



# FACTORS INFLUENCING PREFERENCE AND SATISFACTION AMONG DIGITAL RETAIL BANKING CUSTOMER: A STUDY ON SELECTED BANKS

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## ABSTRACT

The rapid growth of digitalisation in banking sector has significantly enhance the delivery of retail banking services in India, driven by technological innovation and advancements, the convenience and accessibility preference of the customer increases gradually. This study examines the factors influencing preference and satisfaction among retail digital banking customers of selected commercial banks in Tiruppur city. Convenient sampling method was used to collect primary data from 150 retail banking customers of six selected public and private sector banks using a structured questionnaire. The collected data were analysed using percentage analysis, weighted average ranking analysis, and mean score analysis to assess usage patterns, preference factors, and levels of customer satisfaction. The findings reveal that convenience, time reduction, and 24×7 accessibility are the most influential factors shaping customers' preference for digital banking services. The study also indicates a high level of satisfaction with core digital banking services, such as internet banking, digital payments, and mobile banking applications. However, comparatively lower satisfaction is observed for advanced digital services, particularly online credit facilities and value-added services. The study concludes that while digital banking services have achieved strong acceptance among retail customers, continuous improvement in advanced service features, security measures, and customer support mechanisms is essential to enhance overall customer satisfaction and sustain long-term digital banking adoption.

**Keywords:** Digital Banking, Retail customer, Customer preference, Customer Satisfaction, Commercial banks.

## INTRODUCTION

Digital banking is a modern and technological driven banking model that delivers the retail services through integrated platform such as mobile banking, automated system and internet portals. The rapid expansion of internet connectivity and penetration of mobile phones have transformed the way of accessing banking services which also lead to the adoption of digital banking in India. As per RBI, the volume of digital payment transaction increased by 35% during 24-25 compared to previous year, indicating substantial growth in the usage of digital banking services among the Indian customers. This significant growth highlights the rising preference for the digital banking modes due to the factors like convenience, accessibility, speed and security. The world Bank emphasizes India's DPI (Digital Public Infrastructure) influenced by JAM trinity of Jan dhan, Aadhar and Mobile connectivity act as the key foundation for the financial inclusion which accelerate digital banking by linking mobile technology with biometric authentication to enabling secure and direct digital services like digital payments, banking services to reduce intermediaries and enhance cashless economy. The existing study have examined customers satisfaction and preference separately and are largely confined to all categories of the banking customer. As a result, there is a lack of comprehensive studies that jointly address both preference and satisfaction of retail customer of commercial banks in tier 2 city of

Tamilnadu. To bridge this gap, the present study analyses the factor influencing preference and satisfaction among retail digital banking customer of selected commercial bank in Tiruppur city.

## OBJECTIVES

1. To examine the factor influencing retail customers preference for digital services offered by selected banks
2. To evaluate the level of retail customers satisfaction with digital services offered by selected banks

## RESEARCH METHODOLOGY

**Research design:** Descriptive and analytical research design is adopted in this study to assess the retail customer's preference and satisfaction towards digital services provided by the selected banks.

**Data collection:** Primary data were collected from retail customer of selected six commercial banks such as Canara bank, Punjab national bank (PNB), Bank of Baroda, Axis bank, Kotak Mahindra bank, IndusInd bank based on digital services offered by them.

### Sampling Method:

Convenient sampling technique was adopted in this study. From each selected bank, 25 respondents were chosen as the respondents, resulting in the final sample size of 150 respondents.

**Data analysis techniques:** Percentage, weighted average rank analysis and mean score analysis were used to identify the most preferable factor, usage pattern and satisfaction level of retail customer.

## LITERATURE REVIEW:

Kavya and Rakesh (2022), the study examined customers' preference towards digital banking and identified factors influencing adoption and satisfaction. Primary data were collected through a structured questionnaire and analysed using percentage analysis and Likert scale. The findings revealed that most customers preferred mobile banking due to convenience and ease of transactions. Technical issues and security concerns were the major challenges faced by users. The study suggested improving cybersecurity measures and digital awareness. It concluded that digital banking significantly enhances customer satisfaction when supported by reliable technology

Mwababa and Hapompwe (2024), the study aimed to assess the effect of digital banking services on retail customers' satisfaction in Lusaka CBD. Primary data were collected through structured questionnaires and analysed using percentage analysis, correlation, and regression. The findings revealed that reliability and responsiveness of digital banking services significantly influenced customer satisfaction. Security concerns remained a major challenge for users. The study suggested strengthening security systems and improving service reliability. It concluded that digital banking positively impacts customer satisfaction when supported by robust technology.

