

Customer Satisfaction towards Digital Banking of Private Banks of India: A Study in Delhi-NCR

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Abstract:

The purpose of the study is to assess how private Indian banks in the Delhi-NCR region rate customer satisfaction with digital banking. The study will concentrate on examining the motivation behind adopting the banks' digital banking services. It will assist in determining the factors that led clients to choose digital banking as well as the issues they ran across when using online or digital banking. A well-structured questionnaire that was given to 100 customers of private banks was used to gather the primary data. Using SPSS, the data was examined.

Keywords: Digital Banking, Customer's satisfaction, Private Banking services, Online Banking, Internet Banking

1. Introduction:

The banking system has undergone a paradigm shift as a result of information technology innovation. The term "digital banking" describes the complete digitalization of the banking system. Customers are becoming increasingly knowledgeable in terms of their lifestyle choices in the shifting economic climate. Customers of financial institutions, whether they are individuals or businesses, can access accounts, conduct transactions, or get information on financial products and services through internet banking systems. Digital services are becoming a part of customers' daily life, from necessities to desires and passions. Customers, whether they are individuals or businesses, can access their accounts through a system called "digital banking" to get information and services. For the first time in India, ICICI Bank was the first bank to offer its customers Internet Banking services. The study will help the bank's customers to gain a better understanding of their satisfaction with the digital banking services of private banks. The banking industry is facing a dilemma as customers expect the bank to respond and provide service immediately. Customer Satisfaction is becoming more challenging for Banks after Digitalization enters in trend. The purpose of the survey is to assess how Customers are satisfied with the Digital Banking Services being provided by the Private Banks. The study will provide fresh perspectives on the sophisticated digital banking services that the bank offers. The study's goals are to evaluate the justification for using digital banking, the factors that lead clients to choose Digital Banking Services by private banks, and the challenges faced by online banking consumers. The report would be helpful for the banks as they evaluate client satisfaction with digital banking. Additionally, they will improve the quality of their offerings.

The current study aims to determine whether the lack of technical skill or the perspective of the customer is to blame for this. Customers' curiosity may be stimulated by providing them with easy software and current technical knowledge. And to some extent, a customer's interest is influenced by their demographic characteristics.

The goal of the current study is to determine how customers are satisfied with the digital banking services being offered by the Indian private banks. The research will pinpoint the factors that influence customer happiness. Moreover, to determine the causes for their continued use of and preference for online banking.

2. Literature Review:

One of the biggest innovations in the banking sector throughout its lengthy history is online banking. Notwithstanding the numerous advantages that consumers derive from online banking, there exist several significant apprehensions and obstacles for marketers operating inside the online banking domain.

Online banking marketers will face several obstacles to overcome in order to succeed in this industry, including traditional banking practices, security concerns, technological difficulties, transaction difficulties, and limited marketing expenditures. Nonetheless, there is still a huge demand in this sector. Therefore, as they work to overcome their marketing obstacles, it is likely that online banks will only become more sophisticated and prosperous. Online banking does have certain advantages, but there are a lot of unique problems and difficulties in the industry as well. These are very important for banks that provide online banking as well as for their clients, who rely on the banks to run smoothly. In order to effectively handle these issues, online banking marketers must be aware of them. (Revathi, P. 2019)

The present epidemic (COVID-19) and the increasing usage of digital technology have intensified the demand for digital transformation in the banking industry. A bank consumer must get used to this disruption to the status quo, despite the fact that it has many advantages. Customers would need to adjust their routines in light of this difference. Maintaining consumer satisfaction at past levels may be at danger due to this. These risks are related to customer retention because, in order to keep customers from moving to other service providers, a service or product must live up to their expectations. Additionally, it could impact one's reputation. Customers may not be satisfied with digital account opening or remote deposits; competitive advantage is dependent on a variety of factors, including economic factors, societal demands, and the provision of a hassle-free, customized, and cyber-secure experience. Consequently, it is imperative to comprehend the degree to which risk variables impact consumer satisfaction with respect to digitalized banking services and products. In order to do this, we sent out a structured survey to banking clients in Northern India, based on the five pillars of the SERVQUAL model. We obtained 222 valid responses to the survey. We used the SmartPLS version 3 application software to perform structural equation modeling on the obtained data. The findings indicate that Northern Indian consumers of digital banking are genuinely happy with the caliber of services offered by the digital banking platform. Furthermore, "responsiveness" and "tangibility" are the next two risk factors that have the most effects on customer satisfaction after "reliability." (Kaur, B., Kiran, S., Grima, S., & Rupeika-Apog a, R.2021)

