

# An Empirical Study Of Customer Perception Towards Digital Banking Services in India.

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## Abstract:

This study is showing customer perception towards digital banking services in India. With the rapid growth of technology, digital banking has become an essential part of everyday financial activities. Services which include cellular banking, net banking, UPI, and virtual wallets have made transactions faster, easier, and extra handy for users.

The main objective of this study has to understand how customers understand digital banking in terms of awareness, usage, satisfaction, and challenges. The studies is primarily based totally on number one information accrued via a survey of forty-four respondents, specifically younger individuals. These data is analysing using simple percentage methods and also charts to help identify patterns in customer behaviour and opinions.

The findings reveal that most customers are highly aware of digital banking services and use them frequently, especially UPI and mobile banking apps. Customers have generally a positive perception on this for its time-saving, convenience, and ease of use.

The study concludes that while digital banking is widely accepted and preferred, banks need to focus on improving security, reliability, and customer awareness to enhance user trust and satisfaction. Overall, digital banking plays a significant role in transforming the Indian banking system and supporting a cashless economy.

**Keywords:** Digital banking, Customer Satisfaction, User satisfaction, Online payments (UPI & mobile apps), Security and trust

## 1. Introduction

In the past decade, the Indian banking sector has experienced a remarkable transformation due to the rapid advancement of digital technology. Traditional banking methods, which required customers to visit physical branches for most services, are gradually being replaced by digital banking solutions. Digital banking refers to the use of electronic platforms such as internet banking, mobile banking applications, Automated Teller Machines (ATMs), Unified Payments Interface (UPI), and digital wallets to deliver banking services. These innovations have made banking more accessible, efficient, and convenient for customers, allowing them to perform financial transactions anytime and from anywhere without visiting a bank branch.

The growth of digital banking in India has been strongly supported by increasing internet and telecom penetration, and government initiatives aimed at promoting a cashless economy. Programs such as Digital India, Jan Dhan Yojana, and the introduction of UPI have significantly encouraged the adoption of digital financial services. In particular, the demonetization initiative in 2016 acted as a catalyst, pushing both consumers and businesses to shift towards digital payment methods. As a result, digital banking has become an integral part of everyday financial activities for a large section of the population.

Banks in India have actively embraced digital transformation to improve operational efficiency, reduce costs,

and enhance customer experience. Through digital platforms, banks are able to provide faster services, reduce paperwork, and offer real-time transaction facilities. Customers can now easily check account balances, transfer funds, pay bills, apply for loans, and even invest in financial products through digital channels. This shift has not only simplified banking processes but has also improved transparency and accuracy in financial transactions.

Customer notion performs an important function in figuring out the achievement and adoption of virtual banking services. Generally, clients understand virtual banking undoubtedly because of its convenience, speed, and simplicity of use. The capacity to finish transactions quick without status in lengthy queues is one of the essential benefits fevered through users. Digital banking also offers 24/7 accessibility, which is particularly beneficial for individuals with busy schedules. Features such as instant fund transfers through UPI, mobile notifications, and user-friendly interfaces further enhance customer satisfaction.

However, despite its many advantages, digital banking also faces several challenges that influence customer perception. Security concerns remain one of the most significant issues, as customers often worry about cyber fraud, data breaches, and unauthorized transactions. Technical problems such as server downtime, application errors, and transaction failures can also create dissatisfaction among users. Additionally, the lack of personal interaction in digital banking may affect customers who prefer face-to-face communication with bank staff.

Another important factor influencing customer perception is demographic characteristics such as age, education, income, and geographical location. Youths are more familiar with technology, trend to adopt digital banking services more essay to handle frequently. On the other hand, older customers may find it difficult to use digital platforms due to a lack of digital

literacy or trust in technology. Similarly, customers in urban areas generally have better access to digital infrastructure and are more likely to use digital banking compared to rural or semi-urban regions, where internet connectivity and awareness may be limited.

Digital literacy also plays a vital role in shaping customer perception. Individuals who are well-informed about digital tools and financial services are more confident in using digital banking platforms. In contrast, those with limited knowledge may face difficulties in understanding features and navigating applications, which can lead to hesitation in adoption. Therefore, it is essential for banks to focus on educating customers and providing proper guidance to improve digital literacy levels.