Sundaralakshmi and Rajamannar (2025), the study examined customer perception and satisfaction towards digital banking services in Tiruchirappalli district. A descriptive research design was adopted using questionnaires and analysed through percentage analysis and ANOVA. The results showed high customer satisfaction due to convenience, accessibility, and time-saving features. Security and lack of awareness were identified as constraints. The study suggested enhancing digital literacy and cybersecurity measures. It concluded that effective digital banking services improve customer satisfaction and loyalty.

## ANALYSIS AND INTERPRETATION:

The analysis of this study was carried out using percentage analysis, weighted average ranking and mean score analysis to assess the factors influencing retail customers' preference and satisfaction with digital banking services offered by selected commercial banks.

**SOCIO- ECONOMIC PROFILE OF THE RESPONDENTS**

Percentage analysis was used to describe the respondent's distribution and to evaluate the overall usage pattern of customer responses towards digital services.

**Table1****Demographic profile of the respondents**

<b>Demographic profile</b>		<b>No. of the respondents</b>	<b>Percentage</b>
<b>GENDER</b>	Male	65	43.3
	Female	85	56.7
	Total	150	100.0
<b>AGE GROUP</b>	Below 25 yrs	74	49.3
	25-34	29	19.3
	35-44	24	16.0
	45-54	13	8.7
	55 years and above	10	6.7
	Total	150	100.0
<b>EDUCATIONAL QUALIFICATION</b>	Up to secondary	33	22.0
	Up to higher	33	22.0
	Under Graduate	59	39.3
	Post Graduate	34	22.7
	Professional	11	7.3
	Others	13	8.7
<b>OCCUPATION</b>	Total	150	100.0
	Employed	40	26.7
	Professional	7	4.7
	Business	14	9.3
	Students	63	42.0
	Retired	9	6.0
	Homemakers	17	11.3
<b>INCOME OF THE RESPONDENTS</b>	Total	150	100.0
	Below 25000	72	48.0
	25001-35000	40	26.7
	35001-45000	11	7.3

	45001-55000	19	12.7
	Above 55001	8	5.3
	Total	150	100.0

*Source: Primary data*

The table shows that out of 150 respondents, 85 respondents were female and 65 were male. It indicates that female respondents are more represented in this study as compared to male respondents.

Most of the respondents are belongs to the age group below 25, comprising 74 respondents (49.3%), followed by the 25-34 age group with 29 respondents (19.3%). The remaining age group contains 35-44 years (16%), 45-54 years (8.7%) and 55 years and above (6.7%). The result reveals majority of the respondents belong to the young age group, this suggests that digital banking usage decreases with increasing in age.

Majority of the respondents holding Under graduate degree (39.3%), followed by 22.7 percent are holding Post graduate degree, 22 percent are completed their higher secondary, 7.3 percent of respondents complete their professional course and only 8.7 percent account for other category. This distribution states that majority of the retail digital user are holding Undergraduate degree.

With respect to occupation, majority of the respondents belong to the students category (42%), 26.7 percent respondents are belong to the employed group, additionally 11.3 and 9.3 percent are homemakers and business owners, retired (6%) and professional (4.7%) constitutes the smallest group. Regarding to this distribution, students and employee are highly participating in the usage of digital banking.

Income of the respondents in the table 1 shows that majority of them earns 25000 (48%), while 26.7 percent fall in the 25001-35000 income group, 12.7 percent respondents comes under the income category 45001-55000. Only 7.3 and 5.3 percent of respondents belong to the income group of 35001-45000 and above 50001. This show that lower and middle income users are the primary users of digital banking services.

#### **DIGITAL BANKING PROFILE OF THE RESPONDENT:**

Frequency analysis is used to ascertain the respondents usage pattern of digital banking services.

