



A STUDY ON CUSTOMER SATISFACTION IN DIGITAL BANKING

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ABSTRACT

This research project investigates customer satisfaction with digital banking services, focusing on how users perceive the quality, convenience, efficiency, and reliability of platforms offered by banks. With rapid technological growth and the widespread adoption of mobile banking, UPI, and internet banking, digital channels have become the primary mode of financial transactions. Based on primary data collected from 102 respondents in Mumbai through a structured questionnaire, the study evaluates satisfaction levels, factors influencing user experiences, and the role of demographic variables such as age, education, and occupation. Key aspects considered include ease of use, transaction speed, security, system reliability, app performance, and customer support. Findings reveal that customers prefer digital banking for its 24/7 accessibility, reduced reliance on physical branches, and fast, seamless transactions, while simple interfaces and instant payments are particularly valued. However, technical issues such as app crashes, login failures, server downtime, and delayed OTPs undermine trust and satisfaction. Hypothesis testing confirms significant links between satisfaction and factors like ease of use, responsiveness, and security, with younger and more educated users reporting higher comfort and satisfaction. Overall, the study concludes that digital banking enhances convenience and efficiency, but continuous improvements in stability, security, and user support are essential to strengthen satisfaction and foster long-term loyalty in an increasingly digital financial ecosystem.

KEYWORDS: Digital Banking, Customer Satisfaction, Convenience, Service Quality, Customer Loyalty

INTRODUCTION

The banking industry has witnessed a profound transformation over the past few decades, evolving from traditional face-to-face interactions to technology-driven digital platforms. At the heart of this change lies digital banking, which has fundamentally reshaped how customers access financial services, manage money, and interact with banks. What was once confined to physical branches and paper-based processes has now become a fast, seamless, and highly accessible ecosystem where most transactions can be completed with just a smartphone and an internet connection.

Digital banking encompasses the delivery of financial products and services through electronic channels such as mobile applications, internet banking portals, ATMs, UPI-based systems, and other automated tools. These platforms enable customers to open accounts, transfer funds, make payments, apply for loans, check balances, invest, and access support without visiting a branch. As technology advances, banks have been compelled to modernize systems, streamline operations, and design user-friendly platforms that meet growing expectations

for speed, convenience, and reliability.

In India, the shift toward digital banking has been driven by several key developments: the expansion of internet connectivity, rising smartphone penetration, government-led digital initiatives, and innovations such as the Unified Payments Interface (UPI). The demonetization of 2016 accelerated the adoption of cashless alternatives, while the COVID-19 pandemic further reinforced reliance on digital platforms as physical banking became restricted. Today, digital banking has become mainstream, serving customers across diverse age groups, occupations, and socio-economic backgrounds.

Despite its advantages, digital banking presents new challenges. Customers expect intuitive, fast, secure, and always-available services. Even minor disruptions—such as server downtime, delayed OTPs, or failed transactions—can erode trust and satisfaction. Unlike traditional banking, where personal rapport often fostered loyalty, the digital environment is highly competitive, and dissatisfied customers can easily switch to alternative banks or fintech platforms. This makes customer satisfaction a critical determinant of success.

Understanding satisfaction in digital banking is vital for several reasons. First, customer behaviour has shifted toward valuing quick transactions, simple navigation, and transparency. Any inconvenience—whether technical glitches, security concerns, or inadequate support—negatively shapes perceptions of the bank. Second, as digital platforms replace physical branches as the primary point of engagement, the quality of digital services directly influences loyalty, trust, and reputation.

Demographic factors also play a significant role. Younger, tech-savvy customers adapt quickly and report higher satisfaction with mobile banking and UPI services. Older customers, however, may struggle due to limited digital literacy or concerns about fraud, affecting their comfort and trust. Recognizing these differences allows banks to design inclusive services that cater to all segments of society.

Security remains another crucial dimension. While digital transactions offer speed and convenience, customers remain wary of cyber threats such as hacking, phishing, and identity theft. Trust is central to financial services, and banks must invest in robust security systems, multi-factor authentication, real-time fraud detection, and transparent communication to reassure customers and strengthen confidence.

The evolution of digital banking has also unlocked opportunities for innovation. Banks increasingly employ artificial intelligence, chatbots, data analytics, and cloud platforms to enhance customer experience. Features such as instant loan approvals, biometric authentication, personalized dashboards, voice-enabled transactions, and AI-driven support are becoming common. These innovations raise customer expectations, requiring banks to balance advanced features with simplicity and accessibility.

