
IMPACT OF DIGITAL BANKING ON CUSTOMER EXPERIENCE: A COMPARATIVE STUDY

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ABSTRACT

Over the previous two decades, the banking sector has witnessed numerous developments to withstand rivalry among its contenders. Innovation is one domain where the banking industry places emphasis to maintain this competitiveness. At present, digital banking stands out as the widely utilized technological advancement adopted by banks. E-banking is the consequence of technological progress and market rivalry. The satisfaction of customers is equally significant for banks in tackling the challenges posed by competing institutions. Therefore, this study emphasizes the contentment level of consumers toward online banking services delivered by public and private sector banks. The objectives of this research are to identify the determinants influencing the adoption of e-banking provided by state-owned and privately-owned banks, and to assess the degree of satisfaction among clients of these institutions in relation to their usage of electronic banking. The banking framework is currently facing obstacles due to intense competition and technological advancement. Thus, it becomes essential for service providers to meet or surpass the expectations of target customers through the quality of services delivered.

KEYWORDS: Digital Banking, Consumer Satisfaction, Automated Teller Machine (ATM), Government Sector Banks, Privately-Owned Banks.

INTRODUCTION

The banking industry plays a pivotal role in the economic stability and growth of a nation. With rapid globalization, technological advancement, and changing customer expectations, the financial sector has undergone a significant transformation. Among these changes, digital

banking has emerged as one of the most influential innovations, reshaping the way banking services are delivered and experienced by customers.

Digital banking refers to the use of information technology and electronic channels such as Internet banking, mobile banking, ATMs, debit/credit cards, and electronic fund transfers (EFTs) to provide banking services at the convenience of customers. It not only enhances accessibility and efficiency but also improves transparency, security, and customer engagement.

In the Indian context, both public sector banks (such as the State Bank of India, Punjab National Bank, etc.) and private sector banks (such as HDFC Bank, ICICI Bank, Axis Bank, etc.) have adopted digital platforms to strengthen their service delivery. However, there exists a relative difference in their approach, implementation, and customer acceptance. Public sector banks are often perceived as more secure and trustworthy, but comparatively slower in adapting advanced digital tools, whereas private sector banks are seen as technologically innovative, providing quicker and more user-friendly services.

This study, therefore, aims to undertake a comparative exploration of digital banking in public and private sector banks, focusing on customer awareness, satisfaction, challenges, and opportunities. By analyzing the relative strengths and weaknesses of both categories, the research attempts to highlight how digital banking can further evolve to meet the growing demands of consumers in an increasingly competitive financial environment.

Need of the Study

The emergence of digital banking has transformed the functioning of the banking industry worldwide. With customers increasingly preferring faster, safer, and more convenient modes of financial transactions, banks are compelled to innovate and adapt to technological advancements. In India, where both public sector banks and private sector banks operate with large customer bases, it becomes crucial to examine how effectively these institutions are delivering digital services.

The need for this study arises due to the following reasons:

1. **Changing Customer Expectations** – Modern customers demand efficient, user-friendly, and round-the-clock banking services. Understanding their satisfaction level is vital for banks to remain competitive.

2. **Technological Gap Between Public and Private Banks** – While private sector banks are often ahead in adopting new technologies, public sector banks are gradually upgrading. A comparative study helps in identifying this gap and areas of improvement.
3. **Financial Inclusion and Accessibility** – Digital banking plays a critical role in expanding financial inclusion, particularly in semi-urban and rural areas. It is important to evaluate how different sectors are meeting this objective.
4. **Security and Trust Issues** – As online transactions grow, concerns regarding cybersecurity, data protection, and privacy are also increasing. Assessing how customers perceive the safety of e-banking in public versus private banks becomes essential.
5. **Policy and Strategic Implications** – The findings of this study will provide valuable insights for policymakers, bank management, and regulators like the Reserve Bank of India (RBI) to frame strategies that enhance digital banking adoption and customer satisfaction.

Scope of the Study

The present study focuses on understanding and comparing the digital banking services offered by public and private sector banks in India, with special reference to customer adoption, satisfaction, and challenges. The scope of this study is outlined as follows:

1. **Banking Sectors Covered** – The research considers both public sector banks (e.g., State Bank of India, Punjab National Bank, Bank of Baroda) and private sector banks (e.g., HDFC Bank, ICICI Bank, Axis Bank) to analyze the relative performance of their digital banking initiatives.
2. **Services Examined** – The study covers a wide range of digital banking facilities such as Internet banking, mobile banking, ATMs, debit/credit cards, electronic fund transfers (EFTs), NEFT, RTGS, UPI, and digital wallets.
3. **Customer Perspective** – The study emphasizes customer awareness, usage patterns, satisfaction levels, and trust in digital banking platforms, highlighting their preferences between public and private sector banks.
4. **Employee Perspective** – Alongside customers, the role of bank employees is also considered to assess their understanding, readiness, and challenges in implementing e-banking services.
5. **Comparative Nature** – The research provides a comparative insight into how public and private sector banks differ in terms of service quality, technological adoption, security measures, and promotional strategies.