**Table 2**

<b>BANKING USAGE OF RESPONDENTS</b>		<b>No. of the respondents</b>	<b>Percentage</b>
<b>BANKS</b>	Canara Bank	25	16.7
	Punjab National Bank	25	16.7
	Bank of Baroda	25	16.7
	Axis Bank	25	16.7
	Kotak Mahindra Bank	25	16.7
	IndusInd Bank	25	16.7
	Total	150	100.0
<b>TYPES OF BANK ACCOUNT</b>	Saving bank account	123	82.0
	Current account	17	11.3
	Recurring deposit	6	4.0
	Fixed deposit	4	2.7



	Total	150	100.0
FREQUENCY OF ACCESSING DIGITAL SERVICES	Daily	25	16.7
	Weekly	36	24.0
	Fortnightly	15	10.0
	Monthly	39	26.0
	Occasionally	35	23.3
	Total	150	100.0

*Source: Primary data*

The above table show that total of 150 respondents were selected from three public sector banks (Canara Bank, Punjab National Bank and Bank of Baroda) and three private sector banks (Axis Bank, Kotak Mahindra Bank and IndusInd Bank) based on the digital services offered to the retail respondents and 25% of respondents from each bank is selected for the study.

The result states that 82 percent of respondents are having savings bank account, 11.3 percent of the respondents are having current account, whereas 4 percent and 2.7 percent of the respondents are having recurring and fixed deposit account. Overall observation indicates that majority of the respondents utilising digital banking services through savings bank account.

Out of 150 respondents, majority of the respondents are accessing digital services on monthly (26%) and weekly (24%) this indicates that customer accessing digital services periodically. A substantial portion of the respondents engage in digital services occasionally (23%), furthermore minor portion of the respondents accessing digital banking services daily (16.7%) and accessing fortnightly (10%) is stated least by the respondents.

The above distribution highlight digital banking is widely adopted by the users and the customer are moderately (weekly and occasionally) engaging in the services rather than daily usage which reveals there is a diverse in accessing behaviour and convenience in using digital banking services.

**WEIGHTED AVERAGE RANKING ANALYSIS:**

Weighted average ranking analysis was applied to rank the factor according to the respondents perceived importance which significantly influence the retail customer preference on usage of digital banking services.

**Table 3**

S.N O	REASON	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL SCORE	MEAN SCORE	RANK
1	Convenient	34 (408)	30 (330)	21 (210)	24 (216)	7 (56)	5 (35)	3 (18)	2 (10)	4 (16)	3 (9)	5 (10)	12 (12)	1330	8.87	I
2	Reduction in time	21 (252)	37 (407)	17 (170)	22 (198)	13 (104)	5 (35)	8 (48)	2 (10)	2 (8)	8 (24)	9 (18)	6 (6)	1280	8.53	II
3	24*7 Accessibility	29 (348)	13 (143)	23 (230)	15 (135)	20 (160)	14 (98)	9 (54)	8 (40)	3 (12)	8 (24)	6 (12)	2 (2)	1258	8.39	III
4	Safe and secure transaction	6 (72)	12 (132)	7 (70)	21 (189)	12 (96)	19 (133)	25 (150)	13 (65)	12 (48)	8 (24)	5 (10)	10 (10)	999	6.66	VI
5	Speed of transaction	13 (156)	7 (77)	16 (160)	10 (90)	24 (192)	15 (105)	13 (78)	24 (120 )	10 (40)	8 (24)	8 (16)	2 (2)	1060	7.07	IV
6	Easy fund transfer	15 (180)	7 (77)	8 (80)	9(81)	22 (176)	28 (196)	15 (90)	10 (50)	14 (56)	6 (18)	9 (18)	7 (7)	1029	6.86	V
7	Anytime anywhere usage	5 (60)	6 (66)	8 (80)	15 (135)	8 (64)	22 (154)	27 (162)	9 (45)	18 (72)	13 (39)	6 (12)	13 (13)	902	6.01	VII
8	Low overheads fees	2 (24)	6 (66)	7 (70)	9 (81)	13 (104)	8 (56)	2 (12)	27 (135 )	19 (76)	19 (57)	25 (50)	13 (13)	744	4.96	XI
9	Less paper work	4 (48)	6 (66)	11 (110)	11 (99)	8 (64)	6 (42)	10 (60)	16 (80)	29 (116)	17 (51)	12 (24)	20 (20)	780	5.2	X
10	User friendly platform	4 (48)	6 (66)	9 (90)	5 (45)	4 (32)	5 (35)	14 (84)	15 (75)	13 (52)	35 (105)	23 (46)	17 (17)	695	4.63	XII

