

# A PERSPECTIVE ON CUSTOMER ADOPTION AND SATISFACTION TOWARDS DIGITAL BANKING SERVICES

**R.MEENA**, Ph.D Research Scholar (Reg.No: 20113221012004)

Department of Commerce, St.John's College of Arts and Science, Ammandivilai

(Affiliated to Manonmaniam Sundaranar University, Abishekapatti,

Tirunelveli-627012, Tamil Nadu India)

Email Id: [meena3273@gmail.com](mailto:meena3273@gmail.com)

**Dr.R.RATHIHA**, Associate Professor

Department of Commerce, St.John's College of Arts and Science, Ammandivilai

(Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli-627012, Tamil

Nadu,India)Email Id: [rathihaedwin@gmail.com](mailto:rathihaedwin@gmail.com)

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## Abstract

This study investigates digital banking concepts and customer satisfaction, analyzing the purpose and reasons for choosing digital banking services. Data collection involved survey questions and answers from 100 users in the Kanyakumari district. Results were presented using percentage, chi-square, and F test statistical methods. The study aims to evaluate customer satisfaction with online banking services and identify issues they encounter. The findings will help businesses improve their digital banking offerings and improve customer satisfaction.

**Keywords:** Internet banking, Electronic banking, Digital Banking, customer loyalty, customer issues

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## Introduction

Digital banking services utilize technology to offer customers banking services without visiting banks, increasing productivity and profitability. By implementing cutting-edge infrastructure, these services improve cost, convenience, control, and customer experience, transforming the way customers manage their finances. They offer round-the-clock access to account information and transactions, saving time and effort for customers while reducing operational costs for banks. Additionally, digital banking services enable personalized and targeted financial products and services, enhancing the overall customer experience.

Digital banking involves new services, products, ICT infrastructure, analytics, and accurate, reliable information for various stakeholders in a service organization. Customers benefit from new services, decision-making teams focus on excellent customer experience, and regulators or third parties require accurate and reliable information on the fly.

The researcher explores the concepts of digitize, digital, and digitization, which involve converting data into digital format, storing data in digital signals, and extending beyond digitization. Financial institutions focusing on digitization may enhance customer engagement by enhancing their processes. Digital banking services, including online and mobile banking, provide customers with 24/7 access to banking services, reduced transaction times, increased convenience, and improved security. These services also help banks reduce operational costs by eliminating the need for physical branches and paper-based transactions. The study examines customer perceptions, satisfaction, and issues with digital banking services in Kanniyakumari district, aiming to improve services and reduce costs.

### **Review of Literature**

The study conducted by Santhiya and Radhika (2019) highlights the various challenges faced by customers when using internet banking services at SBI. These include fear of fraud and security issues, a lack of confidence and knowledge, and gender-related issues. It is important for banks to address these challenges to improve customer satisfaction and encourage more people to use internet banking services.

Kumari Nidhi (2016) outlines the services available in e-banking, including ECS, POS, ATM, Internet banking, mobile banking, electronic fund transfers, and smart cards. Opportunities include untapped rural markets, increasing internet users, computer literacy, and customer service.

### **Statement of the problem**

Research on digital banking services could explore factors affecting customer adoption and usage, such as trust in technology, ease of use, usefulness, and social influence. Additionally, it could explore the impact of digital banking services on customer satisfaction, loyalty, and financial performance, focusing on service quality, convenience, security, and cost-effectiveness.

## Objectives of the study

1. To examine on the level of customer satisfaction towards digital banking services
2. To analyses the perception towards customers on digital banking services

## Sources of data

Data sources have been classified as primary and secondary. Secondary data was gathered from a variety of sources, including industry reports, government and regulatory bodies, financial institutions, social media and online communities, and academic research, in addition to primary data that was gathered by distributing questionnaires to various respondents in the Kanniyakumari district.

## Sampling design and size

The study aimed to identify the road map for digital banking services in commercial banks and customers. It involved 100 respondents from Kanniyakumari, who were surveyed using online questionnaires. The survey measured customer perception and addressed satisfaction by customers, including age, gender, income, and education. The data was analyzed using statistical methods to identify patterns and trends in customer perception on digital banking.

