are satisfied, with a majority expressing high satisfaction.

#### 10. Have you ever faced issues while using SBI's digital payment services?

153 responses



**Figure no.10: Issues during use**

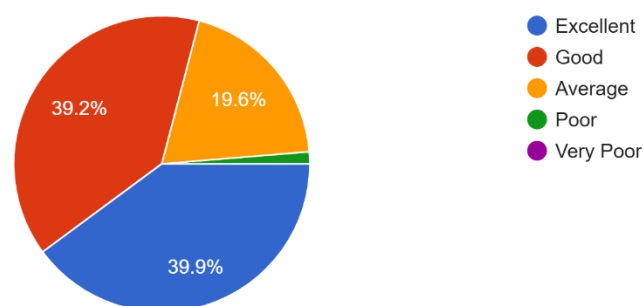
The above given figure shows responses to whether users have faced issues while using SBI's digital payment services :

- 46.4% said No, they haven't faced issues.
- 27.5% said Yes, they have faced issues.
- 26.1% responded Maybe.

Thus we get that a majority (nearly half) have had no issues, but a significant portion (over 25%) have experienced or may have experienced problems.

#### 11. How do you rate the overall experience of SBI's digital payments?

153 responses



**Figure no.11: Overall Experience**

This figure shows user ratings of their overall experience with SBI's digital payments (153 responses):

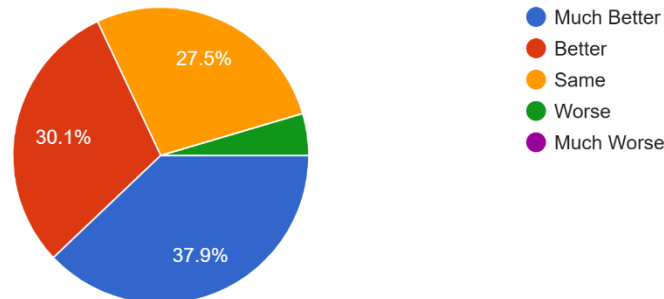
- 39.9% rated it as Excellent.
- 39.2% rated it as Good.
- 19.6% rated it as Average.
- Only a small percentage rated it Poor or Very Poor.



From this we get to know that a majority of users (about 79%) have a positive experience with SBI's digital payments.

## 12. Compared to other banks, how would you rate SBI's digital payment systems?

153 responses



**Figure no.12: Comparison with other banks**

The figure shows responses to the question: "Compared to other banks, how would you rate SBI's digital payment systems?" and they are as follows;

- 37.9% rated it Much Better
- 30.1% rated it Better
- 27.5% said it is the Same
- Small minorities rated it Worse or Much Worse

Summary: Most respondents (about 68%) view SBI's digital payment systems as better or much better than those of other banks.

## Findings

The survey reveals key insights about user demographics and experiences with SBI's digital payment services:

- The majority of respondents are either above 50 years (39.2%) or in the 21-30 age group (33.3%), showing a balanced representation from older and younger users.
- A significant majority of the respondents are male (74.5%), with female respondents at 25.5%, indicating a male-dominated user base.
- Most respondents are students (38.6%), followed by government employees (24.2%), with fewer from private sectors or businesses.
- Most users have at least an undergraduate degree (69.3%), with a small portion having only a high school education.
- About 90.2% of respondents are aware of SBI's digital payment services, showing high brand awareness.
- YONO SBI is the most popular digital payment method (37.9%), followed by QR Code/Scan & Pay (19.6%).
- The majority (45.8%) use SBI's digital services daily, indicating strong engagement.
- The most common use is fund transfers (38.6%), followed by online shopping (19.6%).
- Most users are satisfied, with 45.1% reporting they are very satisfied.
- Nearly half of the respondents (46.4%) have faced no issues, while a significant portion (27.5%) have experienced problems.
- 79% of users rated their overall experience as positive (Excellent or Good).
- 68% believe SBI's digital payment systems are better or much better than those of other banks.

In summary, the survey shows high satisfaction and frequent use of SBI's digital services, with a preference for YONO SBI, especially among students and younger to middle-aged users. Despite occasional issues, most respondents rate their overall experience positively.

