International Scientific Journal of Engineering and Management (ISJEM) ISSN: 2583-6129
Volume: 04 Issue: 06 | June – 2025 DOI: 10.55041/ISJEM04071
An International Scholarly || Multidisciplinary || Open Access || Indexing in all major Database & Metadata

Customer Satisfaction in Digital Banking

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Abstract

The transformation of the Indian banking sector from a traditional, brick-and-mortar model to a digitized platform has dramatically reshaped customer experiences and expectations. Digital banking — which encompasses services delivered via mobile apps, UPI platforms, internet portals, and other electronic channels — has made banking more accessible, faster, and cost-effective. However, rapid adoption has also surfaced technical, security, and support-related concerns affecting user satisfaction. This study provides a comprehensive assessment of customer satisfaction with digital banking services, analyzing service usage patterns, satisfaction dimensions (such as usability, transaction speed, and support quality), device preferences, and issue resolution mechanisms. Primary data was collected from 67 digitally active respondents using a structured questionnaire. The findings reveal a strong dependence on mobile banking, a high frequency of usage, and overall satisfaction with most service features — but also identify pain points such as transaction failures, app downtimes, and inadequate support. The study concludes by offering strategic recommendations for banks to improve service reliability, enhance digital interfaces, and build stronger customer relationships.

Keywords

Digital Banking, Customer Satisfaction, Mobile Banking, Online Banking, UPI, Transaction Failures, Cybersecurity, AI in Banking, User Experience, Fintech

1. Introduction

1.1 Evolution of Banking

Banking in India has transitioned from traditional in-person services reliant on paperwork and long queues to digital-first experiences driven by technological innovation. Earlier, customers had to visit bank branches for routine transactions. Today, with digital banking platforms, customers can complete transactions, manage investments, and access support at any time, from anywhere.

1.2 Definition of Digital Banking

Digital banking refers to the digitization of all traditional banking activities — such as deposits, withdrawals, transfers, loan management, and customer service — through internet-enabled devices like smartphones, tablets, and computers. It encompasses a wide range of services, including UPI (Unified Payments Interface), mobile banking apps, internet banking portals, digital wallets, and even AI-powered chatbots.

1.3 Importance of the Study

While digital banking offers convenience, speed, and flexibility, it also presents challenges such as technical glitches, data security concerns, and impersonal service experiences. Assessing customer satisfaction across these parameters helps financial institutions understand user expectations, retain

customers, and design better service strategies in a competitive and rapidly evolving market.

2. Objectives of the Study

Objective 1: Frequency and Patterns of Use

To analyze how frequently users engage with digital banking and the typical services used (e.g., UPI vs. mobile apps).

Objective 2: Satisfaction Across Key Dimensions

To evaluate satisfaction levels related to usability, transaction speed, data security, available features, and customer support.

Objective 3: Identification of Common Issues

To determine the most common technical, transactional, and service-related problems users face.

Objective 4: Methods of Issue Resolution

To explore how users resolve digital banking issues and the effectiveness of support channels like customer care, self-help tools, or physical visits.

Objective 5: Impact of Devices on Satisfaction

To assess the influence of device choice (smartphone, desktop, tablet) on user experience and satisfaction.

Objective 6: Advocacy and Recommendation

To examine whether satisfied customers are likely to recommend their bank's digital services to others, signaling trust and loyalty.

3. Literature Review

3.1 Technological Advancements

Harb et al. (2022) emphasized that digital banking became more critical during crises like COVID-19, increasing reliance on secure, stable platforms. AI-driven systems are helping banks deliver more personalized experiences and manage customer queries efficiently.

3.2 Service Quality and Satisfaction

Beshir and Zelalem (2023) identified six dimensions of service quality — responsiveness, reliability, accessibility, trust, ease of use, and privacy — that directly impact customer satisfaction. Studies confirm that banks that offer real-time services and resolve issues swiftly tend to retain more customers.

3.3 Role of AI and Personalization

Kanaparthi (2024) and Fiserv (2025) illustrated how AI and Natural Language Processing (NLP) tools enhance satisfaction by enabling faster responses and personalizing user journeys.

3.4 Youth Expectations and Security Concerns

Windasari et al. (2022) noted that younger users are tech-savvy but have high expectations for speed and transparency. Even minor flaws in interface design or transaction speed can drive dissatisfaction.

3.5 Usability and Interface Design

Aafreen & Atulkar (2023) underlined the importance of a clean, responsive interface, noting that poorly designed platforms directly reduce satisfaction.

4. Research Methodology

4.1 Research Design

The study follows a descriptive and analytical design, focusing on understanding existing usage behaviors, satisfaction levels, and customer expectations without experimental manipulation.

4.2 Research Approach

A quantitative approach was employed using a structured survey to collect measurable data that could be statistically analyzed for patterns and trends.