Regardless of the economy's stage of development, the banking industry has always been at its core. It develops and carries out economic reforms. The growth of an economy will be greatly impacted by any changes brought about by the adoption of technology in this area. In order to offer and set themselves apart from the many services they offer, banks are currently looking for novel ways. Customers for fundamental financial services, whether corporate or retail, are no longer prepared to wait in line at banks or over the phone. The ability to execute their banking operations at any time and location is what they anticipate and demand. Some of the more recent goods and services that are propelling the expansion of the banking industry are plastic money (Credit, Debit, and Smart Cards); internet banking, which includes electronic payment services; online trading accounts, online investments; branch networking; telephone banking; mobile applications; and wallets. In order to achieve this, the study looks at current trends in digital banking in India and notes the difficulties those banks have implementing these trends. The analytical investigation uses secondary data as its foundation. The idea of digital banking is still developing in the Indian banking industry, and it will probably present both enormous potential and hitherto unheard-of hazards to the core principles of Indian banking. As a result, this essay also seeks to outline the advantages and difficulties of digital transformation for the Indian banking industry, along with some suggestions for resolving these difficulties. The article concludes that in the future, making transactions using digital banking would not only be accepted but also highly sought after. Academicians, employees in banking and insurance, financial advisors, professionals, students, and researchers will all find it helpful professionals,

financial advisers, insurance employees, scholars, and students. (Sharma, A., & Piplani, N. 2017). This qualitative study aims to analyze the impact of banks' in-branch initiatives on consumers' migration from branch banking to digital banking in India. Senior management representatives from public and private sector banks in India were interviewed in-depth using a semi-structured interview method. The method utilized to analyze the data was qualitative content analysis. Based on data reduction, display, and conclusion-drawing methods, different types of interview replies were grouped into four major themes. Customers' transition to digital banking may be facilitated via in-branch interactions with them, the branch's digital transformation, customer-centric projects, and a redefining of the role of branch employees. The report posits that gaining customers' confidence and trust in digital banking at the bank level through integrated cultural and organizational reforms is the primary factor in enhancing digital banking acceptance in India. (Kaur, S. J., Ali, L., Hassan, M. K., & Al-Emran, M. 2021)

3. Objectives Of The Study:

- 1) To identify the customer's satisfaction towards Digital Banking services provided by Private sector Banks.
- 2) To identify the purpose for using Digital Banking.
- 3) To provide suggestions for betterment of Digital Banking services by Private Banks.

4. Hypothesis:

H01: There is no significant difference between the demographic factors of Customers with the use of Digital Banking services.

Ha1: There is a significant difference between the demographic factors of customers with the use of Digital Banking services.

H02: Demographic factors have no significant impact on customer satisfaction in Digital Banking services by Private Banks.

Ha2: Demographic factors have a significant impact on customer satisfaction in Digital Banking services by Private Banks.

H03: There is no significant difference in reasons for using Digital Banking on Customer satisfaction.

Ha3: There is a significant difference in reasons for using Digital Banking on Customer satisfaction.

5. Research Methodology:

This study is based on a mixed-approach methodology that includes a review of the literature and the expert opinions of academicians and bank personnel. The study collected data from both primary and secondary sources. A well-structured questionnaire was created to gather the necessary data from Private Bank customers for the primary data collection. Short answers and optional questions were included in the survey. It includes consumer demographic information, the reason they use digital banking, the benefits they receive from utilizing digital banking, and their happiness with digital banking. The most recent Indian and international journals, magazines, newspaper articles, web portals, etc. were used to acquire the secondary data.

6. Scope Of The Study:

The survey examined how satisfied Indian private banks' customers were with using digital banking. This section also examines the customer demographics as well as the factors that the banks take into account when determining why customers use their digital banking services.

7. Customer's Satisfaction Towards Digital Banking:

The study has analyzed the level of customer satisfaction towards Digital Banking by Private Banks of India. Furthermore this part consists of demographic profile of customers and reasons for using Digital Banking services by the banks are taken into consideration.

Demographic profile of the customers:

Demographics would include such factors as gender, age group, educational qualification, occupation, and monthly income range. The researcher will include those factors which are assumed to have explanatory values in research.