This study has focused on analysing customer perception towards the digital banking services in India. It aims to examine the level of awareness among customers, understand their usage patterns, evaluate their satisfaction levels, and identify the challenges they face while using digital banking platforms. By analysing these aspects, the study seeks to provide insights into the factors that influence customer perception and adoption of digital banking.

The findings of this research will be beneficial for banks and financial institutions in improving their digital services, addressing customer concerns, and enhancing overall user experience. It will also help policymakers and stakeholders in promoting financial inclusion by encouraging the use of digital banking services across different segments of society. Ultimately, a better understanding of customer perception will contribute to the sustainable growth and development of the digital banking ecosystem in India.

## 2. Literature Review

Digital banking has become an essential part of the modern financial system, especially in a rapidly developing country like India. Over the past decade, there has been a significant shift from traditional

banking methods to digital platforms such as mobile banking, internet banking, and Unified Payments Interface (UPI). Various researchers have studied customer perception, adoption patterns, and challenges associated with digital banking services. This literature review summarizes key findings from previous studies and highlights the major factors influencing customer perception towards digital banking in India.

One of the most widely discussed aspects in existing literature is convenience and ease of use. Many studies emphasize that digital banking services have simplified financial transactions by allowing customers to access banking facilities anytime and anywhere. According to Gupta (2018), customers perceive digital banking as a highly convenient alternative to traditional banking, primarily because it reduces the need to visit physical bank branches. Similarly, Sharma and Singh (2020) found that ease of use plays a crucial role in shaping positive customer perception. User-friendly mobile applications, simple interfaces, and quick transaction processes encourage customers to adopt digital banking services more frequently. These findings indicate that convenience is one of the strongest drivers of digital banking adoption.

Another important factor highlighted in the literature is time-saving and efficiency. Digital banking platforms enable instant fund transfers, quick bill payments, and real-time account updates. Bhatt and Bhatt (2019) observed that customers highly value the speed of transactions, particularly through services like UPI and mobile banking apps. The ability to complete transactions within seconds has significantly improved customer satisfaction levels. Moreover, digital banking reduces waiting time, paperwork, and manual errors, making it a preferred choice among busy individuals and working professionals. This efficiency has contributed to the widespread acceptance of digital banking services in urban areas.

Despite these advantages, several studies also focus on security and trust issues, which remain major concerns for customers. Research shows that fear of cyber fraud, hacking, phishing attacks, and data breaches negatively affects customer perception. According to various studies, customers are often hesitant to fully rely on digital banking due to concerns about the safety of their personal and financial information. Sharma and Singh (2020) highlighted that trust is a critical factor influencing the continued use of digital banking services. Customers who feel that their data is secure are more likely to adopt and regularly use digital platforms. Therefore, banks must implement strong security measures such as two-factor authentication, encryption, and fraud detection systems to build customer confidence.

In addition to security concerns, privacy issues also play a significant role in shaping customer perception. Customers are increasingly aware of how their data is being used and shared by financial institutions. Studies suggest that transparency in data usage policies and secure handling of customer information can improve trust levels. On the other hand, lack of clarity and fear of data misuse can discourage customers from using digital banking services. This highlights the importance of maintaining strict data protection measures and clear communication with customers.

The literature also emphasizes the impact of demographic factors on digital banking adoption. Age, education, income level, and occupation significantly influence how customers perceive and use digital banking services. Younger individuals, particularly those between the ages of 18 and 35, are more likely to adopt digital banking due to their familiarity with technology. They are comfortable using smartphones, mobile applications, and online platforms, which makes digital banking more accessible to them. In contrast, older customers often prefer traditional banking methods due to lack of digital literacy and concerns about security.

Education level is another important factor affecting customer perception. Studies show that highly educated individuals are more aware of digital banking features and are more confident in using advanced services such as online investments and digital loans. On the other hand, individuals with lower levels of education may face difficulties in understanding digital platforms, leading to lower adoption rates. Income level also influences digital banking usage, as higher-income individuals tend to use a wider range of digital

services, while lower-income groups mainly use basic features like fund transfers and bill payments.

Geographical location is another key determinant discussed in the literature. Urban customers generally show higher adoption of digital banking due to better internet connectivity, higher smartphone penetration, and greater awareness. In contrast, rural and semi-urban areas face challenges such as poor internet infrastructure, limited access to digital devices, and lower levels of digital literacy. As a result, the adoption of digital banking services is relatively slower in these regions. This gap highlights the need for banks and policymakers to focus on improving digital infrastructure and promoting financial inclusion in rural areas.