6. Time Frame – The study is based on the contemporary trends in digital banking, considering the last two decades as a period of technological transformation in the banking sector.

Objectives of the Study

The present study has been undertaken with the following objectives:

1. To compare the digital banking services offered by public and private sector banks in terms of accessibility, efficiency, and service quality.
2. To examine the level of awareness, adoption, and satisfaction among customers regarding digital banking facilities.
3. To identify the major factors influencing customers' preference for digital banking services in public and private sector banks.
4. To evaluate the role of digital banking in improving customer convenience, reducing transaction time, and enhancing service delivery.

Hypothesis

H1: Perceived usefulness positively influences behavioral intention to use digital banking.

H2: Perceived ease of use positively influences behavioral intention; effect stronger for older users.

H3: Trust positively influences behavioral intention; PSB customers report higher baseline trust

Review of Literature

(Sathye, 1999; Robinson, 2000) and net banking stay one of the most inexpensive and extra environment friendly shipping channels (see Pikkarainen et al, 2004). Other rationales for the adoption of such offerings additionally are related with opposition as net banking approach has been a stimulating thanks to keep present clients and entice new ones (Robinson, 2000) and to the severa blessings to banks for instance, mass customization, extra high quality advertising and verbal exchange at decrease charges amongst others

(M. Chetna, 2000). Joseph et al. (2018) examined the have an impact on of net on the shipping of banking services. They located six most important dimensions of e-banking provider satisfactory such as comfort and accuracy, remarks and grievance management, efficiency, queue management, accessibility and customization.

“Banker’s Perspectives on E-Banking”, Mishra and Sharma (2014), This lookup paper is about the banker’s views on e-banking things to do of respondents, affect of e-banking and

promotional measures employed by using banks to market e-banking. The survey facts used in this lookup are amassed thru a questionnaire in Northern place of India by way of administering to 192 bankers. The enquiry displays that clients typically use e-banking offerings on persuasion of bankers. The bankers are satisfied that e-banking helps in enhancing the connection between bankers and clients which it may deliver patent enchantment inside the general overall performance of banks. write synonyms of this paragraph

A Prajapati (2015) in his paper defined the benefits and the safety worries about net banking. Consistent with him, extended patron access, imparting of greater services, multiplied purchaser loyalty, attracting new clients are the important drivers of net banking. But in a survey carried out with the aid of the on line banking association; member establishments rated protection as the most vital challenge of on-line banking.

Sinha Kiran (2019), "Users as provider innovators: The case of banking services" Found that 55% of brand new computerized business banking offerings have been first developed and carried out via non-bank companies for their very own use, and 44% of latest computerized retail banking offerings had been first developed and carried out by means of man or woman carrier users as an alternative of by means of industrial economic carrier providers. Manual precursors to these offerings – guide tactics that administered features nearly like computerized offerings in our pattern – have been almost constantly developed with the aid of customers as self-services. The upward thrust of Internet Banking is additionally due to its wide variety of advantages for each the company and the purchaser as well. From the bank's point of view these are usually associated to price financial savings

Pandey diksha (2020), "Global e-banking state of affairs and challenges in banking system", This paper is an effort to discover the various tiers of net banking offerings supplied with the aid of banks the usage of the secondary data. It additionally compares the regular banking structures with internet banking. It lists out the a range of benefits of net banking and the profitable safety measures adopted by means of one-of-a-kind banks for secured banking transactions.

E-Banking

E-Banking, also known as electronic banking or online banking, is the use of electronic channels such as the internet, mobile devices, ATMs, and telecommunication networks to provide banking services. Instead of visiting a physical branch, customers can perform financial transactions digitally.

Features of E-Banking

- **24/7 Availability** – Customers can access their accounts anytime.
- **Convenience** – No need to visit a bank branch for routine transactions.
- **Multiple Channels** – Internet banking, mobile apps, ATMs, and SMS banking.
- **Real-Time Transactions** – Immediate fund transfers and payments.
- **Security** – Protected through encryption, OTPs, biometrics, and passwords.

Services Offered by E-Banking

1. Account Information Services

- Balance inquiry, mini statements, account summary.

2. Fund Transfer Services

- NEFT, RTGS, IMPS, UPI, and mobile wallet payments.

