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A Study on Impact of Digital Banking on Customer Satisfaction and Financial Services

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ABSTRACT: The adoption and use of banking services over the internet by the customers have been vastly changed in terms of, ease of operation, rapidity, round the clock access of the online banking service and the mobile application. This study had targeted 'The effect of digital banking over customer satisfaction and quality of financial service'. This study has been mainly descriptive relying on primary and secondary data collected from the users of the digital banking by using a questionnaire. Articles, reports and journals have been the secondary data source. Customers' satisfaction over different factor such as service ease, security and access and service performance, as well as customers' problems in terms of security and lack of knowledge of computer and other software, have been explored in the study and appropriate suggestions have been provided to the financial institutions to upgrade the quality of digital banking services.

KEYWORDS: Digital banking, Customer Satisfaction, Financial Services, Service quality, convenience, security, accessibility, mobile banking, internet banking, UPI, customer service, banking efficiency.

I. INTRODUCTION

In the realm of banking services, digital banking has revolutionized how the banking services are being offered and the services are being used by the customers. The advancement of technology has enabled the banking sector to offer services through internet, mobile banking applications and digital payments and there is no necessity to visit the bank branch in person. Transferring funds, paying bills, operating bank accounts, taking loans etc are easily accessible through online applications.

The digital banking has improved the convenience, time, efficiency and accessibility to the customers. Use of internet banking, mobile banking applications, UPI payment applications and mobile wallets has enhanced the user experience of customers and reduced the transaction time taken. The same time the same technology has also made operating bank more cheaper for the banks and the service providers by cutting on their operating cost and efficiency was gained.

Despite a number of benefits of digital banking, it also brings forth some potential concerns regarding security, privacy and digital literacy to some extent, hence it becomes a necessity to study the effect of digital banking on customer satisfaction and quality of banking services.

II. STATEMENT OF THE PROBLEM

Due to the explosive growth of the digital banking, many of the banking transactions are dependent on internet or mobile banking applications. Though it brings many advantages such as convenience, time saving, efficiency, access to banking services but security concerns, technical problems, less awareness among few users about the technology used, less contact between customer and the bank influence customer satisfaction and confidence level on banking services.

The problem under investigation is: "To study the impact of digital banking on customer satisfaction and other issues/ challenges affecting quality of banking services".

III. REVIEW OF LITERATURE

Studies also show an increasing importance of digital banking in providing higher customer satisfaction and financial service delivery. Researchers find factors like convenience, speed and accessibility, being crucial for adoption of digital banking services and providing customers a positive experience.



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Researchers also identify the service quality dimensions such as reliability, responsiveness and easy of use to be significant antecedents of customer satisfaction in the digital banking. However, concerns about security, privacy and technical problems are found to be significant hindrances to a good experience, negatively impacting customer satisfaction.

Also, researchers confirm that digital banking enhances operational efficiency of financial institutions by reducing costs and time of processing, but lack of digital awareness and resistance towards technology are major impediments among the customer segments.

However, the existing studies reiterate that whereas digital banking contributes positively to customer satisfaction and financial services, security concerns and digital awareness are critical in exploiting full potential.

Objectives of the Study

- The impact of digital banking on customers satisfaction on services offered.
- The extent of utilization of digital banking services by customers.
- The determinants of customers satisfaction (convenience, speed, security, access, etc.).
- The relationship of digital banking and service quality.
- The barriers perceived by customers when using digital banking services.

V. RESEARCH METHODOLOGY

1. Research design:

The research design followed in this study is a descriptive research design. This is used to understand the effect of digital banking on customer satisfaction. This design is appropriate because it describes the characteristics of customers, perceptions and experience with regard to the usage of digital banking services and the researchers does not manipulate any variable in the environment.

2. Target population:

The target population for the research study is all the users of digital banking services such as mobile banking, internet banking, and UPI. The people using the mobile banking, internet banking, UPI, are responding.

3. Sample size:

The research is carried out on the sample size of 45 people. This sample provides an accessible and manageable group from which relevant insights can be drawn within the limits of time and resources.

4. Sampling technique:

4. Sampling method: The sampling method for the study is convenience sampling method. The subjects were chosen on the convenience and willingness of the subject and a suitable sampling method for field study.

