A STUDY ON DIGITAL BANKING CUSTOMER SATISFACTION

MUNUKUNTLA HARSHITHA [1] **MBA Student**
MRS. J MANASA [2] **ASSISTANT PROFESSOR**
[1,2]MASTER OF BUSINESS ADMINISTRATION
[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.

Abstract

Digital banking has transformed the way customers access and manage financial services by providing convenient, secure, and efficient banking solutions through internet and mobile platforms. This study examines the level of customer satisfaction with digital banking services by evaluating key factors such as ease of use, service quality, transaction speed, security, reliability, accessibility, and customer support. The research is based on primary data collected through structured questionnaires and supported by secondary data from banking reports, journals, and published literature. Statistical tools such as percentage analysis and graphical representation are used to analyze customer responses and identify the factors influencing satisfaction. The findings indicate that most customers are satisfied with digital banking services due to their convenience, 24/7 availability, and quick transaction processing, while concerns regarding cybersecurity, technical issues, and digital literacy continue to affect user experience. The study concludes that continuous technological innovation, enhanced security measures, and improved customer awareness programs are essential for increasing customer confidence and achieving higher levels of satisfaction with digital banking services.

1.1 INTRODUCTION OF THE STUDY

Modern banks play an important role in promoting economic development of a country. They collect savings of large masses of people scattered throughout the country. Which in the absence of banks would have remained ideal and unproductive? These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Banks provide necessary funds for executing various programs underway in the process of economic development.

As a servicing industry banks are customer oriented. Customers are the driven power of the bank and it earns profit by providing services to customers. Customers are the persons or institutions that deal with the bank. In general, he who has an account in a bank will be treated as a customer of that particular bank.

To fulfill the demand and impress the customers most of the banks are trying to make their whole banking operation through online platform.

Digital banking is the demand of the time. It is no longer a “nice to have” but an “impossible to survive with” for all banks. Electronic banking is critical in the transformation drive of banks in areas such as products and services and how they are delivered to customers. Thus, it is seen as a valuable and powerful tool in the development, growth, promotion of innovation and enhancing competitiveness of banks. Given the significant role of electronic banking in the developmental drive of banks, information technology has been found to lead to improvement in business efficiency and service quality and hence attract customers as well as retain them.

Electronic banking contributes significantly to the distribution channels of banks such as automated teller machine (ATM), Phone –banking, Tele- banking, PC-banking and now internet banking. In addition, transfer of funds, viewing and checking savings account balances, paying mortgages, paying bills and purchasing financial instruments and certificates of deposits processes have improved significantly as a result of internet banking. This implies that, electronic banking has resulted in efficiency in service delivery in the banking sector because customers can transact business from one side of the country to another and from both long and short distance.

Electronic banking has transformed traditional banking practices to the extent that it has been found to create a paradigm shift in marketing practices resulting in positive performance in the banking sector.

1.2 NEED OF THE STUDY

All banks compete with each other to attract their customers in different ways through providing convenient, accessible and acceptable services or/and products to their customers. One of the most important of these services is the electronic services that have contributed significantly to increase the distance between costumers and the bank.

Digital Banking was adopted by banks so as to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid international payment and remittance, track personal banking transaction, request for online statement, or even transfer deposit to a third-party account. Despite the effort of banks to ensure that customers reap the benefits of digital banking, the banks are met with complaints from customers as regards, malfunctioning Automated Teller Machines (ATMs), network downtime, online theft and fraud, non-availability of financial service, payment of hidden cost of electronic banking like Short Message Services (SMS).

1.3 SCOPE OF STUDY

Banking sector is large and difficult area. A bank has different products, Services and customers. This study gives the perception of different class of customers of different age group towards internet banking.

The outcome of this study will help the management of banks to know about the satisfaction levels of the customers using internet banking service and the areas in which they are lagging their customer service.

1.4 OBJECTIVES OF THE STUDY

Main objective

The general purpose of the study is to investigate the customer satisfaction in digital banking.

Sub objectives

1) Identify the Electronic banking services offered by banks and its usage by customer
2) Identify customers‟‟ level of satisfaction with service delivery given the introduction of electronic banking services
3) Identify the satisfaction to customers for using digital banking services.

Hypothesis of the study

Based on the study problem this study aims to test the following hypothesis

H0: There is no significance difference among age group with respect to type of Digital banking service opted

H1: There is significant difference among age group with respect to type of online service opted

1.5 RESEARCH METHODLOGY

Nature of study

This is descriptive study and analytical study

Nature of data

Primary data and secondary data

Sources of data

This study uses data collected through questionnaire method and data available from google on internet banking **Sample design**

Nature of population

Customers who avail internet banking services in thrissur town are taken

2.REVIEW OF LITRETURE

Rakesh H M &Ramya T J (2014) in their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumers" attention to internet banking services.

