

DIGITAL BANKING AND THE CUSTOMER EXPERIENCE: A SATISFACTION CENTRIC STUDY

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Abstract

This study explores the factors influencing customer satisfaction in digital banking, focusing on user experience, security, personalization, and technology. Conducted in Alappuzha with 165 respondents, it examines awareness levels and the impact of demographics such as gender, education, and occupation on satisfaction. Using both primary and secondary data, statistical tools like percentages, charts, and ANOVA were applied. The findings aim to help banks enhance digital platforms, offer personalized services, and improve overall customer satisfaction. These insights are crucial for strengthening the digital banking experience and supporting the growth and stability of India's banking sector and economy.

Keywords:- Digital Banking; Customer Satisfaction; Service Quality; User Experience; Technology Adoption.

*I*n recent years, digital technologies have brought about a fundamental transformation in the way banking services are delivered and consumed. The shift from traditional, branch-based operations to digital platforms such as

internet banking, mobile banking, Automated Teller Machines (ATMs), and telebanking has redefined the relationship between banks and their customers. These digital innovations have made banking more accessible, efficient, and personalized, allowing customers to

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conduct transactions, monitor accounts, and access financial services at their convenience - anytime and anywhere.

This transformation is particularly significant in a country like India, where the banking sector plays a critical role in promoting economic stability and inclusive growth. With the rise in internet usage, smartphone usage, and digital literacy, the adoption of digital banking services has seen remarkable growth across urban and rural areas alike. As a result, banks are increasingly prioritizing digital channels to meet customer expectations and stay competitive in a technology - driven marketplace.

Customer satisfaction has emerged as a key metric in evaluating the success and sustainability of digital banking initiatives. For banks, understanding what drives satisfaction is no longer optional - it is essential for retaining customers, fostering loyalty and ensuring long-term viability. Various factors contribute to customer satisfaction in digital banking, including ease of use, speed of service, accessibility, data security, and the overall user experience. These dimensions not only influence customers' perceptions but also shape their willingness to continue using digital platforms. In this context, the present study aims to explore the determinants of customer satisfaction in digital banking services.

Review of Literature

Digital banking has significantly transformed the financial services landscape by enhancing customer experiences and satisfaction globally. Various research findings point out the importance of service quality as a critical

determinant of customer satisfaction. Khan and Mahapatra (2009) identified seven dimensions - dependability, accessibility, user-friendliness, privacy/security, efficiency, responsiveness and fulfilment - that shape customer perceptions of e-banking in India. Similarly, Sikdar and Makkad (2015) highlighted the significant role of accessibility, ease of use, and trust in fostering satisfaction among Indian online banking users. Addai et al. (2015), through a study in Ghana, demonstrated that efficient e-banking services have a profound impact on customer satisfaction, emphasizing the relevance of service quality across diverse geographical contexts. Dasho et al. (2016) further elaborated on the strategic shifts driven by digital banking, highlighting how customer expectations and behaviours are being reshaped in this digital era.

Advancements in technology and regulatory frameworks continue to influence the growth and customer satisfaction in digital banking. Vany and Shivany (2018) and Rahi and Ghani (2019) emphasized the interplay between e-banking service quality, satisfaction, and loyalty, reinforcing the importance of seamless digital experiences. Additionally, studies by Popova (2021) and Kaur et al. (2021) discussed the growing influence of FinTech and initiatives like Digital India in redefining the banking ecosystem while addressing risk factors and customer needs. These studies throw light on the global significance of innovative, customer-centric approaches to sustain satisfaction and loyalty in a rapidly evolving digital space. As the transition to digital banking continues, it is critical for

enhancing service quality and customer trust.

Statement of the Problem

Despite the widespread adoption of digital banking in India, varying levels of customer satisfaction persist due to differences in service delivery, user interface, security concerns, and demographic factors. While technological advancements have improved accessibility and convenience, gaps remain in understanding the major factors affecting customer satisfaction. This study seeks to address this gap by analysing the determinants that influence satisfaction among digital banking users, and also to know whether the customer satisfaction is affected by gender, education or occupation of customers, ultimately to enhance the overall digital banking experience.