Table: 1 Demographic profile

Demographic profile	Classifications	Frequency	Percent%
Gender	Male	56	56
	Female	44	44
	Total	100	100
Age Group	18-25	24	24
	26-35	42	42
	36-45	23	23
	46-55	9	9
	56-above	2	2
	Total	100	100
Education Status	Primary	2	2
	High school	8	8
	University	67	67
	Doctoral	23	23
	Total	100	100
Occupation	Student	24	24
	Public sector	11	11
	Private sector	38	38
	Self employed	27	27

	Total	100	100
Income Range	Under 10,000	17	17
	10,000-30000	24	24
	30,000-60,000	32	32
	60,000-above	27	27
	Total	100	100

Source: Primary Data

The age of customers of ICICI Bank indicates that 66 percent, who were belonging to below 35 years age group and 34 percent are above the 35 years age group. 56 percent males and 44 percent were females. The education qualification of customers consists of 9 percent who studied up to high school, 67 percent who were educated up to university and 23 percent who were from Doctoral programs. A maximum of 38 percent of the customers were private employees, 24 percent were students, 11 percent were from the Government sector and 27 percent were self-employed. The monthly income of the customers were majorly between INR30,000-60,000 with 32 percent, 27 percent lies between INR60,000-above, 24 percent lies between INR10,000-30,000 and 17 percent comes under INR10,000 income range (Table 1.)

Information pertaining to Bank account:

In this phase, type of account in Private Banks, duration of holding Private Banks account, Sources of Information, reasons for availing Digital Banking services provided by the Private Banks, Frequency of usage of Digital Banking were analyzed with the help of frequency analysis

Table: 2 Type of Account

Type of Account	Frequency	Percent
Saving A/c	68	68
Current A/c	17	17
Both	15	15
Total	100	100

Source: Primary Data Multiple Response

A maximum of 68 percent of the customers were savings account holders and 17 percent were having current accounts. Hence, 15 percent of customers were having both savings accounts and current accounts in the Private Banks (Table 2).

Table: 3 Duration of A/c Holding

Type of Account	Frequency	Percent
Less than 1 year	13	13
2-5 years	42	42
More than 5 years	45	45
Total	100	100

Source: Primary Data Multiple Response

The majority of the customers 45 percent were kept in Private Banks for more than 5 years followed by 42 percent of the respondents availing banking services from Private Banks for 2-5 years and 13 percent of the customers having banking experience below 1 year (Table 3).

Table – 4: Sources of Information

Sources of Information	Frequency	Percent
Self interest	52	52
Friends/Relatives	27	27
TV/Radio	3	3
Magazines/News paper	4	4
Bank officials	14	14
Total	100	100

Source: Primary Data Multiple Response

The sources of information about internet banking indicate personal interest: 52 percent were considered as a vital source of information, 27 percent by friends and relatives, followed by television, radio, magazines, Newspapers. Radio and magazines carry more important information sources among the customers of Private Banks (Table 4).

Table – 5: Frequency of Using Internet Banking

Using	Frequency	Percent
Daily	28	28
Weekly	18	18

Alternate days	39	39
Monthly	15	15
Total	100	100

Source: Primary Data Multiple Response

The frequency of using internet banking reveals that 28 percent of the customers were used daily, 18 percent of the customers were used weekly, 39 percent of the customers used alternate days and 15 percent of the customers used the internet banking on a monthly basis (Table 5).

Table – 6: Reasons of Using Internet Banking

Reasons	Frequency	Percent
24*7 availability	64	64
Service quality	23	23
Saves Time and cost of visiting to physical Bank Branch	5	5
Brand Name	6	6
Less Formalities	2	2
Other	0	0
Total	100	100

Source: Primary Data Multiple Response

The majority of the customers 64 percent chose Private Banks Internet Banking for 24*7 availability and 23 percent for its better services followed by maintaining a traditional bank account with the same bank, lesser formalities and brand name (Table 6).

Table – 7: Feature of Digital Banking often use

Reasons	Frequency	Percent
Transferring of Funds	44	44
Payment of bills	17	17
Online Bookings	7	7
Checking Bank Accounts	9	9

Online shopping	15	15
Loans and Investment services	5	5
Insurance Services	3	3
Other	0	0
Total	100	100

Source: Primary Data Multiple Response

The customers used internet banking for transferring of funds, payment of bills, online bookings, checking bank accounts, online shopping, loans and investment services, insurance services (Table 7).

Customer's satisfaction towards Digital Banking:

Several useful features are offered via online banking. Due to the criteria of relevance to the banker, it is possible from the bankers' perspective that not all of these operations receive the proper attention. Also, these activities may change the customers' attitudes. In this regard, the significant difference in customer satisfaction with internet banking has been determined using frequency tables.

Table – 8: Satisfied with Digital Banking or not

Satisfied	Frequency	Percent
Yes	98	98
No	2	2
Total	100	100

Source: Primary Data Multiple Response

Majorly, 98 percent of customers were satisfied with the Digital Banking services provided by the Private Banks. 2 percent of customers are not satisfied with the services rendered by the banks. (Table 8).