Shaza W. Ezzi (April 2014) In their research paper titled "A Theoretical Model for Internet Banking: Beyond Perceived Usefulness and Ease of Use" tried to inquired different types of electronic banking like ATM"s, telephone banking, and electronic funds transfer, Internet banking like has evolved from consumers" needs to have superior access to banking services clear of most banks' teller-staffed, normal operating hours. Additionally, Internet banking has grown swiftly from the recent and the span increases in e-commerce. Internet banking (IB) continues to govern the landscape of electronic banking as consumers continue to use IB to complete schedule banking transactions in addition to conducting on-line sales and purchasing. This study presents a theoretical model considered to help researchers and practitioners better understand the acceptance and adoption of Internet Banking.

Kartikeyabolar (2014) In their research paper "End-user Acceptance of Technology Interface In Transaction Based Environment "This paper presents Creators and investors of technology need information about the customers" assessment of their technology interface based on the features and various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions. The research study identifies the technology interface dimensions as perceived by the end-users in a transaction based environment (viz. Internet banking) in India, using exploratory factor analysis. The influence of these dimensions on the utility of technology interface and hence the usage is examined by Structural Equation Modeling. The moderating role of user demographics and technology comfort is also tested. Managerial implications are discussed.

DorraGherib (2014) In their research paper titled “Adoption and diffusion of internet banking: case of Tunisian banking sector “tried to observe the embracing of Internet banking in the Tunisian banking industry. The aim is to make out factors that accelerate or slow down the implementation process. The literature review enables identifying a set of variables: organizational, individual and structural. The research methodology used within this study is the case study. Five case studies in banking sector were executed. The sample is shaped by banks that adopted the Internet Baking as a modernization. The analysis allowed the willpower of the related dimensions of the aforesaid variables (competition, perceived benefits, and organizational compatibility). Indeed, this research has exposed some variables that hamper the implementation of technological innovations.

Amruth Raj Nippatlapalli (2013) in his research paper “A Study on Customer Satisfaction of Commercial Banks: Case Study on State Bank of India”. This paper present Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals. “Banking in India originated in the last decades of the 18th century.

3.1 INDUSTRIAL PROFILE

As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalised and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI‟s new measures may go a long way in helping the restructuring of the domestic banking industry.

The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII).

Market Size

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of July 2024, the total number of ATMs in India increased to 209,989 and is further expected to increase to 407,000 by 2025.

Public sector banks‟ assets stood at Rs. 72.59 lakh crore (US$ 1,038.76 billion) in FY24.

During FY21-FY23, credit off-take grew at a CAGR of 13.93%. As of FY24, total credit extended surged to US$ 1,936.29 billion.

During FY24-FY25, deposits grew at a CAGR of 6.81% and reached US$ 1.90 trillion by FY25. Credit to non-food industries increased 3.3% y-o-y, reaching US$ 1.26 trillion on February 28, 2024 and US$ 1.42 trillion on March 13, 2025.

Investments/Developments

Key investments and developments in India's banking industry include:

- In October 2020, HDFC Bank and Apollo Hospitals partnered to launch the „Healthy Life Programme‟, a holistic healthcare solution that makes healthy living accessible and affordable on Apollo‟s digital platform.
- In 2019, banking and financial services witnessed 32 M&A (merger and acquisition) activities worth US4 1.72 billion.
- In March 2020, State Bank of India (SBI), India‟s largest lender, raised US$ 100 million in green bonds through private placement.
- In February 2020, the Cabinet Committee on Economic Affairs gave its approval for continuation of the process of recapitalization of Regional Rural Banks (RRBs) by providing minimum regulatory capital to RRBs for another year beyond 2019-20 - till 2020-21 to those RRBs which are unable to maintain minimum Capital to Risk weighted Assets Ratio (CRAR) of 9% as per the regulatory norms prescribed by RBI.
- In October 2019, Department of Post launched the mobile banking facility for all post office savings account holders of CBS (core banking solutions) post office.
- Deposits under Pradhan Mantri Jan DhanYojana (PMJDY) stood at Rs. 1.06 lakh crore (US$ 15.17 billion.

3.2 COMPANY PROFILE

Company Overview

ICICI Bank Limited is an Indian multinational banking and financial services institution. Ranked among India's top private sector banks, it offers a diversified portfolio of financial products and services to retail, SME, and corporate customers through multiple delivery channels and specialized group companies.