Importantly, digital banking does not entirely replace traditional banking. Many customers still prefer human interaction for complex services such as investments, loan negotiations, or financial planning. Digital banking therefore complements branch-based services rather than eliminating them. However, given the growing reliance on digital platforms, customer satisfaction in digital banking must be treated as a strategic priority.

Studying customer satisfaction in this context is essential. It highlights what customers value most—whether convenience, speed, reliability, design, or security—and identifies pain points such as app crashes, slow loading, limited support, or confusing interfaces. By addressing these issues, banks can strengthen digital strategies, improve service quality, and build deeper trust.

This study aims to assess satisfaction levels with digital banking services, analyse influencing factors, and examine how demographic characteristics shape usage. It also seeks to identify challenges faced by customers and evaluate how satisfaction contributes to loyalty in the digital age. As digital banking becomes the primary mode of financial interaction, these insights hold significant value for banks, policymakers, and customers alike.

REVIEW OF LITERATURE

R. Diwan's (2021) study shows that people enjoy digital banking mainly because it's quick, convenient, and available anytime they need it. However, technical glitches still make the experience frustrating at times. Younger users adapt to these services more easily, and strong security plays a big role in building trust. Overall, the study highlights that smooth and reliable performance is what truly keeps customers satisfied.

Sharma, Singh, and Amandeep (2020) found that customers are happiest when digital banking is fast, reliable, and problem-free. Smooth transactions and quick support build trust, while technical glitches cause

frustration. The study suggests that banks should focus on consistent performance and regular tech upgrades to keep users satisfied.

Raghavendra and Sravan Kumar (2016) found that customers are happiest with internet banking when it is easy, secure, and runs smoothly. Technical issues and slow performance reduce satisfaction, while clear support and user-friendly features encourage continued use. The study also stresses that improving digital awareness can further boost customer confidence.

RESEARCH OBJECTIVES

The primary objectives of the study are as follows:

1. To evaluate and analyse the level of customer satisfaction with digital banking services which leads to brand loyalty
2. To identify and evaluate the factors responsible for the satisfaction of customers
3. To evaluate the influence of demographic values such as age, gender, occupation, education
4. To compare satisfaction levels between different digital banking services/platforms
5. To explore the association between customer expectations and the services that are offered by banks
6. To provide recommendations for improving digital banking services based on customer feedback and research findings

RESEARCH HYPOTHESIS

To achieve the objectives, the following hypotheses were formulated:

H01: There is no significant relationship between customer satisfaction and customer loyalty H1: There is a significant relationship between customer satisfaction and customer loyalty

H02: There is no significant relationship between the identified factors and customer satisfaction in digital banking

H2: There is a significant relationship between the identified factors and customer satisfaction in digital banking

H03: There is no significant difference between customer satisfaction across different demographic groups

H3: There is significant difference between customer satisfaction across different demographic groups 42

H04: There is no significant association between customer satisfaction and different digital banking services/platform H4: There is a significant association between customer satisfaction and different digital banking services/platforms These hypotheses guide the analysis and interpretation of results

RESEARCH METHODOLOGY

Research Design

A descriptive research design has been adopted for this study. This design helps the researcher analyse the present state of customer satisfaction with digital banking services without manipulating any variables. A structured questionnaire was prepared to collect responses from customers who use digital banking services.

Research Approach

The research is completed by a Quantitative approach and with the help of qualitative insights.

Sampling Design

- Sampling Unit: Individual banking customers using digital platforms.
- Sample Size: 102 respondents
- Sampling Area: Mumbai city.
- Sampling Method: Non-probability convenience sampling

DATA ANALYSIS**AGE DISTRIBUTION**

AGE	NO. OF RESPONDENTS	RESPONSES (IN %)
18-25	57	55.90
26-35	19	18.60
36-45	16	15.70
46-60	9	8.80
ABOVE 60	1	1.00
TOTAL	102	100.00

Interpretation

From the above chart it is observed that most of the respondents are young adults aged 18–25, showing that the study mainly reflects younger perspectives. As the age increases, the number of participants gradually decreases, with very few people above 60 taking part.

OCCUPATION DISTRIBUTION

OCCUPATION	NO. OF RESPONDENTS	RESPONSES (IN %)
STUDENT	26	25.50
SALARIED	60	58.80
HOMEMAKER	8	7.80
SELF-EMPLOYED	3	2.90
OTHER	5	4.90
TOTAL	102	100

Interpretation

In the above chart it is clear that people who took part in the survey are young salaried employees, showing that working professionals were the most engaged group. Students form the next major segment, while homemakers, self-employed individuals, and others make up only a small share of the responses.

