

A Study of Impact of Digital Banking on Customer Satisfaction

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Abstract—This study examines the impact of digital banking on customer satisfaction in India, with a focus on key service quality dimensions such as ease of use, accessibility, reliability, and security. The rapid growth of digital payment systems, particularly UPI supported by the National Payments Corporation of India, has significantly transformed customer interactions with banking services. The research aims to analyze customer perceptions and identify the factors influencing satisfaction in the digital banking environment. The study confirms that digital banking services are widely accepted and play a crucial role in enhancing customer satisfaction. The results support theoretical frameworks such as the Technology Acceptance Model and the SERVQUAL Model, which emphasize the importance of usability and service quality in influencing customer behavior. The research provides valuable insights for financial institutions to improve service quality and strengthen customer trust, ensuring sustained growth in digital banking adoption. The study is based on primary data collected through a structured questionnaire from 100 respondents using a convenience sampling method. Statistical tools such as percentage analysis and mean score analysis were used to interpret the data. The findings reveal that a majority of respondents frequently use digital banking services, with a strong preference for fast and convenient platforms. The results indicate that ease of use, accessibility, and reliability have a significant positive influence on customer satisfaction, while security concerns, although present, do not substantially reduce overall satisfaction levels. The study provides important practical implications for banks and policymakers by emphasizing the need to enhance security measures, improve user interface design, and strengthen customer support systems. As digital banking continues to evolve, financial institutions must focus on building customer trust and delivering a seamless and efficient user experience to ensure sustained adoption. The findings contribute to existing literature by offering updated insights into customer behavior and satisfaction in the context of India's rapidly expanding digital banking ecosystem, thereby supporting future research and policy development in this domain.

Keywords—Digital Banking, Customer Satisfaction, Online Banking, Mobile Banking, UPI, Financial

Technology (FinTech), Service Quality, User Experience.

I. INTRODUCTION

In recent years, digital banking has emerged as a key component of the modern financial ecosystem, significantly enhancing customer experience and operational efficiency. The increasing adoption of digital platforms, including mobile banking, internet banking, and UPI-based transactions, reflects a shift toward technology-driven financial services. This study examines the impact of digital banking on customer satisfaction by analyzing critical service quality dimensions such as usability, security, reliability, and accessibility. Grounded in frameworks like the Technology Acceptance Model and the SERVQUAL Model, the research aims to provide insights into customer perceptions and the factors influencing satisfaction in the digital banking environment.

The rapid expansion of digital banking in India has been driven by increased smartphone penetration, affordable internet access, and supportive regulatory initiatives by institutions such as the Reserve Bank of India. Government initiatives promoting a cashless economy and financial inclusion have further accelerated the adoption of digital payment systems. As a result, customers from diverse demographic backgrounds are increasingly relying on digital platforms for their everyday banking needs, making it essential to evaluate how these services meet customer expectations.

Despite the numerous advantages of digital banking, challenges such as security concerns, technical issues, and lack of digital literacy still persist. These factors can influence customer trust and overall satisfaction levels. Therefore, this study not only examines the benefits of digital banking but also identifies the gaps that need to be addressed by

financial institutions. The findings aim to provide valuable insights for banks and policymakers to enhance service quality.

II. LITERATURE REVIEW

Digital banking has emerged as a transformative force in the banking sector, reshaping the way customers access and use financial services. Several studies have highlighted that digital banking platforms such as mobile banking, internet banking, and UPI have significantly improved convenience, speed, and accessibility. The growth of digital payment systems supported by the National Payments Corporation of India has accelerated the adoption of cashless transactions in India. Researchers have consistently found that customers prefer digital channels due to their time-saving nature and 24/7 availability.

A substantial body of literature focuses on the role of technology acceptance in influencing customer behavior. The Technology Acceptance Model explains that perceived usefulness and perceived ease of use are key determinants of technology adoption. Studies indicate that when customers find digital banking platforms easy to operate and beneficial for their financial activities, they are more likely to adopt and continue using these services.

Service quality has also been identified as a crucial factor affecting customer satisfaction in digital banking. The SERVQUAL Model emphasizes dimensions such as reliability, responsiveness, assurance, empathy, and tangibility. Research findings suggest that customers are more satisfied when digital banking services are reliable, secure, and responsive. Factors such as quick transaction processing, minimal errors, and effective customer support contribute significantly to positive customer experiences.

III. PROBLEM STATEMENT & RESEARCH HYPOTHESIS

The rapid growth of digital banking in India has transformed the way customers interact with financial institutions, offering convenience, speed, and accessibility. Platforms such as mobile banking, internet banking, and UPI, supported by the National Payments Corporation of India, have reduced the need for physical bank visits. However, despite these

advancements, there remains uncertainty regarding how effectively these digital services meet customer expectations and influence overall satisfaction..

