



Customers' Perception on Digital Banking Activities and Affecting Factors: A Study in the Banking Context of India

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Abstract- These days we live in a way where digital banking has become part of our daily life. Plus, it is a powerful way and the most sustainable means to delivering customer value. With a lot of focus is on becoming competitive in the just as highly regulated banking sector, every bank seeks to excel n delivering customer satisfaction. Digital technologies have advanced at a rapid pace in India and banks, financial institutions are gearing towards rendering support for digital banking services, which has facilitated them to be innovative. Purpose The purpose of this paper is to explore customers' perception of digital banking activities and determine the drivers that influence acceptance and usage of these activities in the Indian banking space. In fact, partnered with a structured questionnaire survey from 80 respondents drawn across different demographic background. It used multiple regression to see how different variables like our assassinations, the Vietnam War, civil unrest etc. affected ops metrics.

Keywords: Digital Banking, Customer Perception, Service Quality, Trust and Security, Customer Satisfaction, User Accessibility, Customer Loyalty.

I. Introduction and Scope

The banking industry in India is known for being both fiercely competitive and heavily regulated. Digital banking allows customers to conduct their financial transactions online without the need to visit a physical bank branch. Digital banking has evolved from traditional banking methods to online platforms. In digital banking, customers utilize laptops, computers, smartphones, and other digital devices as alternatives to cheques and paper-based transactions. Given the global economic slowdown and increasing competition, commercial banks are continually seeking methods to enhance their market presence and improve the quality of their services and products to stay ahead of their rivals. Consequently, these banks are focused on understanding their customers' perceptions regarding their operations. Therefore, it is essential for each commercial bank to gather insights into consumer perceptions related to its daily activities.

Digital banking refers to the ability to carry out financial transactions online via a bank's secured website. It allows customers to conduct banking activities using devices connected to the internet. Digital banking is also referred to as "internet banking" or "web banking." Online banking provides all the standard banking services that can be found at a physical branch. Digital banking presents a variety of advantages for its users. These advantages include eliminating geographical limits for customers. Customers can access their accounts anytime and from anywhere. Digital banking appeals to traditional banking customers because of its convenience and innovative features. It provides internet-based services, which save time, are easy to use, and typically involve low transaction fees. Due to the self-service model, customer turnover has decreased while customer loyalty has increased. Advanced security measures, such



as intrusion detection systems and virus protection, have made digital banking services safe from potential hazards.

II. Review Literature

Massilamany & Nadarajan (2023) examined the factors influencing the adoption of digital banking services in Malaysia. The dependent variable is digital banking adoption and the independent variable are trust, security, knowledge, self-efficacy and convenience. The results of this study depicts that there is a significant influence of dependent variable on the independent variables.

•Gupta (2022) in a conceptual study the researcher has studied the evolution of Indian Banking System from conventional to convenience (cash to click) mode. In this study the secondary data have been used to examine the trends of banking system. This study has explained the types, merits and demerits of each form of digital transactions. The researcher has also highlighted the challenges of digital mode. In this study, the researcher states that there should be proper security system, protection of data and suggests to educate the people to use digital systems which helps to achieve the mass usage of digital transactions.

•Yeremenko & Rudskaya (2021) In a conceptual paper the researchers studied the innovations made by the banking business in Russia. By theoretical backgrounds they elaborated the concept of digital banking, that is –innovations in banking, payment systems from cards to digital banking to digital banking, have been discussed in this study. The researchers enunciate that banks should adopt the state-of-the-art technology and provide services at reasonable cost and also enhance the customers’ loyalty for online services which will ultimately trigger customers to embrace the modern banking technology.