11	Real time connectivity	7 (84)	10 (110)	4 (40)	9 (81)	13 (104)	14 (70)	13 (78)	19 (95)	8 (32)	16 (48)	26 (52)	11 (11)	805	5.37	IX
12	Transaction history	10 (120)	9 (99)	18 (180)	9(81)	6 (48)	6 (42)	12 (72)	9 (45)	16 (64)	8 (24)	11 (22)	36 (36)	833	5.55	VIII

**Source: Primary data**

The above table shows the weightage average rank analysis is employed to identify the preference of the respondents. Convenient is the most preferable factor with the highest mean score of 8.87, followed by reduction in time with 8.53 and 24\*7 accessibility with 8.39 securing the second and third rank respectively. Speed of transaction ranks fourth with the mean score of 7.07, while easy fund transfer feature holds fifth position with 6.86. Safe and secure transactions, anytime and anywhere usage and transaction history accessing holds sixth, seventh and eighth rank with the score of 6.66, 6.01 and 5.55. Whereas real time connectivity with 5.37 at ninth ranks and less paper work is ranked 5.2 with tenth position. Low overheads fees and user friendly platform hold the least rank of eleventh and twelfth with the score of 4.96 and 4.63. The result of this analysis reveals that convenience, time reduction, 24 \*7 accessibility hold top three preferable factor of digital banking usage among the retail customer and it also highlights that efficiency driven factors dominate the retail customer preference for digital banking services.



**SATISFACTION OF RESPONDENTS:**

(VHS- Very highly satisfied, HS- Highly satisfied, MS-Moderately satisfied, DS- Dissatisfied, HDS- Highly dissatisfied)

**Table 4**

S.NO	DIGITAL BANKING SERVICES	VHS	HS	MS	DS	HDS
1	Internet banking	70	61	17	2	0
2	Digital payments	52	76	20	2	0
3	Mobile banking application	44	62	37	6	1
4	E-Lobbying and ATM	41	62	33	13	1
5	Online credit facility	23	44	53	20	10
6	Digital wallets	34	64	34	13	5
7	Account information service	49	47	36	13	5
8	Value added services	37	65	32	14	2
9	E-cheques	65	56	22	6	1
10	Online customer care	40	58	32	16	4

**Source: Primary data**

The above table shows the satisfaction level of retail customer among the digital banking services. The analysis reveals that respondents are very highly satisfied with internet banking services, with minimal dissatisfaction.

Digital payment services also shows a high level of satisfaction, with negligible level of dissatisfaction indicated by the respondents. Similarly, Mobile banking applications, E-lobbying and ATM services, Digital wallets, Account information services, and E-cheques predominantly high level of satisfaction, though a considerable proportion of retail respondents expresses moderate satisfaction.

On the other hand, Online credit facilities and Value-added services states comparatively lower level of satisfaction, with high responses in the moderately satisfaction and dissatisfaction categories, indicating diverse customer experiences. Overall, the findings shows that retail customers of digital banking services are highly satisfied with core services, whereas advanced and value added services needs improvement to improve overall satisfaction of the customer.



Table 5

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Internet banking	150	1	4	1.67	.728
E-Cheques	150	1	5	1.81	.878
Digital payments	150	1	4	1.81	.708
Mobile banking application	150	1	5	2.05	.873
E-Lobbying and ATM	150	1	5	2.14	.941
Account information service	150	1	5	2.19	1.089
Value added services	150	1	5	2.19	.960
Online customer care	150	1	5	2.24	1.047
Digital wallets	150	1	5	2.27	1.016
Online credit facility	150	1	5	2.67	1.097

*Source: Primary data*

The mean score analysis was used to assess the level of retail customer satisfaction with various digital banking services

The analysis show that retail customers are highly satisfied with internet banking services (Mean = 1.67), digital payment services and E-cheques (Mean = 1.81), reflecting their reliability, ease of use, and convenience in day-to-day transactions. Mobile banking applications (Mean = 2.05) and e-lobby and ATM services (Mean = 2.14) also exhibit high levels of satisfaction, indicating effective service delivery and user-friendly digital interfaces.