Although digital banking provides multiple benefits, customers continue to face challenges such as security concerns, transaction failures, technical glitches, and lack of awareness among certain user groups. These issues can negatively impact customer trust and satisfaction levels. Therefore, it becomes important to systematically examine whether digital banking services are consistently delivering quality experiences across different demographic segments.

Another key concern is the variation in customer perception regarding different service quality dimensions such as ease of use, reliability, responsiveness, and security. While some customers find digital banking highly efficient, others may experience difficulties due to limited digital literacy or poor service quality. This gap highlights the need to evaluate the relationship between digital banking attributes and customer satisfaction in a structured manner.

IV. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design to examine the impact of digital banking on customer satisfaction. The descriptive approach helps in understanding customer behavior, usage patterns, and perceptions toward digital banking services, while the analytical approach is used to evaluate the relationship between service quality factors and customer satisfaction. The study is primarily quantitative in nature, enabling systematic measurement and statistical analysis of responses.

The research is based on both primary and secondary data. Primary data has been collected through a structured questionnaire distributed among digital banking users, capturing their opinions on various aspects such as ease of use, security, accessibility, and overall satisfaction. Secondary data has been gathered from research articles, journals, bank reports, and publications from institutions like the Reserve Bank of India, which provide a broader understanding of digital banking trends and developments.

A convenience sampling method has been used to select respondents who actively use digital banking services. The sample size consists of 100 respondents from different demographic backgrounds to ensure diversity in responses. Data collection was conducted through online platforms such as Google Forms, making it efficient and accessible. The time period of the study spans recent years, particularly focusing on post-pandemic digital adoption trends. For data analysis, techniques such as percentage analysis, mean score analysis, and graphical representation (bar charts and pie charts) have been used to interpret the findings. These methods help in identifying patterns, trends, and relationships between variables. The results are presented in a clear and systematic manner to draw meaningful conclusions about the impact of digital banking on customer satisfaction.

V. DATA ANALYSIS AND INTERPRETATION

The data collected from respondents was analyzed using appropriate statistical techniques, including percentage analysis and mean score evaluation, to examine patterns of digital banking usage and customer satisfaction. The analysis aimed to identify relationships between key service quality dimensions and overall satisfaction levels. The structured responses were coded and interpreted systematically to ensure reliability and consistency in the findings.

In terms of usage behavior, the results reveal a strong preference for convenient and real-time digital payment systems such as UPI, facilitated by the National Payments Corporation of India. A majority of respondents reported frequent usage of digital banking services, indicating a shift toward routine dependence on digital platforms for financial transactions. This trend underscores the growing importance of efficiency and accessibility in shaping customer preferences.

The analysis of service quality variables shows that ease of use, accessibility, and reliability are perceived positively by respondents, contributing significantly to overall satisfaction. However, security and privacy concerns remain relatively moderate, suggesting the need for continuous enhancement of safety measures. These findings are consistent with established theoretical frameworks that emphasize the role of usability and service quality in influencing customer perceptions.

Overall, the results confirm a positive and significant relationship between digital banking services and customer satisfaction. The study demonstrates that improved service quality, combined with technological advancement, leads to higher customer satisfaction and continued usage. These insights provide valuable implications for financial institutions to strengthen digital services and enhance customer experience in an increasingly competitive banking environment.

VI. RESULT

The study findings indicate that digital banking has a significant positive impact on customer satisfaction. Most respondents prefer fast and convenient services such as UPI, supported by the National Payments Corporation of India, and use digital banking frequently in their daily activities. Key factors like ease of use, accessibility, and reliability strongly influence customer satisfaction, while security concerns exist but do not greatly affect overall perceptions. Overall, digital banking services are widely accepted and play an important role in enhancing customer satisfaction in India. [5] R. Bommasani et al., "On the Opportunities and Risks of Foundation Models," Stanford University, 2021.

VII. DISCUSSION

The findings indicate that digital banking is a key driver of customer satisfaction in India, with strong adoption among younger users and a clear preference for fast, convenient services such as UPI, supported by the National Payments Corporation of India. This reflects a shift in customer expectations toward speed, simplicity, and accessibility in financial services.

Service quality factors such as ease of use, accessibility, and reliability significantly influence satisfaction, supporting the Technology Acceptance Model and the SERVQUAL Model. Although overall satisfaction is high, concerns regarding security and privacy remain, indicating the need for continuous improvements. Overall, digital banking has a positive impact on customer satisfaction, and its future growth depends on enhancing security, user experience, and service reliability.

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