Table – 9: Reasons for Customer Satisfaction

Reasons	Frequency	Percent
Easy to access	46	46
Safety and Security	28	28
Service charges and fees	7	7
Loan account activity	10	10

Account opening formalities	4	4
Transaction limit to account transfer	1	1
Cheque book request facility	3	3
Opening of term deposit account	1	1
Other	0	0
Total	100	100

Source: Primary Data Multiple Response

The results of frequency table has showed that 46 percent of customers were satisfied with the Digital banking services for easy to access, 28 percent for safety and security, 10 percent for loan account activity, 7 percent for service charges and fees, followed by account opening formalities, transaction limit to account transfer, cheque book request facility, opening of term deposit account. (Table 9.)

Table – 10: Would recommend Digital Banking to others or not

Recommendations	Frequency	Percent
Yes	97	97
No	1	1
Maybe	2	2
Total	100	100

Source: Primary Data Multiple Response

In majority, 97 percent of customers have said yes to recommend to use Digital Banking provided by private banks of India. 2 percent of customers were confused in taking their decision and 1 percent of customers were against the proposal of recommending digital banking. (Table 10.)

Problems faced by the Digital Banking users:

In this part, an attempt has been made to identify the problems faced by the customers with respect to internet banking.

Table – 11: Problems encountered by Digital Banking Users

Problems	Frequency	Percent
Complex to use	13	13
Delay in web page opening	2	2

Lack of safety and security	44	44
Believe in Traditional Branch Banking	3	3
Fear of hacking	38	38
Others	0	0
Total	100	100

Source: Primary Data Multiple Response

The issues faced by internet users revealed that lack of safety and security (44%) and fear of hacking (38%) were the two most challenging issues for internet banking customers, followed by complex use, a preference for traditional branch banking, delays in web page opening due to ads, and slow network speeds.

Customers' expectations towards betterment of Digital Banking Services:

Customers' expectations for improved internet banking performance have been elicited in order to make this study truly successful and deserving of being imitated by others in this field in the years to come. This exercise will highlight the need for banks to improve their services, and these expectations will serve as the foundation for the banks' implementation of proactive measures to improve their internet banking offerings.

Table 12: Customers' Expectations towards Betterment of Internet Banking

Customer's Expectations	Frequency	Percent
Create awareness about internet Banking	22	22
Improve service quality	18	18
Increase security	42	42
Less service charge	2	2
Simple procedure to use Internet Banking	16	16
Other	0	0
Total	100	100

Source: Primary Data Multiple Response

Majority of the customers 42 percent of internet banking users were expecting to increase security, 22 percent of customers want to spread awareness about internet banking, 18 percent to improve service quality, 16 percent expected simple procedures to use internet banking and 2 percent want less service charge in digital banking.

8. Suggestions:

According to the needs of the customer, the banker should set up security systems and firewalls with the highest level of security possible. The bank should improve its capacity for managing and controlling the numerous risks associated with e-transaction activities. To reduce risk and improve client verification, banks should employ more security measures, such as audit trails for transactions and personal identification numbers. The banker has to simplify the complicated procedures needed to use internet banking. The banker needs to lower the NEFT and RTGS processing fees. The results suggested that younger individuals gave the highest scores, thus banks must choose techniques that would appeal to everyone, including the elderly.

As computer literacy affects how customers view online banking, bankers may properly instruct their clients on how to use e-CRM products. Banks must teach their staff to properly instruct customers on how to use the e-features CRM's so that even elderly clients can benefit from it. To draw in more clients, it might choose the best user interface, which is very user-friendly and simple to use. Although private employees and students have a positive image of internet banking, bankers must employ the proper tactics to draw in individuals from other groups, such as professionals and government workers. Account holding duration is unrelated to anything. This means that even those who have had bank accounts for a longer time may not be content, but they will continue to do so out of need. The best services should be provided to this group of customers by banks in order to make them happy. The workers of the banks, who in turn will advise the consumers on how to utilize internet banking, should receive sufficient training and support from bank professionals. Banks are spending a lot of money on information technology, but clients won't be able to take use of all the services unless banks set up demonstration programs for them and give them sufficient training.

9. Conclusions:

After examining all the factors and the customers' responses, this study finds that an awareness program, considerate usage, lower costs, appropriate security, and the best response to the services provided can alter customers' perceptions of the products and services.

The study also shows what kind of relationships exists between various parameters. According to our underlying presumptions, we only take into account users who have access to and knowledge of the Internet, and our study only took into account instances in which banks offer Internet banking services. By combining the variables, bankers may receive the right implications if there is less than one pertinent inquiry.

Technology was not the main concern for clients who do not use Internet banking services because they have all facilities available to them. The demand for awareness should be the first thing that all bankers think about. It is generally established that the environment influences an individual's behavior, or that in India simply the environment that surrounds the public determines the behavior and decisions of the individuals, despite the fact that these people have a preference for manual banking. So, a consumer's decision to use Internet banking may be influenced if the majority of his coworkers or friends around him do so.

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