



Impact of Digital Banking on Customer Satisfaction and Financial Inclusion

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Abstract - Digital banking has transformed the banking industry by providing customers with quick, easy, and tech-driven financial services. The rapid growth of mobile banking, internet banking, UPI platforms, and digital payment systems has significantly influenced how people in India manage their finances. This research examines the impact of digital banking on customer satisfaction and financial inclusion. The study uses primary data from 100 participants who completed a structured survey. Tools such as percentage analysis, mean analysis, correlation analysis, and chi-square testing were used to analyze the data. The results indicate that digital banking increases customer satisfaction by making banking more convenient, faster, easier to use, and less dependent on physical bank branches. The study also shows that digital banking helps improve financial inclusion by providing banking services to people in rural and underserved areas. However, there are still challenges such as poor internet connectivity, lack of digital knowledge, and security concerns that limit the widespread use of digital banking. The research concludes that digital banking plays a crucial role in enhancing the customer experience and increasing the accessibility of financial services. To support the growth of digital banking in India, there is a need for better technology, improved cybersecurity, and increased awareness programs.

Keywords: Digital Banking, Customer Satisfaction, Financial Inclusion, UPI, Mobile Banking, Financial Technology.

I. INTRODUCTION

The banking industry has undergone rapid changes due to advancements in technology and digital tools. Traditional banking practices are gradually being replaced by digital platforms that allow customers to manage their financial needs online without visiting a branch.

Digital banking includes services such as mobile banking, internet banking, digital wallets, UPI payments, ATM services, and online fund transfers. As the number of smartphone users and internet service users in India has increased, digital banking has become more popular. Government initiatives such as the Digital India campaign, Jan Dhan Yojana, and Unified Payments Interface (UPI) have strengthened the digital financial ecosystem. Apps like Google Pay, PhonePe, Paytm, and BHIM have become essential for everyday financial activities.

Customer satisfaction is a key goal of digital banking. Customers expect services that are fast, secure, easy to use, and always available. Digital banking offers convenience, reduces waiting times, and supports round-the-clock services.

Digital banking also plays a significant role in financial inclusion by making banking services accessible to rural areas and people who previously had no access to formal financial institutions.

Despite its benefits, there are several challenges associated with digital banking, including cybersecurity risks, lack of digital literacy, issues with internet access, and limited awareness in rural communities.

This study aims to investigate the impact of digital banking on customer satisfaction and financial inclusion.

II. OBJECTIVES OF THE STUDY

To examine how digital banking affects customer satisfaction.

To identify the main benefits of digital banking services.

To analyze how digital banking promotes financial inclusion.

To study the challenges faced by users of digital banking.

III. REVIEW OF LITERATURE

1. Parasuraman, Zeithaml C Berry (1988)

The SERVQUAL model identified reliability, responsiveness, assurance, empathy, and tangibility as key factors influencing customer satisfaction in service industries, including banking.



2.Davis (1989)

The Technology Acceptance Model (TAM) explained that perceived usefulness and ease of use greatly affect whether people adopt a technology.

3.Alalwan et al. (2017)

The study found that trust, convenience, and ease of use significantly influence customers' decision to use mobile banking.

4.

Tam C Oliveira (2017)

Researchers found that digital banking enhances transaction efficiency and customer convenience through the use of technology.

5.RBI Reports (2023)

Reports from the Reserve Bank of India show a significant increase in digital payment transactions due to more smartphone users and higher adoption of UPI.

**III.PROBLEM STATEMENT S
HYPOTHESIS**

Problem Statement

Although digital banking services are widely available, many users still face issues related to security, internet access, and digital literacy. Therefore, it is important to evaluate whether digital banking increases customer satisfaction and financial inclusion.

Hypothesis 1

- H0₁: Digital banking does not significantly improve customer satisfaction.
- H1₁: Digital banking significantly improves customer satisfaction.

Hypothesis 2

- H0₂: Ease of use does not influence customer satisfaction.
- H1₂: Ease of use significantly influences customer satisfaction.

Hypothesis 3

- H0₃: Digital banking does not promote financial inclusion.
- H1₃: Digital banking promotes financial inclusion.

IV.RESEARCH METHODOLOGY

1.Study Duration

The study was conducted over two months, involving questionnaire preparation, data collection, data analysis, and interpretation.

2.Subject Selection

Respondents included students, employees, self-employed individuals, and business owners from various backgrounds.

3.Data Collection Method

Primary data was collected via a structured questionnaire using Google Forms and face- to-face interactions with respondents.

Secondary data was gathered from journals, RBI reports, NPCI reports, and online sources.

4.Research Design

The study uses a descriptive research design to describe customer opinions and behavior related to digital banking services.

5.Sampling Method and Sample Size

Convenience sampling was used, with a sample size of 100 participants.

6.Data Analysis Tools

- Percentage Analysis
- Mean Analysis
- Correlation Analysis
- Chi-Square Test
- Graphical Representation

V. DATA ANALYSIS

1.Customer Satisfaction

Satisfaction Level	Percentage
Very Satisfied	26%
Satisfied	38%
Neutral	24%
Dissatisfied	11%
Very Dissatisfied	1%

Interpretation: Most respondents are satisfied with digital banking services. The mean satisfaction score is 3.77, indicating a positive customer experience.

2.Ease of Use

Response	Percentage
Strongly Agree	26%
Agree	38%
Neutral	20%
Dissatisfied	15%
Strong Dissatisfied	1%



Interpretation: Most users find digital banking easy to use. User-friendly interfaces significantly contribute to customer satisfaction.

3.Financial Inclusion

Response	Percentage
Yes	71%
No	8%
Not Sure	21%

Interpretation: Most respondents believe digital banking helps in achieving financial inclusion.

VI. CONCLUSION

The study concludes that digital banking has a positive impact on customer satisfaction and financial inclusion. Customers prefer digital banking because it provides convenience, accessibility, speed, and flexibility.

Digital banking platforms such as UPI and mobile banking applications have simplified financial transactions and reduced dependence on traditional banking systems.

The study also confirms that digital banking contributes significantly to financial inclusion by extending financial services to rural and underserved populations.

However, internet connectivity problems, cybersecurity concerns, and lack of digital literacy remain major barriers to wider adoption.

Banks and policymakers should focus on improving cybersecurity, digital awareness, and technological infrastructure to maximize the benefits of digital banking.

Suggestions

- Improve cybersecurity measures and fraud protection
- Expand internet connectivity in remote regions.
- Develop user-friendly banking applications.
- Increase awareness regarding safe digital banking practices.
- Provide multilingual banking platforms for wider accessibility.

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