- Founded: 1955 (as a development financial institution); ICICI Bank incorporated in 1994
- Headquarters: Mumbai, Maharashtra (Corporate Office); Vadodara, Gujarat (Registered Office)
- Industry: Banking and Financial Services
- Company Type: Public (Listed on BSE, NSE, and NYSE)
- Employee Count: Over 1.3 Lakh (~130,000+) globally
- Website: www.icicibank.com

Key Executives

- Pradeep Kumar Sinha: Part-Time Chairman
- Sandeep Bakhshi: Managing Director & Chief Executive Officer (Recently re-appointed through October 2028)

History & Milestones

- 1955: The Industrial Credit and Investment Corporation of India (ICICI) was formed as a joint venture by the World Bank, Indian public-sector banks, and insurance companies to provide project financing to Indian industry.
- 1994: ICICI Bank was established in Vadodara as a wholly owned subsidiary of ICICI Limited to transition into a diversified financial services group.
- 1999: Made history by becoming the first Indian company and the first bank from non-Japan Asia to be listed on the New York Stock Exchange (NYSE).
- 2001-2002: The parent company (ICICI Ltd.) merged with ICICI Bank in a reverse merger, creating a unified universal banking entity. In the same period, it acquired Bank of Madura in an all-stock deal.
- 2026: Expanding aggressively, the bank surpassed a network of 7,500 branches and consolidated its international presence across 18 countries.

4.DATA ANALYSIS AND INTERPRETATION

Introduction

This chapter deals with the data analysis and interpretation. Data had been collected using questionnaire. Questionnaire had been distributed to random people. Sample had been collected using convenient sampling technique. All the 50 respondents are selected at random.

This chapter is an attempt to analyze the response of people using internet banking. This study also helps to find out the perception of customers towards internet banking.

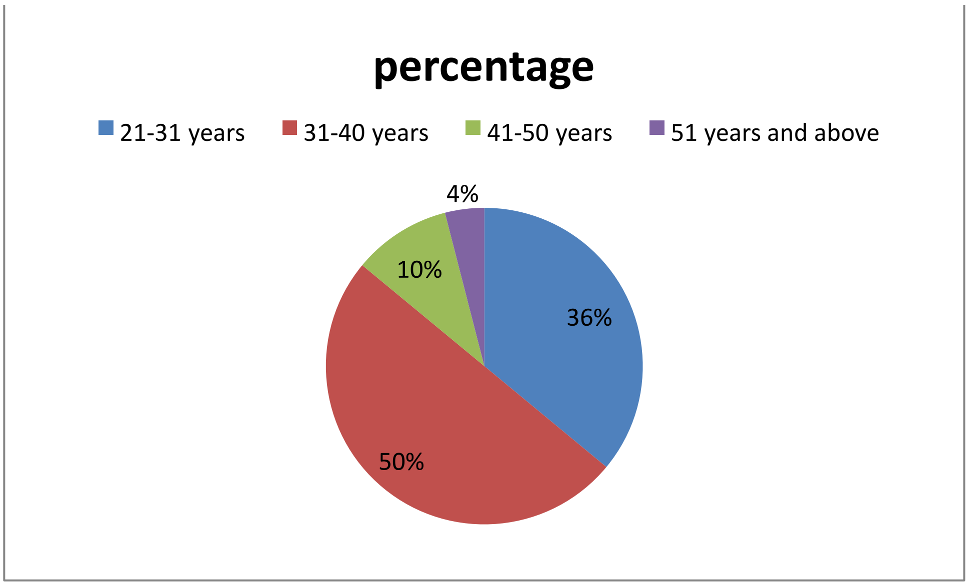
4.1: age wise classification

Age	percentage	Count
21-31 years	36	18
31-40 years	50	25
41-50 years	10	5
51 years and above	4	2

Source: primary data

The above table shows 36% of the respondents are from the age group 21 -31 years, 50% of them are between 31-40 years, 10% are in between 41-50 years category and only 4% of them are included in the 51 years and above category