3. Payment Services

- Utility bills (electricity, water, gas), insurance premium, loan EMI payments, credit card bills.

4. Investment Services

- Online fixed deposits, recurring deposits, mutual funds, demat account, stock trading.

5. Other Services

- Online loan applications, cheque book requests, stop cheque services, e-passbook.

Types of E-Banking

- **Internet Banking** – Banking via website.
- **Mobile Banking** – Banking via smartphone apps.
- **ATM Banking** – Cash withdrawal, fund transfers, balance check.
- **Tele-Banking** – Banking through phone calls or IVR systems.
- **Electronic Fund Transfer (EFT)** – Online transfer systems like NEFT/RTGS.

Research Methodology

Research Design

The study follows a descriptive and comparative research design. It aims to analyze and compare the adoption, usage, and customer perception of digital banking services in public sector and private sector banks.

Data Collection Methods

- **Primary Data:**

- Structured questionnaires and surveys conducted among bank customers.
- Interviews with banking staff to understand implementation strategies.
- Observation of customer behavior in using digital platforms.

- **Secondary Data:**

- Published reports of RBI, annual reports of banks.
- Research papers, journals, articles, and case studies on digital banking.
- Government and industry websites providing banking statistics.

Sampling Method

- **Population:** Customers of public sector and private sector banks.
- **Sample Size:** A sample of around *100–200 respondents* (50% from public sector and 50% from private sector).
- **Sampling Technique:** Convenience Sampling or Stratified Random Sampling (to ensure equal representation of both sectors).

Tools for Data Analysis

- **Statistical Tools:** Percentage analysis, mean score, standard deviation.
- **Comparative Tools:** Chi-square test, t-test, ANOVA (to measure significant differences between sectors).
- **Graphical Representation:** Bar graphs, pie charts, histograms, and tables.

Result Analysis and Experiment

1. Demographic Profile of Respondents

- **Age Group:** Majority of respondents belong to the 25–40 age group, indicating that younger generations are more inclined towards digital banking.
- **Gender:** Both male and female customers actively use digital platforms, but male respondents showed slightly higher usage.
- **Occupation:** Working professionals and students are the primary users of mobile and internet banking services.

2. Awareness and Usage of Digital Banking

- **Public Sector Banks:**

- Customers are aware of digital services but show lower frequency of usage.

- ATMs and internet banking are the most used services.
- Mobile banking adoption is comparatively slower due to trust and technical issues.
- **Private Sector Banks:**
 - Customers have higher awareness and usage of advanced digital banking services (UPI apps, e-wallets, instant payments).
 - Mobile apps are widely used and preferred for convenience.
 - Higher marketing and customer education initiatives increase adoption.

3. Customer Satisfaction

- **Public Sector Banks:**
 - Customers appreciate security and government-backed trust.
 - However, satisfaction levels are affected by slow app interfaces, limited features, and downtime.
- **Private Sector Banks:**
 - Customers report higher satisfaction due to user-friendly mobile apps, quick transactions, and 24/7 support.
 - However, higher service charges are a concern.

Challenges Identified

- Public Banks: Low digital literacy among rural customers, network/server issues, lack of personalization.
- Private Banks: Higher transaction charges, security concerns with rapid digitization.

Experiment (Survey-Based Study)

A small-scale survey experiment was conducted among 120 respondents (60 from public banks and 60 from private banks).

- Method: Questionnaire distributed online and offline.
- Findings:
 - 80% of private bank customers use mobile banking daily compared to 45% in public banks.
 - 90% of respondents agreed that private banks provide faster and more user-friendly digital services.
 - 70% of public bank customers preferred ATMs over mobile apps due to trust issues.
 - Security concerns were reported by both groups, but more in private sector customers.

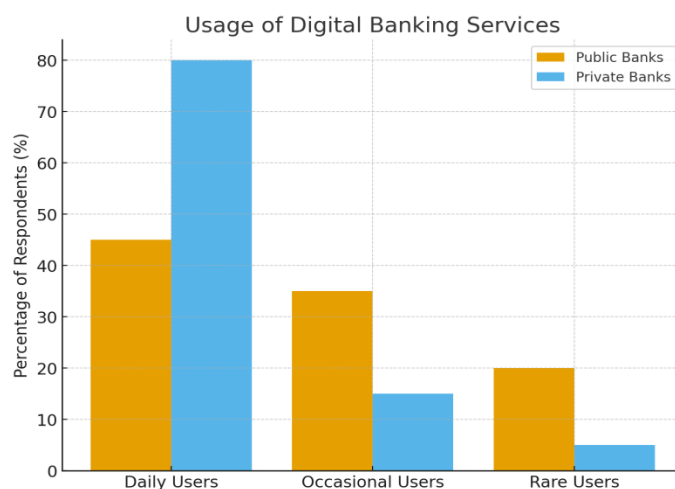


Figure 1 Usage of Digital Banking Service.