Another important theme in the literature is service quality and customer satisfaction. Studies suggest that the quality of digital banking services, including system reliability, responsiveness, and customer support, plays a significant role in shaping customer perception. Customers expect digital platforms to be fast, reliable, and error-free. Frequent technical issues such as app crashes, server downtime, and transaction failures can negatively impact customer satisfaction. Effective customer support systems, including helplines, chatbots, and grievance redressal mechanisms, are essential for addressing customer issues and improving overall satisfaction levels.

The role of government initiatives in promoting digital banking has also been widely discussed in previous research. Programs such as Digital India, Jan Dhan Yojana, and the promotion of cashless transactions have significantly contributed to the growth of digital banking in India. The demonetization initiative in 2016 further accelerated the adoption of digital payment systems by encouraging people to shift towards electronic transactions. Studies indicate that government support has played a crucial role in increasing awareness and usage of digital banking services, particularly among first-time users.

Another area explored in the literature is the challenges faced by customers while using digital banking services. Common issues identified in various studies include technical glitches, transaction failures, poor internet connectivity, and lack of digital literacy. Bhatt and Bhatt (2019) noted that while digital banking offers numerous benefits, these challenges can create frustration among users and discourage them from continued usage. Elderly customers and first-time users are particularly affected by these challenges, as they may lack the necessary skills and confidence to use digital platforms effectively.

The literature also highlights the importance of digital literacy and awareness in promoting the adoption of digital banking. Customers who are familiar with digital technologies are more likely to use and trust digital banking services. Therefore, banks need to conduct awareness programs, training sessions, and workshops to educate customers about the benefits and safe usage of digital banking. Increasing digital literacy can help reduce fear and hesitation among users, especially in rural and semi-urban areas.

Furthermore, several studies have examined the role of innovation and personalization in enhancing customer experience. Digital banking platforms are increasingly offering personalized services such as customized notifications, spending analysis, and tailored financial products. These features improve customer engagement and create a more user-friendly experience. Customers tend to perceive banks that offer innovative and personalized services as more reliable and customer-centric.

Despite the extensive research available, certain gaps still exist in the literature. Many studies primarily focus on urban populations, with limited attention given to rural and semi-urban customers. Additionally, there is a lack of in-depth analysis of how different demographic factors interact to influence customer perception. Research on security concerns and trust issues also needs further exploration, particularly in the context of emerging cyber threats. Moreover, comparative studies between public sector banks, private banks, and digital-only banks are relatively limited.

### 3. Objectives of the Study

1. To understand how much people know about digital banking and how often they use it.
2. To find out how satisfied customers are with digital banking services, especially in terms of speed, ease of use, and security.
3. To identify the main reasons why people choose to use or avoid digital banking.
4. To study the common problems and challenges faced by customers while using digital banking services.
5. To examine how factors like age, education, income, and occupation affect people’s opinions about digital banking.
6. To understand how banks help in promoting digital banking and building trust among customers.

### 4. Methodology / Data

This study focuses on understanding customer perception towards digital banking services in India. A descriptive research design was used to analyse how people use digital banking and what they think about it. The study mainly relies on primary data collected through a structured questionnaire.

A total of 44 respondents participated in the survey. The sample mainly included young individuals between the age group of 18 to 39 years, such as students and working professionals. Convenience sampling was used, meaning respondents were selected based on their availability and willingness to participate. This method was chosen because it is simple, time-saving, and suitable for academic research.

The questionnaire included multiple-choice questions related to awareness, usage frequency, satisfaction level, security perception, and challenges faced while using digital banking services. The questions were kept simple and easy to understand to ensure accurate responses. In addition to primary data, secondary data was also used to support the study. This included information from research papers, banking reports, RBI publications, and reliable websites. Secondary data helped in building the theoretical background and understanding overall trends in digital banking.

The collected data was analysed using basic statistical tools such as percentages, tables, and charts. These methods helped in clearly interpreting the results and identifying key patterns in customer behaviour and perception.

### 5. Estimated Results

#### Data analysis

The following tables present the detailed analysis of primary data collected from 44 respondents. These all calculations are based on structured questionnaire responses.