Retail customer have moderate satisfaction on Account information services (Mean = 2.19), value-added services (Mean = 2.19), online customer care (Mean=2.24) and digital wallets (Mean = 2.27), suggesting that while these services meet customer expectations, there is scope for further enhancement.

Conversely, online credit facilities with the highest mean score of 2.67, shows comparatively lower satisfaction among retail customers due to issues related to security, approval delays and complexity.

The analysis indicates that standard deviation (SD) values are moderate across all services, reflecting a moderate level of consistency in respondents' satisfaction levels. Lower value in standard deviation of internet banking and digital payments reflects uniformity in respondents satisfaction, whereas higher value in standard deviation of online credit facilities reflects diverse retail customer experiences.

Overall, the findings highlight that retail customers are highly satisfied with core digital services, while innovative digital offerings require further advancement to enhance overall satisfaction of retail customer.

## MAJOR FINDINGS:

- Female (56.7%) respondents are more represented in this study as compared to male respondents.
- Majority of the respondents (49.3%) belong to the young age group, this suggest digital usage reduce with increasing in age.
- Majority of the retail digital user are holding Undergraduate degree (39.3%)
- Students (42%) and employee (26.7%) are highly participating in the usage of digital banking.
- Majority of the respondents (48%) are earning income below 25000. This show that lower and middle income users are the primary users of digital banking services.
- 82 percent of respondents are having savings bank account and the Overall observation indicates that majority of the respondents utilising digital banking services through savings bank account.
- Majority of the respondents are accessing digital services on monthly (26%) and weekly (24%) this indicates that customer accessing digital services periodically.
- Convenience, time reduction, 24 \*7 accessibility hold top three preferable factors of digital banking usage among the retail customer and it also highlights that efficiency driven factors dominate the retail customer preference for digital banking services.

- Findings shows that retail customers of digital banking services are highly satisfied with core services such as internet banking, digital payment services, Mobile banking applications, E-lobbying and ATM services, Digital wallets, Account information services, and E-cheques.
- Retail customers are highly satisfied with internet banking services (Mean = 1.67), digital payment services and E-cheques (Mean = 1.81), reflecting their reliability, ease of use, and convenience in day-to-day transactions.
- Mobile banking applications (Mean = 2.05) and e-lobby and ATM services (Mean = 2.14) also exhibit high levels of satisfaction, indicating effective service delivery and user-friendly digital interfaces.

## SUGGESTIONS:

- Banks should continuously enhance the usability and responsiveness of digital banking platforms to ensure seamless customer experience to improve the convenience and time efficiency.
- Since younger and educated customers highly participating in digital banking usage, banks should conduct awareness and digital literacy programmes to enhance adoption among old and less digitally exposed customers.
- Banks should simplify loan procedures, reduce delays, and improve transparency in credit-related information among retail customers.
- As security concerns influence customer satisfaction, particularly for advanced digital services, banks must strengthen fraud prevention mechanisms and cyber-security infrastructure to build retail customer trust.
- Given the moderate usage frequency and varied customer experiences, banks should improve online customer care and grievance redressal mechanism systems to resolve technical issues and service-related problems.

## CONCLUSION:

This research concludes that digital banking has evolved as a widely accepted means of service delivery, primarily due to its convenience, easy accessibility and time efficiency among retail customers.

The findings reveal that young respondent, UG degree holder, students are represent a significant proportion of digital banking users, highlights that demographic factors such as age, education, and occupation play an major role in determining digital banking adoption.

The analysis further reveals that convenience, reduction in transaction time, and 24×7 accessibility are the key influential factors determining retail customer preference for digital banking services. In terms of usage pattern, majority of the respondents access digital services on a periodical basis (weekly or monthly), reflecting moderate but frequent engagement instead of daily usage. Savings bank account holders representing the larger user group, indicating the role of digital platforms in routine banking activities.

Satisfaction score show that retail customers has high satisfaction with core digital banking services. Conversely, online credit facilities and value-added services shows lower satisfaction levels due to issue related to security, service delays and complexity in accessing services.

Digital banking services have efficiently fulfilled retail customers' fundamental banking needs, further improvement are needed in advanced digital offerings. Upgrading security infrastructure, simplifying digital processes on credit, and improving customer support mechanisms are key to enhance customer satisfaction and ensuring sustainable growth of digital retail banking services.

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