## Analysis of Data

The analysis of the customer demographic profile in terms of age, income, gender, marital status, etc. is clearly demonstrated in Table 1.1. chi square test and one sample t test has been used, followed by customer satisfaction and perception. **Table 1.1**

**DEMOGRAPHIC PROFILE OF THE CUSTOMERS**

Category	Options	Frequency (N=100)	Percentage
Age	Below 30	25	25
	31-40	20	20
	41-50	23	23
	Above 50	32	32
<b>Total</b>		<b>100</b>	<b>100</b>
Gender	Male	49	49
	Female	51	51
<b>Total</b>		<b>100</b>	<b>100</b>
Marital Status	Married	49	49

	Unmarried	51	51
<b>Total</b>		<b>100</b>	<b>100</b>
Educational Qualification	Upto HSC	20	20
	Graduate	18	18
	Post Graduate	13	13
	Professional	23	23
	Others	26	26
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data.

The above table shows the demographic profile of the customers in kanniyakumari district. Majority of the customers 32 (32) percent of the respondents are in the age group of above 50 years as they have a loyalty of customers in financial institution, 25(25) percent respondents are in the age group of below 30 years, 23(23) percent of the respondents are in the age group of 41-50 years and the remaining 20(20) percent of the respondents are in the age group of 31-40 years.

Among the Gender wise classification of respondents exhibits that 49 percent are males and 51 percent are females. Hence, it is observed that majority respondents are female since, it clear that females are also purchasing online mode pf payment.

The marital status wise respondents indicated that 49 percent of respondents are married and 51 percent of respondents are unmarried.

The educational qualification of the respondents revealed that 26 percent respondents are others, 23 percent are Professionals, 20 percent respondents are having Upto HSC, 18 percent respondents have completed their education graduate level, and 13 percent belongs to postgraduate category.

### Customer satisfaction

The table below shows customer satisfaction towards digital banking services. Here, the customers can attribute the association between customer satisfaction and age wise classification.

Table 1.2

## ASSOCIATION BETWEEN AGE AND CUSTOMER SATISFACTION

Age	Level of satisfaction					Total	Chi square	P Value
	VH	H	M	L	VL			
Below 30 Years	7 (28)	5 (20)	5 (20)	4 (16)	4 (16)	25 (100)	9.529	.657
31-40	6 (30)	3 (15)	3 (15)	3 (15)	5 (25)	20 (100)		
41-50	3 (13)	5 (21.7)	3 (13)	5 (21.7)	7 (30.4)	23 (100)		
Above 50	7 (21.9)	4 (12.5)	8 (25)	10 (31.3)	3 (9.4)	32 (100)		
Total	23 (23)	17 (17)	19 (19)	22 (22)	19 (19)	100 (100)		

**Source: Primary Data**

Table 1.2 shows that 28% of respondents under 30 years have a very high level of satisfaction, 20% are highly satisfied and have a medium level, and 16% have a low or very low level. In the age group of 31-40 years, 30% have a very high level, 15% have a high, medium, or low level, and 25% have a very low level. In the age group of 41-50 years, 13% have a very high or medium level, 21.7 percent have a high or low level, and 30.4 percent have a very low level. In the age group above 50 years, 21.9 percent have a very high level, 12.5% are highly satisfied, 25% have a medium level, 31.3 percent have a low level, and 9.4% have a very low level. The chi square test shows no significant influence of age group on respondents across different age groups.

**Customer perception towards digital banking services**

Table 1.3 shows that Eliminate to need visit physical bank branches, more convenient, access their accounts anytime anywhere, accessibility of remote areas, cost effectiveness, robust security measures, two factor authentic measures, make offer comprehensive fraud protection and customer support services, reduced paper based transaction, eco friendly culture, minimizing carbon foot prints, trust and reputation, quick accounts updates, instant fund transfer, and safety measures.