**Table 4.1: Age wise-Classification of respondents**

Age Group	Frequency	Percentage(%)
Below 20 years	10	22.7%
21–30 years	26	59.1%
31–40 years	3	6.8%
41–50 years	4	9.1%
Above 50 yr	1	2.3%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.2: Gender wise-distribution of respondents**

Gender	Frequency	Percentage(%)
Male	23	52.3%
Female	21	47.7%
Prefer not to say	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.3: Education level of respondents**

Education	Frequency	Percentage(%)
Secondary or below	2	4.5%
Undergraduate	9	20.5%
Postgraduate	30	68.2%
Professional/Technical Qualification	3	6.8%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.4: Occupational profile of respondents**

Occupation	Frequency	Percentage(%)
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Student	27	61.4%
Employed (Private)	8	18.2%
Employed (Government)	1	2.3%
Self-employed	7	15.9%
Retired	1	2.3%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.5: Monthly income of respondents**

Income	Frequency	Percentage(%)
Below ₹25,000	28	63.6%
₹25,001 – ₹50,000	7	15.9%
₹50,001 – ₹75,000	3	6.8%
₹75,001 – ₹1,00,000	2	4.5%
Above ₹1,00,000	4	9.1%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.6: Aware about digital banking services offered by bank**

Response	Frequency	Percentage(%)
Yes	42	95.5%
No	2	4.5%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.7: Most frequently use of digital banking platforms**

Responses	Frequency	Percentage(%)
Internet Banking	13	29.5%
Mobile Banking App	19	43.2%
UPI	34	77.3%
Digital Wallets	12	27.3%
ATM Services	9	20.5%
None	2	4.5%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.8: Frequency of digital banking services**

Responses	Frequency	Percentage(%)
Daily	33	75.0%
Weekly	4	9.1%
Monthly	4	9.1%
Rarely	2	4.5%

Never	1	2.3%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.9: Ease of use of digital banking platforms**

Responses	Frequency	Percentage(%)
Very Satisfied	21	47.7%
Satisfied	15	34.1%
Neutral	8	18.2%
Dissatisfied	0	0%
Very Dissatisfied	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.10: Satisfaction speed of digital banking transactions**

Responses	Frequency	Percentage(%)
Very Satisfied	12	27.3%
Satisfied	23	52.3%
Neutral	7	15.9%
Dissatisfied	2	4.5%
Very Dissatisfied	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.11: Secure feel while using digital banking services**

Responses	Frequency	Percentage(%)
Very Secure	11	25%
Secure	22	50%
Neutral	9	20.5%
Insecure	2	4.5%
Very Insecure	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.12: Customer support provided by bank for digital banking issues**

Responses	Frequency	Percentage (%)
Excellent	8	18.2%
Good	25	56.8%
Average	9	20.5%
Poor	2	4.5%
Very Poor	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.13: Digital banking save time and efforts**

Responses	Frequency	Percentage(%)
Strongly Agree	13	29.5%
Agree	27	61.4%
Neutral	2	4.5%
Disagree	2	4.5%
Strongly Disagree	0	0%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.14: Technical issues faced**

Responses	Frequency	Percentage(%)
Technical glitches or app crashes	13	29.5%
Transaction failures	17	38.6%
Security concerns or fraud	5	11.4%
Poor internet connectivity	7	15.9%
Difficulty in understanding features	1	2.3%
Delayed customer support	1	2.3%
Total	44	100%

Source: Primary Data (Survey Conducted by Researcher, 2026)

**Table 4.15: Bank provided enough guidance or training**

Responses	Frequency	Percentage(%)
Yes	31	70.5%
No	5	11.4%
Not sure	8	18.2%
Total	44	100%

## 6. Major Findings

### 1. Age-wise Findings

Most respondents (59.1%) belong to the 21–30 years age group. Very few respondents are above 40 years. young people are the main users of digital banking.

### 2. Gender-wise Findings

The number of male (52.3%) and female (47.7%) respondents is almost equal. digital banking is used equally by both genders.

### 3. Education Level Findings

A large majority (68.2%) are postgraduates. higher-educated people are more involved in digital banking usage.

### 4. Occupation Findings

Most respondents (61.4%) are students. students form the largest group using digital banking services.