Significance of the Study

This study is significant as it focus on the evolving expectations of customers in the digital banking. Analysing user satisfaction and identifying influential factors, the study provides valuable insights for banks aiming to optimize digital services. The findings can aid policymakers, fintech developers, and banking institutions in designing customer-centric platforms, enhancing digital literacy, and promoting inclusive banking. In the broader context, improving customer satisfaction in digital banking supports financial inclusion and strengthens public trust in digital financial systems.

Scope of the Study

The study is geographically confined to Alappuzha district and focuses

exclusively on users of digital banking services such as internet banking, mobile banking, and ATM services. It considers the perceptions of 165 respondents selected through purposive sampling. The research analyses awareness, motivating factors, satisfaction levels, and demographic variations but does not cover technical service quality audits or institutional perspectives. The study is limited to customers' subjective experiences rather than objective performance metrics of digital platforms.

Objectives of the Study

- To study the degree of awareness on digital banking service.
- To evaluate the factors affecting digital banking service.
- To analyse the customer satisfaction on digital banking service.

Hypotheses

Based on the objectives, following null hypothesis are formulated

H_{01} : There is no significant difference between customer satisfaction of male and female among digital banking service users.

H_{02} : There is no significant difference in the customer satisfaction on digital banking service users based on education.

H_{03} : There is no significant difference in the customer satisfaction on digital banking service users based on occupation.

Research Methodology

The research design of this study is both empirical and analytical in nature,

utilizing a combination of primary and secondary data. A purposive sampling technique was employed to select 165 respondents from digital banking users in the Alappuzha district. Data collection was carried out using a structured questionnaire designed to capture relevant insights into customer experiences with digital banking services. The collected data was analyzed using various statistical tools, including percentages, charts, and ANOVA.

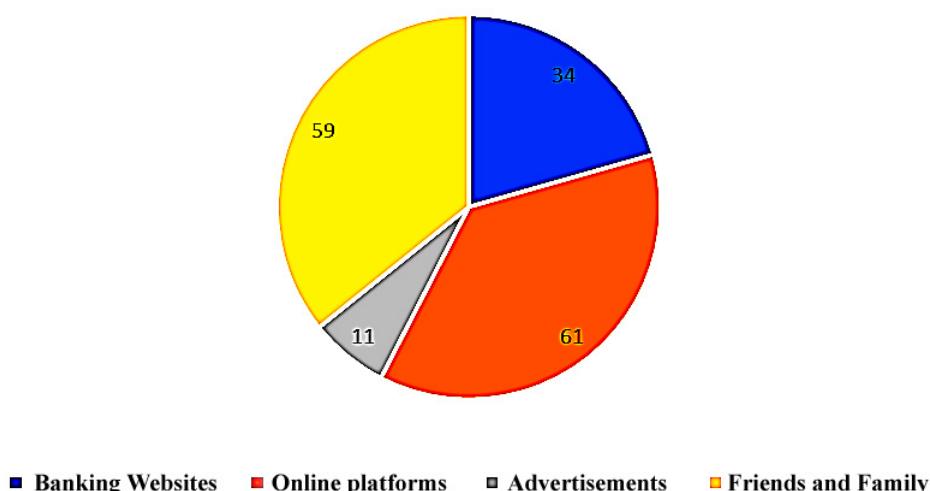
Analysis and Interpretations

Figure 1 depicts from where the customers knew about the digital banking service. Out of 165, 20.6 per cent were known from banking websites, 37 per cent known from online platforms, 6.7 per cent known from Advertisement and 35.8 per cent were known from Friends and Family.

The data shows that convenience, ease of transaction, no need to visit the bank is the most motivating factor to use digital banking services (Figure 2). Security is also major concern, although the responses show more variation. Convenience and ease of transaction is equally important factor which motivate the customers to choose the digital banking service.