**TABLE 1.3**  
**CUSTOMER PERCEPTION TOWARDS DIGITAL BANKING SERVICES**

S.No	Variables	N	Mean	Std. Deviation	Mean difference	't'	'df'	Sig
1	More convenient	100	4.41	.494	.049	28.525	99	.000
2	Eliminate need to visit physical bank branches	100	4.57	.498	.050	31.553	99	.000
3	Access their accounts anytime and anywhere	100	4.13	.825	.082	13.704	99	.000
4	Accessibility of remote areas	100	4.47	.594	.059	24.755	99	.000
5	Cost effectiveness	100	4.03	.797	.080	12.921	99	.000
6	Robust security measures	100	4.02	.765	.077	13.331	99	.000
7	Two factor authentication measures	100	3.93	.795	.079	11.704	99	.000
8	Make offer comprehensive fraud protection and customer support service	100	4.54	.501	.050	30.744	99	.000
9	Reduced paper based transaction	100	3.92	.825	.082	11.153	99	.000
10	Eco friendly culture	100	4.11	.790	.079	14.050	99	.000

11	Minimizing carbon foot print	100	4.41	.494	.049	28.525	99	.000
12	Trust and reputation	100	4.46	.501	.050	29.147	99	.000
13	Quick account updates	100	3.96	.777	.078	12.348	99	.000
14	Instant fund transfers	100	3.96	.828	.083	11.597	99	.000
15	Safety measures	100	3.92	.825	.082	11.153	99	.000

#### Source: Primary Data

Table 1.3 reveals that customer perception towards digital banking services among the following variables are eliminate need to visit physical bank branches, make offer comprehensive fraud protection and customer support service , accessibility of remote areas, trust and reputation and more convenient and minimizing carbon foot print gives highest perceptions on customer regarding digital banking services. They have the highest mean score of 4.57,4.54,4.47,4.46 and 4.41respectively.

Customers have low level of perception towards digital banking services regarding both quick account updates and instant fund transfer, two factor authentication measure, safety measures 3.96,3.93 and 3.92respectively.

All the 15 variables regarding perception towards customers towards digital banking services are significant at 1 percent level.

#### Findings

- ❖ The demographic profile of customers in Kanniyakumari district is based on age, with 32 percent of customers in the age group of above 50 years, 25 percent in the age group of below 30 years, 23 percent in the age group of 41-50 years, and 20percent in the age group of 31-40 years.
- ❖ The gender-wise classification of respondents shows that 51 percent are females and 49 percent are males.
- ❖ 49% of respondents are married, while 51% are unmarried.

- ❖ 26 percent of respondents are others, 23 percent are professionals, 18 percent are graduates, 13 percent have completed their education at the postgraduates level, and 20 percent are up to HSC.
- ❖ Table 1.2 reveals that the association between age and customer satisfaction towards digital banking services 40 percent of the respondents have highly satisfied and 41 percent of the respondents felt low level of satisfaction and there is no level of significant at 5 percent.
- ❖ . Table 1.3 shows that customer perception towards digital banking services is influenced by factors such as eliminating the need for physical branches, providing comprehensive fraud protection, accessibility to remote areas, trust, reputation, convenience, and minimizing carbon footprint. High mean scores are observed for digital banking services, while low scores are found for quick account updates, instant fund transfers, authentication measures, and safety measures. All 15 variables are significant at the 1% level.

### Suggestion

- ❖ Older people are not adopting digital banking services because they do not easily understand the banking services.
- ❖ The banking industry has introduced new technologies to improve customer experience, but some customers feel left behind. Traditional methods remain popular, leading to resistance and skepticism. Security and privacy concerns have contributed to anxiety surrounding digital banking services.
- ❖ Banking institutions must meet customer expectations to retain loyalty and attract new ones through personalized services, competitive rates, and efficient communication.

### Conclusion

Digital banking services have revolutionized financial management by offering convenient and accessible options for transactions, account management, and financial planning. However, traditional banking services still play a crucial role in the financial industry. While digital banking services offer benefits, they also come with potential risks like cybersecurity threats and identity theft. Users must take necessary precautions to protect their personal and financial information when using digital banking services. Overall, digital banking services have improved the banking experience for many individuals, but it is crucial to weigh the pros and cons before making a decision.



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