## Recommendations

- Enhance User Interface (UI): Improve app performance by fixing glitches, speeding up the interface, and ensuring compatibility with older Android versions (Android 8.0 and above).
- Improve BHIM UPI and SBI Pay: Revamp and enhance the BHIM UPI and SBI Pay systems to match the functionality and ease of use of popular platforms like Google Pay and PhonePe.
- Ensure Seamless Transaction Reversal: Implement automatic and immediate reversals of transactions that fail, eliminating the need for complaints or delays.

- (iv). Improve Customer Support and Employee Behaviour: Provide better customer service by addressing staff behaviour issues and offering more personalized, helpful support for digital payment concerns.
- (v). Simplify Onboarding and Security: Simplify account registration with features like pre-filled forms and instant verification, while ensuring transparency regarding user data security.
- (vi). Increase Awareness and Advertise More: Run extensive marketing campaigns to increase awareness of SBI's secure and user-friendly digital payment systems.
- (vii). Improve Service Speed: Optimize app performance and ensure faster service delivery, especially in resolving outages and maintaining server stability.
- (viii). Offer Promotions and Incentives: Introduce rewards or cashback offers to attract more users to SBI's digital payment platforms, making them more competitive.
- (ix). Enhance Digital Deposit Services: Improve the user experience for opening digital fixed deposits by providing error prevention features and better interface design.
- (ix). Continuous Improvement and Customer Feedback: Act on customer feedback to continuously improve digital services and adapt to evolving user needs.
- (x). *Continuous Improvement and Customer Feedback*: Act on customer feedback to continuously improve digital services and adapt to evolving user needs.

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## Conclusion

The study aimed to analyze customers' perceptions of the digital payment systems provided by the State Bank of India (SBI), focusing on aspects such as ease of use, trust, security, satisfaction, and challenges faced. The findings reveal that a majority of customers are satisfied with the digital services offered by SBI, particularly appreciating the convenience, security, and range of functionalities available through platforms such as YONO, BHIM SBI Pay, internet banking, and UPI-based services.

Customers recognized the reliability and security of SBI's IT systems, often rating them as among the most trusted in the country. Many users also acknowledged the bank's efforts in expanding digital access and offering a wide array of financial services online. However, despite the overall positive perception, several issues were consistently raised. These included app interface glitches, slow performance on older devices, delays in reversing failed transactions, limited awareness about SBI's digital offerings compared to private competitors, and instances of poor customer support at branch levels.

The study suggests that SBI, while having a strong technological backbone and wide customer base, needs to enhance its digital experience to remain competitive. Improving the user interface, ensuring faster and automatic resolution of transaction issues, simplifying the onboarding process, and increasing promotional efforts are key to driving further adoption. Addressing behavioral issues of some bank staff and improving customer support will also play a vital role in boosting user trust and satisfaction.

In conclusion, SBI's digital payment systems are well-positioned to serve a large and diverse customer base. However, ongoing technological enhancements, customer education, and a responsive support structure are essential to sustain customer satisfaction and expand digital usage in an increasingly competitive environment. Continuous innovation and a focus on user experience will be the key drivers of future growth.

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## Implications

The findings of this study have several important implications for SBI, policymakers, and the broader digital banking ecosystem. Firstly, the generally positive customer perception indicates that SBI's investment in digital infrastructure has been effective in increasing accessibility and convenience. However, the concerns raised by users highlight areas that need urgent attention to enhance customer satisfaction and retention.

For SBI, the implications are twofold: technological and strategic. Technologically, the bank must address app performance issues, ensure compatibility with a wider range of devices, and streamline processes like transaction reversals. Strategically, it needs to strengthen customer support systems and improve user education, particularly for less tech-savvy customers in rural and semi-urban areas.

Furthermore, the bank should increase promotional activities to raise awareness about the advantages of its digital platforms, especially BHIM SBI Pay, which is perceived as secure but underutilized. Policymakers can also use these insights to guide future initiatives aimed at promoting digital inclusion and financial literacy.

Overall, the study implies that while SBI has a strong digital foundation, ongoing improvements in user experience, support, and outreach are essential to remain competitive and truly lead India's digital banking transformation. Continuous feedback and customer-centric innovations will be key to long-term success.

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