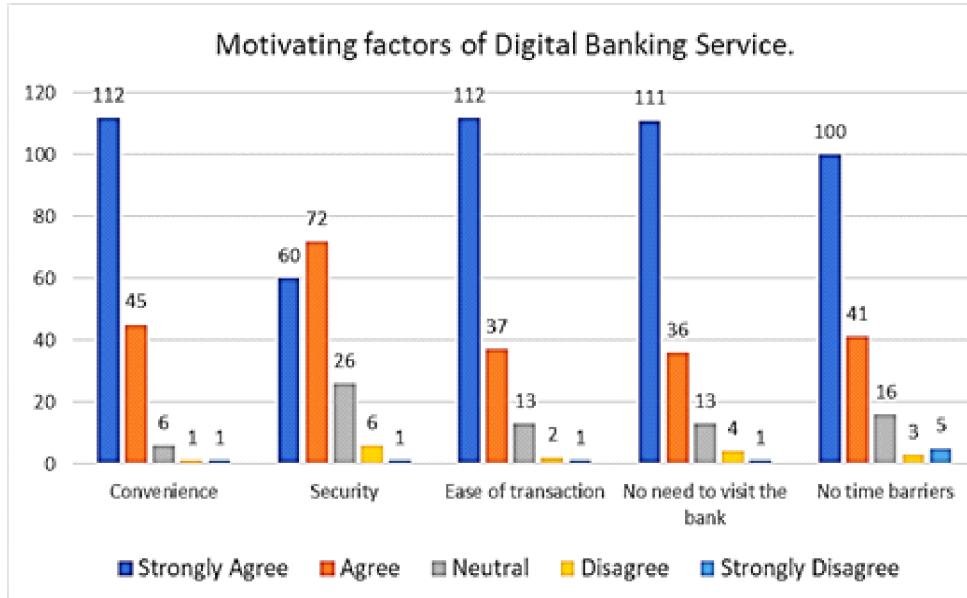
Figure 3 depicts 63 per cent of respondents are satisfied in digital banking services, 18.8 per cent of respondents are highly satisfied with digital banking services. 13.3 per cent of respondents are neither satisfied nor dissatisfied with digital banking services, 1.2 per cent and 3.6 per cent of respondents are dissatisfied and highly dissatisfied to the digital banking services.

Figure 1
Sources of Awareness about Digital Banking Services



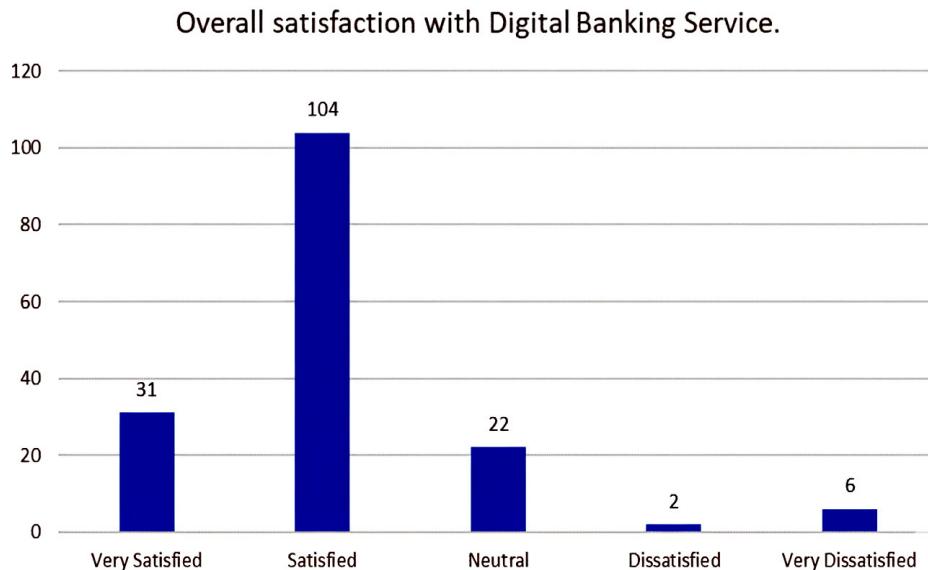
Source: Primary Data

Figure 2
Motivating Factors for Using Digital Banking Services



Source: Primary Data

Figure 3
Overall Customer Satisfaction with Digital Banking Services



Source: Primary Data

Hypotheses 1

H0: There is no significant difference between Customer satisfaction of Male and Female among digital banking service users.

H1: There is significant difference between customer satisfaction of Male and Female among digital banking service users.