MONTHLY INCOME DISTRIBUTION

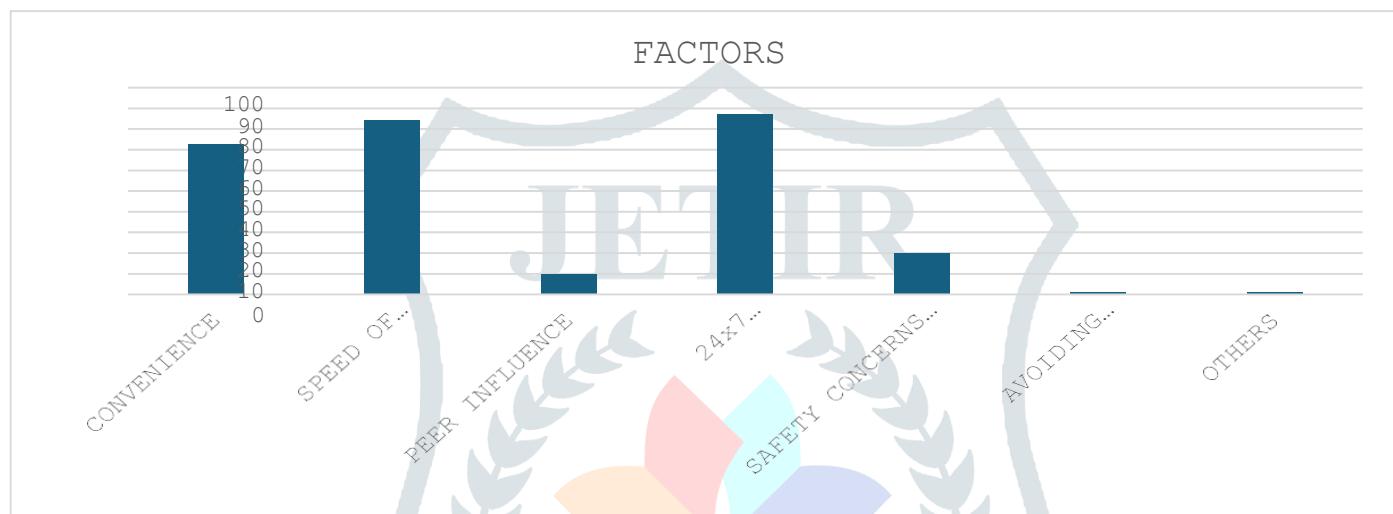
MONTHLY INCOME	NO. OF RESPONDENTS	RESPONSES
BELOW 20000	39	38.20
20000-30000	38	37.30
30000-40000	14	13.70
ABOVE 40000	11	10.80
TOTAL	102	100.00

Interpretation

Most of the respondents earn below ₹20,000 or between ₹20,000–30,000, suggesting that the study largely reflects the views of lower to mid-income earners. Only a small portion of participants fall in the higher-income bracket above ₹40,000.