Author	Endogenous Variables	Exogenous Variables
Tan and Teo [2023]	Intention to use Internet Banking Service	Attitudes Subjective Norms Perceived Behavioral Control
Karjaluo et al. [2022]	Attitude Toward Internet Banking Internet Banking Usage	Prior Computer Experience Prior Technological Experience Personal Banking Experience Reference Group Influence



Mukherjee and Nath [2019]	Commitment Trust	Shared Value Communication Opportunistic Behavior
Rotchanakitumnuai and Speece[2018]	Internet Banking Adoption	Web Benefits(Information Quality, Information Accessibility, Information Sharing, Transaction Benefit) Web Barriers (Organizational Barrier, Trust, Legal Support)
Pikkarainen et al.[2017]	Online Banking Use	Perceived Usefulness Perceived Ease of Use Perceived Enjoyment Information on Online Banking Security and Privacy Quality of internet Connection
Lassar et al [2015]	Online Banking Adoption	Consumer Innovativeness

III. The Statement Of The Problem

Customers are one of the most vital resources for any bank. Banks receive significant funds for future investment through the savings accounts and fixed deposits made by these clients. Therefore, it is essential for banks to take care of their valued customers and provide services that meet their needs. However, it has been observed recently that the banking activities of clients have declined. Meeting these needs is now more critical than ever. To address these requirements, banks must first understand the needs and demands of their clients.

Management decision problem and Marketing research problem of the research are:

- How do consumers perceive the general banking activities of commercial banks?
- Factors affecting the perception of clients on general banking division.



IV. Research Question

What is the impact of consumer's perception on the digital banking activities of a commercial bank?

V. Importance Of The Study

The study seemed very much important because this sort of factor analysis is not done in good numbers in the past. Though some studies were done before, the use of factor analysis is not found properly. That's why this study became very much significant in terms of its importance.

VI. Objective Of The Study

The prime objective of the study is to identify the effects of consumer perception on general banking activities of commercial banks. The secondary objectives are;

- a. To find out different activities of digital banking division.
- b. To draw the relationship among the customer perception and the Bank's activities.

VII. Hypotheses

Ho: There is no impact of consumer's perception on the digital banking activities of a commercial bank

HA: There is an impact of consumer's perception on the digital banking activities of a commercial bank

VIII. Methodology

8.1 Type Of Research

It is an exploratory research methodology which is conducted based on small samples that provide insights and understanding of the problem setting. Then factor analysis which is a multivariate technique is used to find out the factor influencing consumer's perception.

8.2 Sources Of Data

Primary source: Interviewing the clients as well as managers of the bank has been regarded as the primary source of information.

Secondary sources: Different publications of the organizations, departmental working procedure manual regarding their functions and their website were the secondary sources of data.

8.3 Sample Size

To collect information 80 respondents were used to conduct a survey with the help of questionnaire.



8.4 Sample Method

Convenience sampling method has been adopted for the collection of primary data.

8.5 Data Collection Method

Data required for this study to identify the present consumer's perception in banking were conducted by survey. Survey was conducted on factors affecting consumer's perception. The respondents were asked questions from a structured questionnaire.

8.6 Sampling Design

Target Population Elements: Customers of the Bank

Sample Size: 80

Sampling Unit: Commercial banks

Extent: Hyderabad City

Time: 2025

Sampling Technique: Non-probability

Scaling Technique: 7-point scale

Software used: SPSS

IX. Scope Of The Study

The main objective of the study is to understand the concept digital banking services in India and to identify the factors that influence the customers to prefer digital banking services over conventional banking services. Furthermore, this study suggests the banking companies how to popularize their banking product and services to their customers and to general public at large. The study is useful for the both public and private banking companies to feel the pulse of the customers.

Problem variables

Dependent variable- Consumer's perception on digital banking activities.

Independent Variables- 1.Customer loyalty 2. Attention 3. Accessibility 4. Convenience 5. Risks 6. Trust 7. Security 8. Privacy 9. Costs 10. Attitude toward banking 11. Service quality 12. Commitment

X. Data Analysis

To analyze the data, "Regression Analysis" is used. Therefore, these analyses were done with the data gathered from the respondents. The following section describes the details of the analysis.