5. Data Collection:

Primary data: Questionnaires are used for close-ended questions and for customer satisfaction using a Likert scale and also to collect data for usage of ATM and the problems faced by the customer.

Secondary data: These data are collected from the research papers, magazines, bank reports, and the web. This secondary data support and strengthen the research conducted by various other people and thus confirm our results.

VI. DATA ANALYSIS AND INTERPRETATION

TABLE 1: Digital banking saves my time.

	Digital banking saves my time.	Frequency	Percentage
5	Strongly Agree	25	55.56%
4	Agree	9	20.00%
3	Neutral	8	17.78%
2	Disagree	0	0.00%



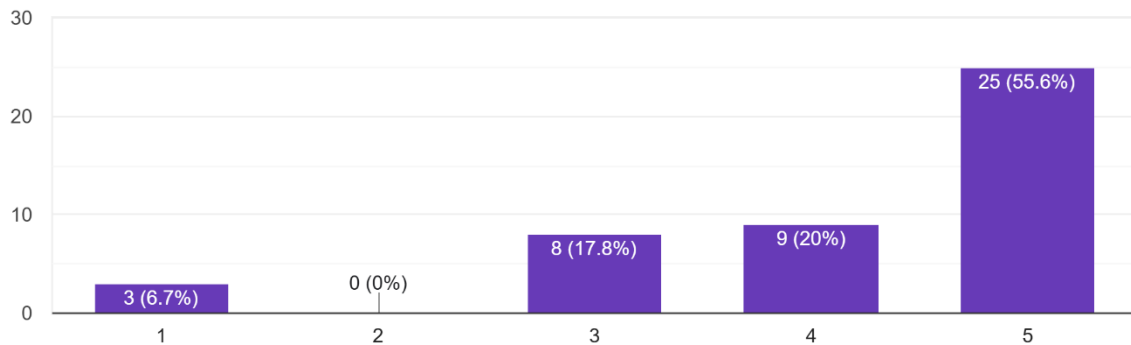
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1	Strongly Disagree	3	6.67%
	Total	45	100.00%

Digital banking saves my time.

45 responses



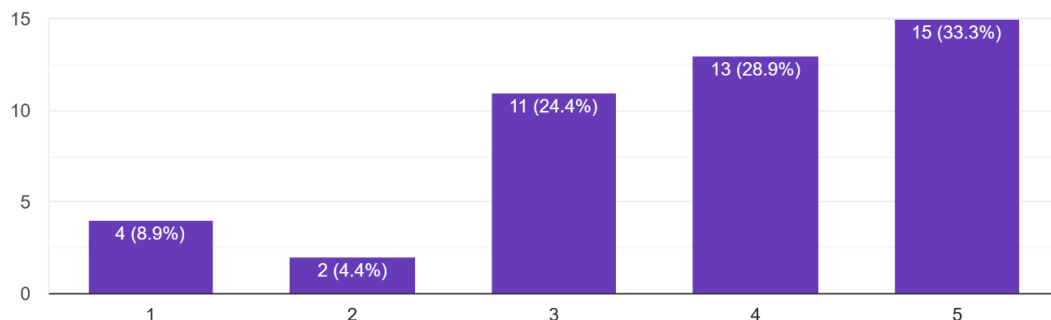
From the result, most of the respondents felt that digital banking helps them save time with 55.56% highly agreed while 20% agreed. Only 6.67% of the respondents disagreed with this statement and 17.78% were neutral. Thus time saving has been a major advantage for digital banking customer satisfaction.

Table 2: I feel secure while using digital banking services.

	I feel secure while using digital banking services.	Frequency	Percentage
5	Strongly Agree	15	33.33%
4	Agree	13	28.89%
3	Neutral	11	24.44%
2	Disagree	2	4.44%
1	Strongly Disagree	4	8.89%
	Total	45	100.00%

I feel secure while using digital banking services.