Analysis of Factors Motivating Respondents to Use Digital Banking

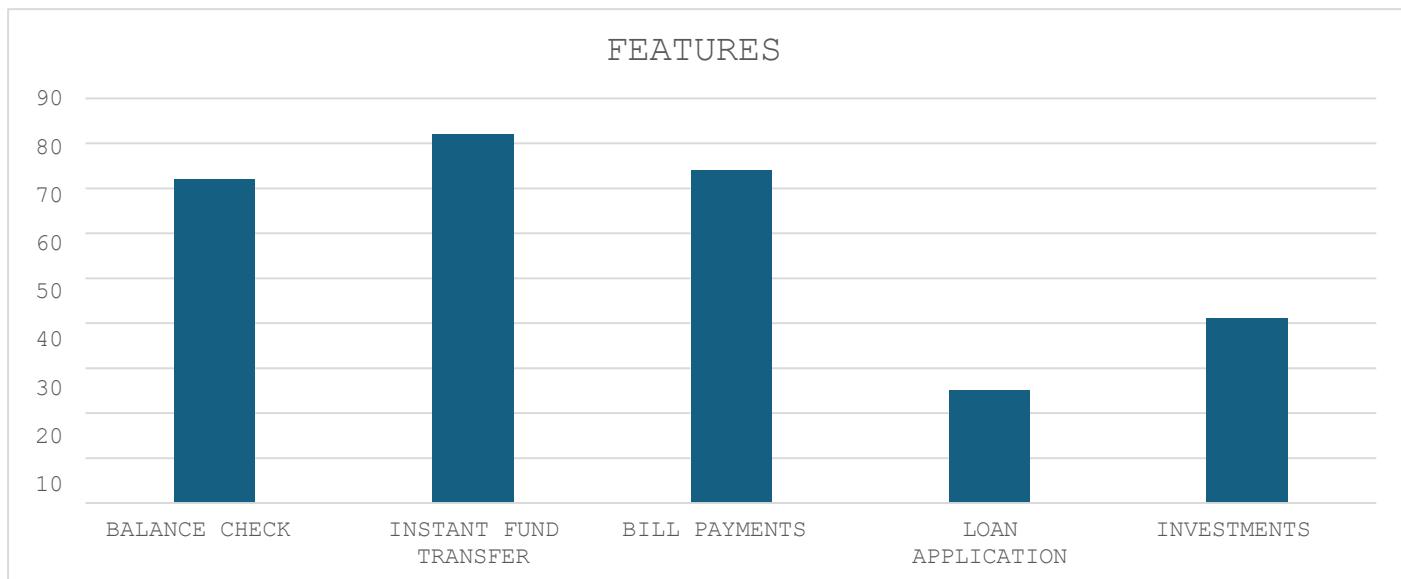
FACTORS	NO. OF RESPONDENTS	RESPONSES (IN %)
CONVENIENCE	73	71.60
SPEED OF TRANSACTION	84	82.40
PEER INFLUENCE	10	9.80
24x7 AVAILABILITY	87	85.30
SAFETY CONCERNS DURING COVID – 19	20	19.60
AVOIDING PHYSICAL CONTACT	1	1.00
OTHERS	1	1.00

**Interpretation**

It is seen that most of the most people prefer digital banking because it is easy to use, available anytime, and helps them complete transactions quickly. These practical benefits matter more to users than external factors like peer influence or COVID-19 concerns. Overall, this shows that digital banking is chosen mainly for the convenience and efficiency it brings to everyday financial tasks.

Analysis of Most Useful Digital Banking Features

FEATURE	NO. OF RESPONDENTS	RESPONSES (IN %)
BALANCE CHECK	72	70.60
INSTANT FUND TRANSFER	82	80.40
BILL PAYMENTS	74	72.50
LOAN APPLICATION	25	24.50
INVESTMENTS	41	40.20