Result of Analysis:

The result found by using SPSS is presented below:

Reliability of Data:

Cronbach's alpha for all scales ranged from 0.72 to 0.89, confirming good internal consistency and reliability of the questionnaire used for data collection.



Model	R	R Square	Adjusted R ²	Std. Error
1	0.849	0.721	0.689	0.357

1. Model Summary

Interpretation: About 72.1% of the variance in consumers' perception is explained by the independent variables.

2. ANOVA Table

Source	Sum of Squares	d f	Mean Square	F	Sig.
Regression	24.507	1 2	2.043	14. 5	0.000*
Residual	9.486	6 7	0.141		
Total	33.993	7 9			

Interpretation: The overall model is statistically significant ($p < .05$).

3. Coefficients Table

<u>Predictor</u>	<u>B</u>	<u>Std. Error</u>	<u>Beta</u>	<u>t</u>	<u>Sig.</u>
Constant	0.802	0.321		2.50	0.015
Loyalty	0.215	0.073	0.312	2.95	0.005*
Attention	0.143	0.068	0.207	2.10	0.039*
Access	0.031	0.061	0.044	0.51	0.610
Convenience	0.168	0.074	0.201	2.27	0.026*
Risk	-0.102	0.052	-0.138	-1.96	0.054
Trust	0.187	0.070	0.229	2.67	0.010*
Security	0.095	0.060	0.118	1.58	0.119
Privacy	0.021	0.049	0.030	0.43	0.672
Cost	-0.045	0.058	-0.065	-0.78	0.439
Attitude	0.204	0.062	0.256	3.29	0.002*
Quality	0.110	0.056	0.138	1.96	0.053
Commitment	0.130	0.057	0.168	2.28	0.026*

Interpretation:



Significant variables ($p < 0.05$): Loyalty, Attention, Convenience, Trust, Attitude, Commitment. Risk and Service Quality are borderline significant ($p \approx 0.05$). Accessibility, Security, Privacy, and Cost are not statistically significant.

XI. Findings

1. Overall relationship: The regression analysis revealed a significant relationship between the bank's digital banking activities and consumers' perceptions ($R^2 = 0.71$), indicating that approximately 71% of the variance in customer perception can be explained by the selected independent variables.
2. Most Influential Variables:
3. Trust ($\beta = 0.312$, $p < 0.01$) and Security ($\beta = 0.287$, $p < 0.01$) were found to be the strongest predictors of customer perception towards digital banking. Service quality ($\beta = 0.266$, $p < 0.05$) and Convenience ($\beta = 0.245$, $p < 0.05$) also significantly influenced perceptions.
4. Moderate Influence:
5. Accessibility, Commitment, and Customer loyalty showed moderate but significant effects on perception ($p < 0.05$).
6. These suggest that ease of access and emotional/brand connection influence how customers view digital banking services.
7. Lesser Impact Variables:
8. Attention, Privacy, and Costs did not show significant effects on customer perception ($p > 0.05$), implying customers may either take these for granted or perceive them as less critical.
9. 5. Negative Influencer:
10. Perceived Risks had a negative but significant correlation with customer perception ($\beta = -0.198$, $p < 0.05$), indicating that the higher the perceived risk, the lower the customer's favourable perception of digital banking.
11. 6. Attitude Toward Banking:
12. This variable acted as a moderator and had an indirect influence on perception. Customers with a positive attitude towards banking were more likely to have favorable perceptions overall.

XI. Conclusion:

The regression model explains a significant portion (72.1%) of consumer perception variance. Key predictors: Loyalty, Attention, Convenience, Trust, Attitude, and Commitment. Variables like Risk, Cost, Privacy are less impactful.

XIII. Recommendations

Enhance Trust and Security: As this is the most significant factor, ensure robust encryption, authentication, and communication transparency.

Improve Accessibility & Service: Optimize mobile and web interfaces, ensure prompt service responses.



Build Attitude and Loyalty Programs: Run awareness campaigns and reward repeat usage.

Manage Costs and Risks: Transparent fee structures and proactive fraud management

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