45 responses



Results found out that most of them feel safe with using the electronic banking with 33.33% that strongly agree with the situation and 28.89% that agree with the situation. But there is a proportion that is neutral (24.44%) and another which



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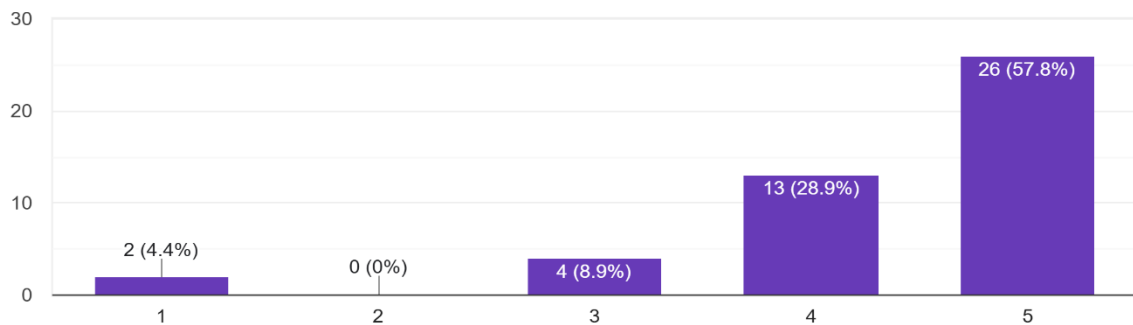
is slightly disagreeing with the statement (13.33%). These numbers imply that security feeling towards the electronic banking is quite high among the user, although there are still some hesitations and banks have to improve it.

Table3: Digital transactions are faster than traditional banking.

	Digital transactions are faster than traditional banking.	Frequency	Percentage
5	Strongly Agree	26	57.78%
4	Agree	13	28.89%
3	Neutral	4	8.89%
2	Disagree	0	0.00%
1	Strongly Disagree	2	4.44%
	Total	45	100.00%

Digital transactions are faster than traditional banking.

45 responses



From the findings it is revealed that majority of the respondents believe that Digital transactions are quick (57.78% strongly agree; 28.89% agree) few of them showed the neutral response (8.89%) while only some (4.44%) are against it. It appears that the speed factor in the Digital banking is considered as an important benefit that can increase the customer satisfaction.

Table 4: Customer support for digital banking is satisfactory.

	Customer support for digital banking is satisfactory.	Frequency	Percentage
5	Strongly Agree	8	17.78%
4	Agree	19	42.22%
3	Neutral	14	31.11%
2	Disagree	0	0.00%
1	Strongly Disagree	4	8.89%
	Total	45	100.00%

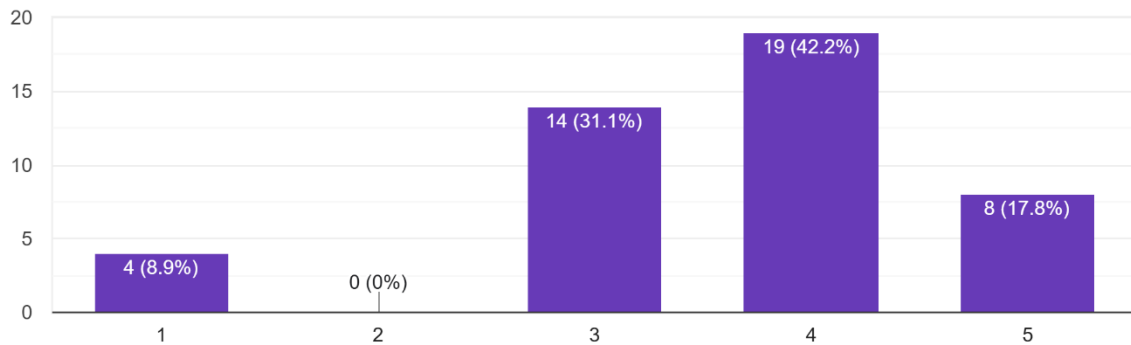


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Customer support for digital banking is satisfactory.