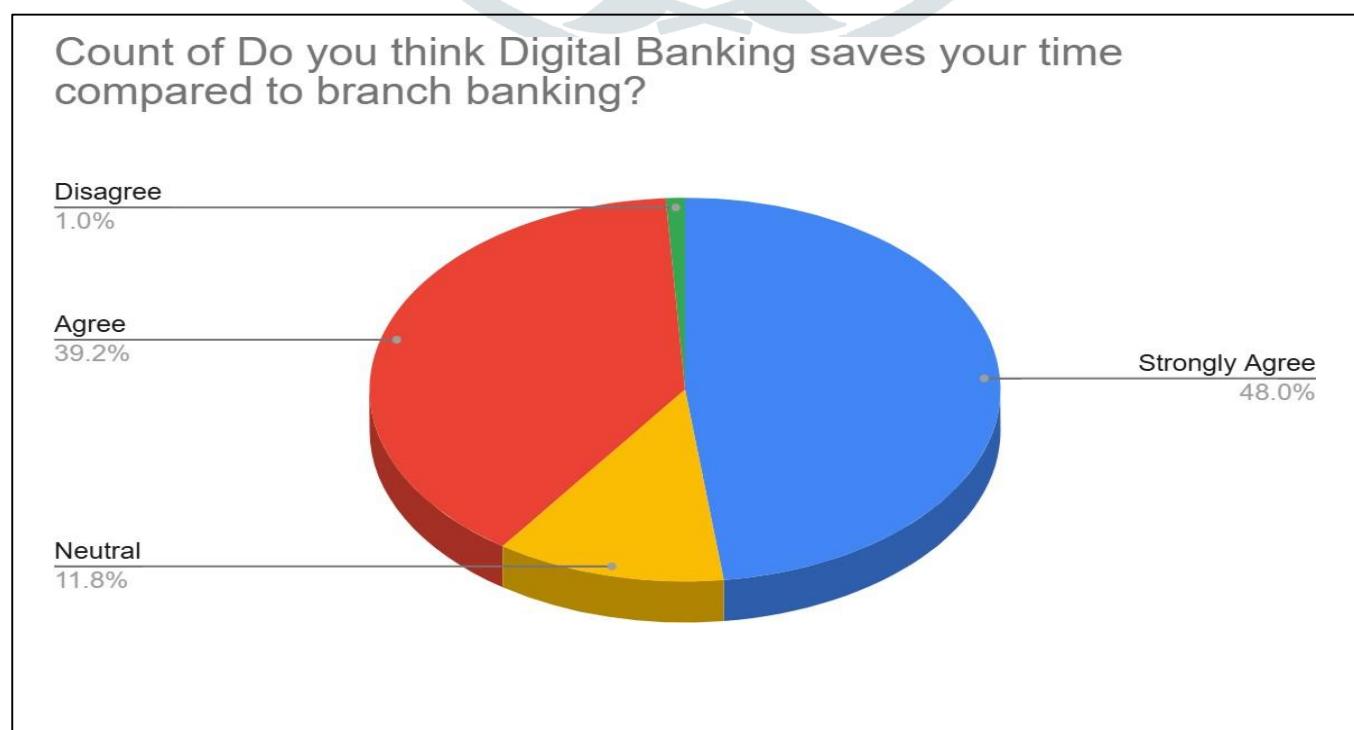


Interpretation

Most users depend on digital banking for quick and essential tasks like instant fund transfers, bill payments, and balance checks. These everyday services are easy to use and fit naturally into their routine financial needs. More advanced options like loans and investments are used far less, suggesting that users may still lack awareness, comfort, or trust in these features. This indicates that while basic services are well-adopted, banks have an opportunity to build confidence in their more advanced digital offerings.

Analysis of Perception of Time-Saving through Digital Banking

PERCEPTION	NO. OF RESPONDENTS	RESPONSES (IN %)
STRONGLY AGREE	49	48.00
AGREE	40	39.20
NEUTRAL	12	11.80
DISAGREE	1	1.00
TOTAL	102	100.00