Fig 4.1 Showing age wise classification



4.2: Education

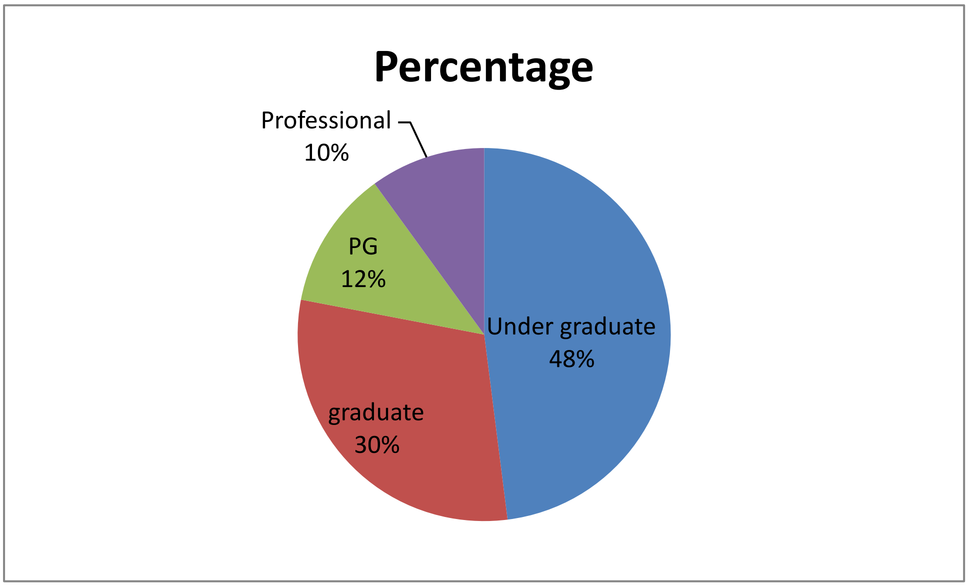
Education	Percentage	Count
Under graduate	48	24
graduate	30	15

PG	12	6
Professional	10	5

Source: primary data

Above table shows 48% of the respondents are under graduates, 30% of them are graduate, 12% of them are pg and 10% of them are professionals.

Fig 4.2 Showing educational classification



5.1 Findings

1. 100% of the respondents are internet banking users.
2. Majority of the users selected their bank based on their excellent service.
3. Majority of the customers were aware of the Digital banking services offered by their bank
4. Most of the customers have opened only savings account for their banking needs

5.2 Suggestions

- Risk proof websites are to be created so that the customers will be able to navigate easily through the website because some of the respondents found Digital banking to be complicated.
- The bank cant ensure the security of Digital banking by building strong firewalls to protect from hackers and viruses.
- More promotional strategies can be adopted by the bank to make the customers aware of the online services offered by banks because not all the respondents had full awareness.

5.3 Conclusion

This study was conducted to know about the customer satisfaction of digital banking services on customers and their satisfaction towards the services offered with reference to Thrissur town. It is clear from this study that all the respondents are users of internet banking services. There are a wide variety of banking services offered online and all the respondents are users of one or the other service.

Majority of the respondents uses internet banking service for online purchase and payment. People prefer internet banking for better convenience and to make banking a hassle-free process. Clearer service has made an impact on users to promote internet banking compared to manual banking. So, we can clearly understand that internet banking plays a tremendous and very important role for the growth of the banking sector.

Journals and periodicals

- ❖ Rakesh HM and Ramya TJ (2014) "a study on factors influencing consumer adoption of internet banking in India" International journal of business and general management (UBGM) Vol.3, issue1, Jan2014, 49 - 56.
- ❖ Ezzi S.W (2014) "A theoretical model of internet banking beyond perceived usefulness and ease of use", Archives of business research, 2(2), pp.31-46.
- ❖ Kartikeyabolar (2014) "End user acceptance of technology interface in transaction based environment" Indian journal for applied research 4(2),pp-272-276
- ❖ Gherib D (2014) "adoption and diffusion of internet banking" Global business and economics research journal ISSN:2302-4593 Vol.3 (6):1-29.
- ❖ Amruth raj Nippatlapalli (2013) " a study on customer satisfaction on commercial banks" January 2013 IOSR journal of business and management 15(1):60-86(DOI).
- ❖ MR. Vijay Parkash Gupta and Dr.P.K Agarwall (2013) " A comparative study on customer satisfaction in private sector and public sector banks" Journal of applied management-jidnyasa(1),121-130.
- ❖ Anil Kumar and Manoj Kumar Dash(2013) "constructing a measurement in service quality for Indian banks" may 2013,journal of internet banking and commerce18(1)
- ❖ Vijay M.Kumbhar (2011) "factors affecting the customer"s satisfaction in digital banking", knowledge management research and practice 3:1-14.
- ❖ Pooja Malhotra and balwinder Singh (2009) "The impact of internet banking on bank performance and satisfaction", Eurasian journal of business and economics 2(4),43-62