4.3 Sampling and Data Collection

- Sample Size: 67 active digital banking users
- Sampling Method: Non-probability convenience sampling
- Tools Used: Google Forms for data collection; Excel and Google Sheets for analysis
- Questionnaire Format: Likert scale (1–5), multiple-choice, and open-ended questions

Ethics: Anonymity and informed consent ensured

4.4 Limitations

- Limited sample size with demographic skew toward students (Raipur-centric)
- Self-reported data subject to user bias
- Few outlier responses (e.g., humorous answers like "Meow meow phone")

5. Data Analysis and Interpretation

5.1 Usage Frequency

- 68.7% use digital banking daily
- 16.4% weekly
- High frequency suggests strong integration into everyday financial behavior

5.2 Most Used Services

- UPI/Payment Apps: 80.6%
- Mobile Banking Apps: 47.8%
- Internet Banking (Web): 23.9%

Suggests a preference for mobile-first, quick transaction services

5.3 Device Preference

- Smartphones: 95.5%
- Laptops/Desktops: 32.8%
- Tablets: 3%

Indicates dominance of mobile platforms, reinforcing the mobile-first trend

5.4 Satisfaction Ratings (Key Aspects)

Feature	High Ratings (%)
Ease of Use	70–80%
Speed of Transactions	75%
Security and Privacy	65%
Customer Support	40–50%
Feature Availability	60%

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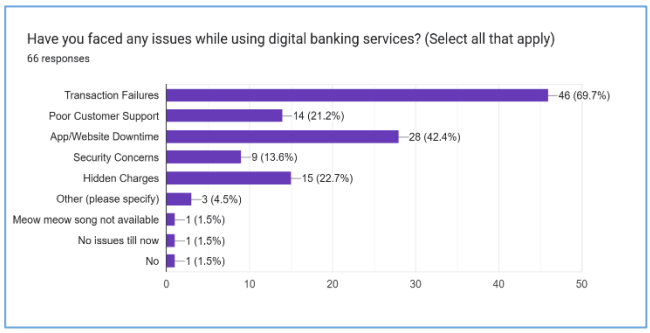
Mixed satisfaction in support and feature innovation; users expect more transparency and responsiveness.

5.5 Common Issues Faced

Issue	% Respondents
Transaction Failures	69.7%
App/Website Downtime	42.4%
Hidden Charges	22.7%
Poor Customer Support	21.2%
Security Concerns	13.6%

Indicates a need for stronger backend reliability and transparency.



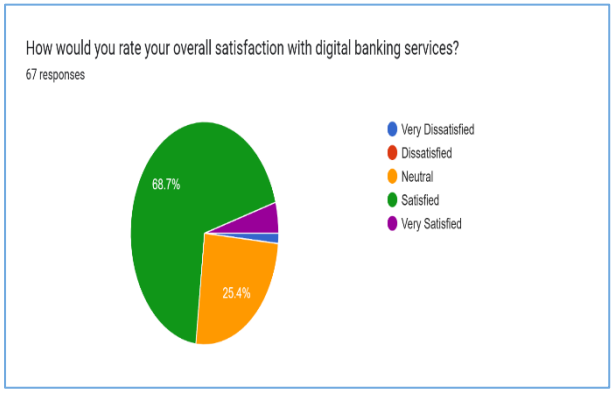
5.6 Issue Resolution Methods

Method	% Respondents
Contacting Customer Support	55.2%
Visiting Branch	22.4%
Searching Online	17.9%

Preference for direct help over self-service, though digital literacy is rising.

5.7 Overall Satisfaction

- Satisfied: 68.7%
- Neutral: 25.4%
- Very Satisfied: 3–4%
- Dissatisfied: Very few



5.8 Likelihood to Recommend

- Yes: 72.7%
- Not Sure: 18.2%
- No: 9.1%

Indicates potential for strong customer advocacy if minor issues are addressed.

6. Discussion

6.1 Integration into Daily Life

Digital banking is no longer optional — it is integral. High frequency of usage demonstrates that digital channels are the default financial tools for a large majority.

6.2 Dominance of Mobile

Smartphones are the primary access point for banking, validating investments in app-based infrastructure. Desktop usage is supplementary, mainly for complex tasks.

6.3 Trust and Reliability

While users trust digital banking for its convenience, transaction failures and app downtimes remain major trust-busters. Enhancing infrastructure can resolve this.

6.4 Human Support Still Matters

Despite the digital nature of the platform, users still value human interaction for issue resolution. There's a need to balance automation with empathy.

6.5 Customer Loyalty Signals

The willingness of users to recommend digital banking platforms is high, but converting the neutral majority into promoters requires addressing hidden fees, support delays, and expanding feature sets.

7. Implications for Banks and Fintechs

Optimize Mobile Experience: Ensure apps are fast, responsive, and secure.

Improve Technical Reliability: Invest in stable infrastructure to minimize transaction errors and downtime.

Enhance Customer Support: Blend AI chatbots with accessible human support.

Transparency is Key: Clearly communicate fees, policies, and security protocols.

Target 'Neutral' Users: Use feedback and analytics to convert them into brand promoters.

Cybersecurity Protocols: Proactively defend against breaches and educate users on safety practices.

Expand Features: Integrate finance tracking, investment advice, and savings tools.

8. Limitations of the Study

Sample confined to Raipur, Chhattisgarh; findings may not reflect national trends.

Younger, student-dominated respondent group; limited representation from senior citizens or rural populations.

Survey-based, self-reported data carries inherent bias and lacks behavioral observation.

9. Future Research Directions

- Conduct comparative studies between urban and rural regions to understand infrastructure gaps.
- Expand the sample to include more varied age and professional groups.
- Investigate longitudinal satisfaction trends over time as technologies evolve.
- Examine the impact of specific technologies (e.g., chatbots, AI banking assistants) on satisfaction and trust.

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10. Conclusion

The study confirms that digital banking is well-integrated into users' lives and delivers overall satisfaction, especially in terms of convenience, speed, and security. However, persistent challenges like transaction failures, app downtime, and weak customer support still impact the overall experience. Financial institutions must embrace customer-centric design, ensure backend stability, and offer hybrid support models to maintain user trust and boost advocacy. With the right strategies, banks can not only improve satisfaction but also foster long-term digital loyalty.

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