An independent sample t-test was performed to identify if there exist any difference in the customer satisfaction on digital banking services among male ($m=3.40$) and female ($m=3.33$) (Table 1). It is evident from the test results that there is no significant difference between customer satisfaction on digital banking services among male and female, $t (163) = 0.371$, $p>0.05$. Thus, the test fails to reject the null hypothesis that **there is no significant difference in the customer**

satisfaction of male and female on digital banking services.

Hypotheses 2

H0: There is no significant difference in the Customer satisfaction on digital banking service users based on educational qualification

H1: There is significant difference in the Customer satisfaction on digital banking service users based on educational qualification.

A one-way ANOVA was performed to identify any difference in the customer satisfaction on digital banking service users based on education qualification. It is evident from the test results that there is no significant difference in the customer satisfaction on digital banking service users based on education qualification, $F (3,161) = 0.304$, $p>0.05$. Thus, the test fails to

Table 1

Gender-wise Difference in Customer Satisfaction (Independent Samples T-Test)

| Customer Satisfaction | T | df | P value |
|------------------------|------|-----|---------|
| Equal variance assumed | .371 | 163 | .711 |

Source: Primary Data

Table 2

Educational Qualification and Customer Satisfaction (One-Way ANOVA)

Customer

| Satisfaction | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|------|------|
| Between Groups | .888 | 3 | .296 | .304 | .822 |
| Within Groups | 156.724 | 161 | .973 | | |
| Total | 157.612 | 164 | | | |

Source: Primary Data

reject the null hypothesis that **there is no significant difference in the customer satisfaction on digital banking service users based on education qualification.**

Hypotheses 3

H0: There is no significant difference in the Customer satisfaction on digital banking service users based on Occupation level.

H1: There is significant difference in the Customer satisfaction on digital banking service users based on Occupation level.

A one-way ANOVA was performed to identify any difference in the customer satisfaction on digital banking service users based on Occupation level. It is evident from the test results that there is no significant difference in the customer satisfaction on digital banking service users based on occupation level, $F (4,160) = 1.374$, $p>0.05$. Thus, the test fails to reject the null hypothesis that **there is no significant difference in the customer satisfaction on digital banking service users based on occupation level.**

Findings

1. The study found that most respondents are satisfied with digital banking services - 63 per cent satisfied and 18.8 per cent highly satisfied. Only a small percentage expressed dissatisfaction, indicating a generally positive user experience. This affirms the growing acceptance and positive reception of digital platforms among users.
2. Ease of use, user experience, and security were identified as the main drivers of satisfaction. Banks must focus on these areas to enhance and retain customer satisfaction.
3. While not a dominant deterrent, security remains a point of concern for some users. Addressing data privacy and transaction safety can further enhance trust and continued usage.
4. Statistical analysis (T-test and ANOVA) showed no significant difference in satisfaction levels across gender, education, or occupation, suggesting that digital banking services are

Table 3

Occupation-wise Variation in Customer Satisfaction (One-Way ANOVA)

| ANOVA | | | | | |
|-----------------------|----------------|-----|-------------|-------|------|
| Customer satisfaction | Sum of Squares | Df | Mean Square | F | Sig. |
| Between Groups | 5.235 | 4 | 1.309 | 1.374 | .245 |
| Within Groups | 152.377 | 160 | .952 | | |
| Total | 157.612 | 164 | | | |

Source: Primary Data

uniformly effective and accessible across demographic categories.

Recommendations

1. *Simplify User Experience*: Since ease of use and convenience were top motivators, banks should make their digital platforms simple and accessible for all users.
2. *Improve Security Measures*: Although not the main concern, security still matters. Strengthening security features and clearly communicating them can help build trust.
3. *Personalize Services*: As customer needs vary, offering tailored services like reminders or relevant updates can enhance satisfaction and engagement.

Conclusion

Digital banking has enhanced convenience by enabling anytime, anywhere access, but sustaining customer satisfaction demands more than just digital availability. The study finds that satisfaction hinges on ease of use, security, and user experience, with even minor issues affecting trust. It also reveals that satisfaction varies across demographics like education, gender, and occupation, highlighting the need for personalized and customer-centric approaches. Banks must balance innovation with human-centered design, continuously adapting based on user feedback. Ultimately, aligning technology with real customer needs is key to building lasting trust and relevance in the digital era.

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