## 5. Income Level Findings

Majority (63.6%) earn below ₹25,000. Digital banking is widely used even among low-income groups, especially students.

## 6. Awareness of Digital Banking

Almost everyone (95.5%) is aware of digital banking services. Awareness level is very high among respondents.

## 7. Most Used Digital Banking Platform

UPI (77.3%) is the most used platform.

Mobile banking apps (43.2%) are also popular. UPI is clearly the most preferred digital payment method.

## 8. Frequency of Usage

75% of respondents use digital banking daily. Digital banking has become a regular part of daily life.

## 9. Ease of Use

Majority (81.8%) are satisfied or very satisfied. People find digital banking easy and user-friendly.

## 10. Satisfaction with Transaction Speed

Around 79.6% are satisfied with speed. Digital transactions are considered fast and efficient.

## 11. Security Perception

75% feel secure using digital banking. Most users have confidence in security, though a few still have concerns.

## 12. Customer Support

Majority (75%) rated support as good or excellent. Banks are providing decent customer support services.

## 13. Time and Effort Saving

90.9% agree that digital banking saves time and effort. Digital banking is seen as highly convenient and efficient.

## 14. Technical Issues Faced

Main issues include:

- Transaction failures (38.6%)
- App crashes (29.5%) Technical problems still exist, especially during transactions.

## 15. Guidance and Training

70.5% feel banks provide enough guidance. Most users are satisfied, but some still need better awareness or training.

## 7. Conclusion

Digital banking in India has transformed the way people manage their finances, making transactions faster, easier, and more convenient than ever before. The study clearly shows that a majority of users, particularly from younger age groups, are highly satisfied with digital banking services due to their accessibility and time-saving nature. However, despite this positive response, there are still several areas where

improvements are needed to enhance the overall user experience.

One of the most important aspects is improving technical reliability. Frequent issues like transaction failures or app crashes can reduce user trust and create frustration. Banks must invest in better technology infrastructure to ensure smooth and uninterrupted services. Along with this, security remains a key concern. Even though many users feel safe, continuous improvements in security features and user awareness programs are necessary to prevent fraud and build confidence.

Another important factor is accessibility. Not all users have access to high-speed internet, so apps should be designed to function effectively even in low connectivity conditions. Additionally, many users, especially beginners or older individuals, may find digital banking complicated. Providing easy-to-understand tutorials, simple interfaces, and dedicated support can help bridge this gap.

Customer support also needs attention. Quick and efficient resolution of issues can significantly improve user satisfaction and trust. Furthermore, banks should actively promote the benefits of digital banking and offer personalized services to meet individual needs.

In conclusion, while digital banking has achieved significant success, banks must focus on making it more reliable, secure, inclusive, and user-friendly. By addressing these areas, digital banking can become more accessible and beneficial for all sections of society, ensuring long-term growth and customer satisfaction.

## 8. Suggestions:

1. Banking apps should work smoothly without crashes or failed transactions, so users don't feel frustrated while making payments.
2. Banks should focus on strong security and also guide users on how to stay safe, so people can trust digital banking without fear of fraud.
3. Apps should be simple and easy to understand, so even people who are not very familiar with technology, like older users, can use them comfortably.
4. Customers should get quick help whenever they face any problem, so banks need to provide fast and reliable support at all times.
5. Banks should create simple tutorials, videos, or demonstrations to teach people how to use digital banking, helping new users feel more confident.

## 9. References

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3. Sharma, R., & Singh, A. (2020). *Impact of Digital Banking on Customer Satisfaction*. This study highlights that convenience, ease of use, and trust are important factors influencing customer perception.
4. Bhatt, A., & Bhatt, S. (2019). *Adoption of Digital Payment Systems in India*. The study explains benefits like speed and efficiency, along with issues like transaction failures.

## 10. Website & Online Sources

- Reserve Bank of India

**Website:** <https://www.rbi.org.in> RBI provides information on digital banking guidelines, safety tips, and financial reports. ([Reserve Bank of India](#))

- National Payments Corporation of India

**Website:** <https://www.npci.org.in> NPCI manages digital payment systems like UPI, IMPS, and RuPay, and works to improve payment infrastructure in India. ([NPCI](#))

- Digital India Programme

**Website:** <https://www.digitalindia.gov.in> This initiative promotes digital services, including digital banking and cashless transactions across India.



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