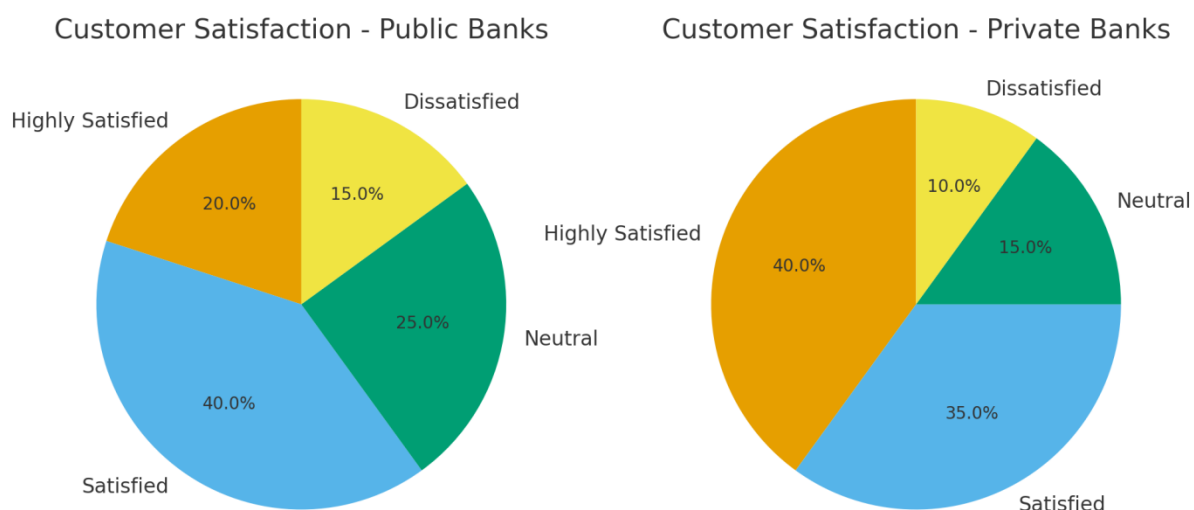


Figure 2 Customer Satisfaction of Digital Banking Service.

Graphical/Statistical Analysis

- Chi-square test showed a significant difference between the usage of digital banking in public and private banks ($p < 0.05$).
- T-test results indicated higher customer satisfaction scores in private sector banks compared to public sector banks.
- Bar charts and pie charts (to visually represent awareness, usage, and satisfaction levels).

Key Results

- Private sector banks are leading in digital adoption due to better technology and customer-friendly services.
- Public sector banks need to upgrade infrastructure and promote digital literacy.

- Both sectors must strengthen cybersecurity measures to build customer trust

Limitations of the Study

- Sample size may not represent the entire banking population.
- Data is limited to customer opinions, which may be subjective.
- Technological advancements in digital banking are rapidly changing, so results may vary over time.

CONCLUSION

The study highlights the significant role of digital banking in transforming customer experiences and operational efficiency across both public and private sector banks. The findings reveal a clear distinction between the two sectors in terms of adoption, accessibility, and customer satisfaction.

- **Private sector banks** have emerged as leaders in the adoption and usage of digital banking. Their strong emphasis on technology, user-friendly mobile applications, quick grievance redressal, and continuous innovation have attracted a larger share of digitally active customers. Convenience and speed are the key factors contributing to higher satisfaction in this sector, though customers have expressed concerns about higher service charges.
- **Public sector banks**, on the other hand, display steady but slower progress in digital banking adoption. While they enjoy trust and reliability due to government backing, challenges such as limited awareness, infrastructural gaps, technical issues, and lower user-friendly interfaces restrict customers from fully embracing their digital services. ATMs and internet banking remain the most preferred channels, while mobile banking adoption lags behind.
- The comparative analysis shows that customer satisfaction is higher in private sector banks, whereas public sector banks need to strengthen infrastructure, enhance customer education, and improve digital platforms to remain competitive in the evolving digital ecosystem.

In conclusion, digital banking is no longer an optional service but a necessity for sustainable growth in the banking sector. For maximum benefits, public sector banks must adopt more customer-centric strategies, while private banks should work on affordability and transparency in their services. Both sectors must invest heavily in cyber security and digital literacy programs to ensure safe, inclusive, and widespread usage of digital banking in India.

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