45 responses



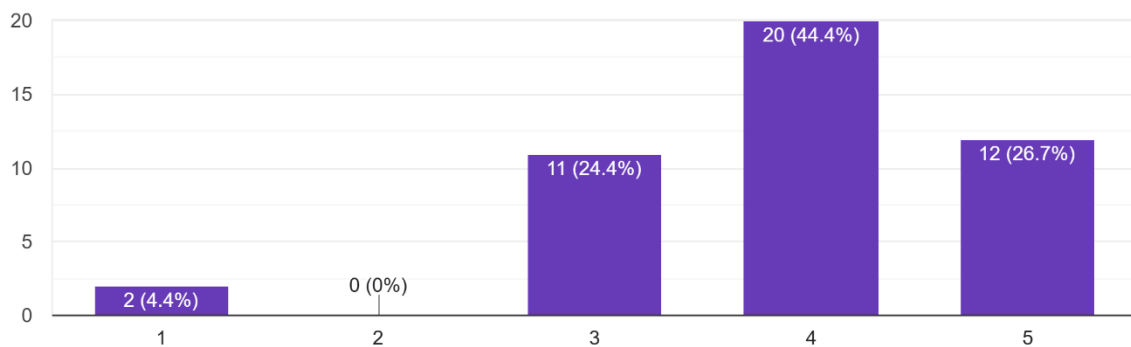
Most of the customers perceive the customer service of digital banking favorably. More than 59% percent of customers agree or strongly agree. Around 31% of customers are indifferent to or neutral to the online support. 9% of customers are unhappy with the online support.

Table 5: I trust my bank's digital platform.

	I trust my bank's digital platform.	Frequency	Percentage
5	Strongly Agree	12	26.67%
4	Agree	20	44.44%
3	Neutral	11	24.44%
2	Disagree	0	0.00%
1	Strongly Disagree	2	4.44%
		45	100.00%

I trust my bank's digital platform.

45 responses



According to the results shown, most customers trust the banks online platform. For 44.44% of customers, they agree with the statement and 26.67% strongly agree with the statement. For 24.44% of customers, they are neutral to the



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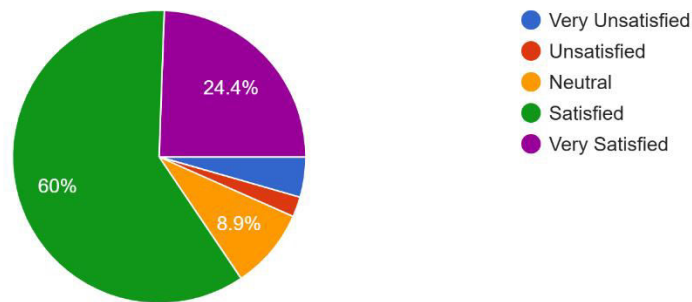
statement, with only 4.44% of customers disagreeing with the statement. Overall trust with online banking systems is quite good, but can be further improved upon.

TABLE 6: Overall, how satisfied are you with digital banking services?

Overall, how satisfied are you with digital banking services?	Frequency	Percentage
Very Unsatisfied	2	4.44%
Unsatisfied	1	2.22%
Neutral	4	8.89%
Satisfied	27	60.00%
Very Satisfied	11	24.44%
Total	45	100.00%

Overall, how satisfied are you with digital banking services?

45 responses



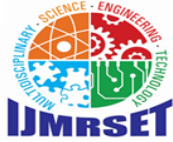
The data revealed high satisfaction among customers towards digital banking services with 60% satisfied and 24.44% very satisfied. This reflects a very small percentage of unsatisfied customers (6.66%) or with the neutral attitude (8.89%) towards digital banking services.

VII. KEY FINDINGS

- Digital banking cuts on time and most customers were in agreement with it being more efficient. Majority of customers view digital banking to be quicker to perform than normal banking therefore customer's happiness depends greatly on speed.
- A larger percentage of customers were comfortable performing digital banking transactions; some still have security issues about safety and privacy while majority of customers trust their bank's digital platform, majority do not however majority remain neutral so improvement needs to be made in some areas.
- Support services are viewed positively however many remain neutral and need for improved support systems needs to be focused on. Majority of customers were happy with digital banking.

VIII. CONCLUSION

- Digital banking creates the most positive impact on the customer satisfaction due to saving time and convenience.
- The efficiency and friendliness of banking services have increased with the availability of banking service 24x7 and speed transaction.
- Digital banking is favourable among customers due to its easiness, swiftness, and ready availability compared to traditional methods of banking.
- Digital banking services are becoming more popular and the extent use of financial services have increased through digital banking.
- The digital banking services are hindered with security threats, technical difficulties, awareness and the rest.



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- Customer support, trust and service quality are factors which are contributing to boost satisfaction and loyalty.
- Digital banking aids to construct the long-term relationship between customers and banks.
- Overall, digital banking becomes integral part in modern financial services.

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