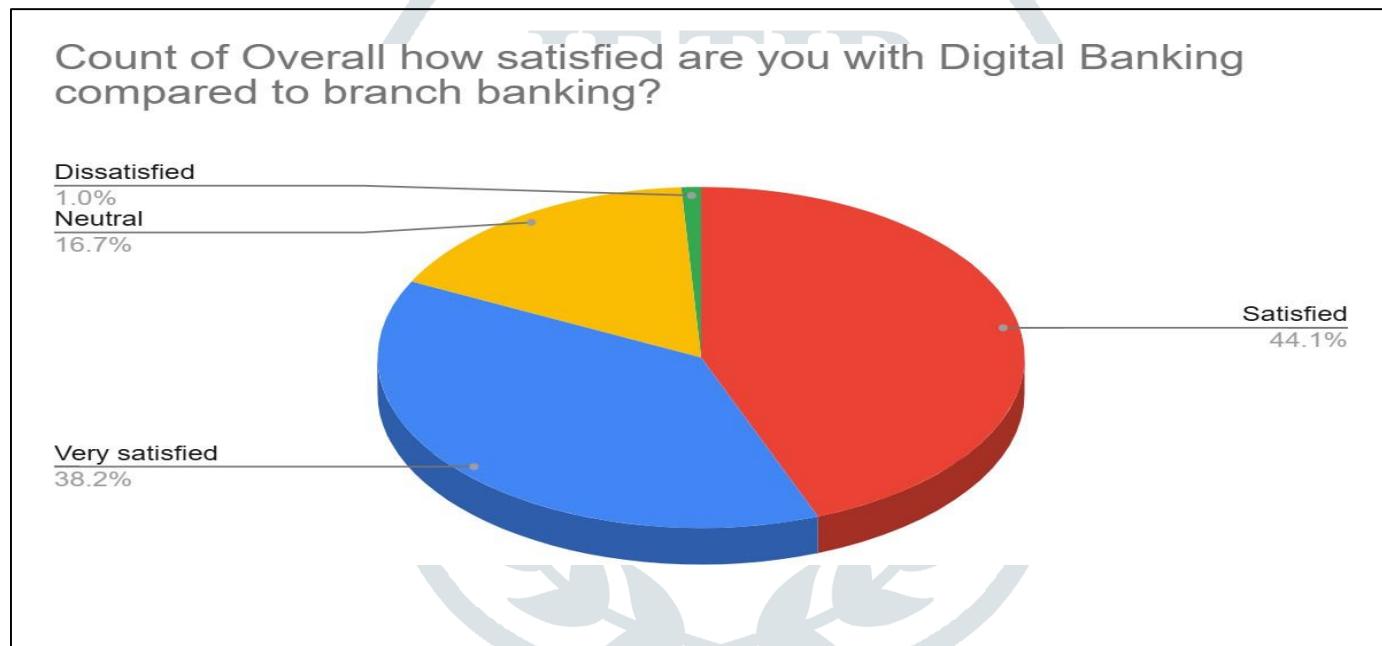


Interpretation

Digital banking is widely seen as a faster and more convenient option, with many users feeling that it saves considerable time compared to visiting a branch. Some respondents remain neutral, likely because they are still getting used to online features or prefer personal interaction. Only a very small number disagree, showing that the overall experience with digital banking's time-saving benefits is highly positive.

Analysis of Overall Satisfaction with Digital Banking

SATISFACTION LEVEL	NO. OF RESPONDENTS	RESPONSES (IN %)
VERY SATISFIED	39	38.20
SATISFIED	45	44.10
NEUTRAL	17	16.70
DISSATISFIED	1	1.00
TOTAL	102	100.00



Interpretation

Digital banking is delivering a strong positive experience, with a large majority of users feeling satisfied or very satisfied with the services. Many appreciate the convenience and ease it brings compared to traditional branch visits. Neutral responses likely come from users who still prefer personal interaction or are not fully comfortable with digital platforms. Very few people are dissatisfied, suggesting that major issues like technical problems or delays are uncommon.

FINDINGS

- The findings show that digital banking is widely embraced, especially by younger users aged 18–25 who are comfortable with technology and online transactions. Both genders actively use digital banking, and most users are well-educated, suggesting strong digital awareness.
- Salaried individuals and middle-income groups rely heavily on these services for quick and convenient financial management. People are highly aware of platforms like mobile banking,
- UPI, and internet banking, using them frequently for everyday tasks such as transfers, bill payments, and balance checks. Overall, users find digital banking easy to navigate,
- appreciating its simple design and smooth interface. They are mainly motivated by 24/7 access, speed, and convenience, while peer influence and COVID-related reasons play only a small role. Although

users face occasional technical issues like login errors or app crashes,

- most resolve problems through customer care or self-help. Despite these challenges, digital banking is widely seen as a major time-saver, with almost all users agreeing that it makes
- financial tasks faster and more efficient.

SUGGESTIONS

To improve the overall digital banking experience, banks should begin by strengthening the technical stability of their platforms to minimize login failures, app crashes, and transaction errors. Enhancing security through multi-factor authentication, real-time fraud alerts, and regular customer awareness programs can further build trust. Customer support also needs to be more responsive, with features like 24/7 live chat, AI-based assistance, and faster online grievance resolution. Promoting digital literacy through workshops, tutorials, and guided app walkthroughs will help users who struggle with technology. Simplifying app interfaces with local languages, clear icons, and voice support can make digital banking more accessible, especially for senior citizens. Expanding digital services—such as investment tools, digital loan processing, and financial planning features—can increase user engagement. Banks should also conduct targeted outreach to older individuals and low-income groups who may be hesitant to adopt digital platforms.

Finally, regular system upgrades, performance monitoring, and timely communication during outages will help maintain consistency and strengthen customer confidence in digital bank.

CONCLUSION

The study concludes that customer satisfaction in digital banking is strongly shaped by convenience, speed, reliability, and ease of use, with satisfied users showing higher loyalty and continued preference for their bank's digital platforms. Younger and well-educated individuals display greater comfort and frequent usage, while older users and those with lower digital literacy experience more difficulty, highlighting the need for more inclusive and user-friendly designs. Technical issues such as login failures, server downtime, and app crashes remain major concerns that directly affect trust and satisfaction. Satisfaction also varies across platforms, with UPI and mobile banking apps rated highest for simplicity and instant transactions, while services like internet banking and digital loan features are used less often.

Overall, the rejection of all four null hypotheses confirms that satisfaction is closely linked to loyalty, influenced by key service factors, varies across demographic groups, and differs by platform performance. The findings emphasize that for digital banking to grow further, banks must focus on system stability, security, customer support, and accessibility to build long-term trust and engagement.

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