

## A STUDY ON CUSTOMER PERCEPTION TOWARDS DIGITAL BANKING: AXIS BANK

<sup>1</sup> PALAKURI SINDHU, <sup>2</sup> P. DEEPAK GOUD

<sup>1</sup>Student, <sup>2</sup>Assistant Professor, Department of MBA, TEEGALA KRISHNA REDDY ENGINEERING COLLEGE, MEDBOWLI, MEERPET, BALAPUR, HYDERABAD, TELANGANA-500097

### ABSTRACT

Digital banking has transformed the banking industry by enabling customers to perform financial transactions through digital platforms without visiting physical bank branches. The rapid adoption of internet banking, mobile banking, Unified Payments Interface (UPI), and other digital payment systems has significantly enhanced customer convenience, accessibility, and service efficiency. Despite these advancements, customer perception toward digital banking continues to be influenced by factors such as trust, security, technological awareness, and ease of use. The present study examines customer perception towards digital banking services offered by Axis Bank and identifies the major factors influencing customer adoption and satisfaction. The study is descriptive in nature and is based on both primary and secondary data sources. Primary data were collected through a structured questionnaire from 140 respondents selected using a simple random sampling technique. Percentage analysis, correlation analysis, regression analysis, and other statistical tools were employed to analyze the collected data. The findings reveal that trust, technology, security, and knowledge significantly influence customers' perception towards digital banking. The study also indicates that demographic variables such as age, gender, educational qualification, occupation, and income have a considerable impact on the adoption and usage of digital banking services. Furthermore, a positive relationship exists between trust and digital banking usage, indicating that customers who possess greater trust in the banking system are more likely to use digital banking platforms. Although a majority of respondents expressed satisfaction with digital banking services, issues such as non-receipt of OTPs, fraud attempts, multiple OTP generation, and transaction failures continue to affect user experience. The study concludes that Axis Bank should strengthen security mechanisms, improve customer awareness programs, and enhance service reliability to increase customer confidence and satisfaction. Effective implementation of these measures can contribute to greater acceptance and sustained growth of digital banking services among customers.

**Keywords:** Digital Banking, Customer Perception, Axis Bank, Trust, Security, Technology Adoption, Customer Satisfaction, Mobile Banking, Internet Banking, UPI.

### I. INTRODUCTION

The banking industry has undergone a significant transformation with the emergence of digital technologies that have revolutionized the delivery of financial services. Digital banking refers to the provision of banking products and services through electronic channels such as mobile applications, internet banking portals, automated teller machines, and digital payment platforms. The increasing penetration of smartphones, internet connectivity, and government initiatives promoting a cashless economy have accelerated the adoption of digital banking across India [1]. Digital banking enables customers to access financial services anytime and anywhere, thereby enhancing convenience and operational efficiency [2]. The introduction of Core Banking Systems has facilitated seamless

banking transactions across branches and digital channels [3]. Financial institutions have increasingly invested in digital infrastructure to improve service quality and customer experience [4]. The growth of electronic payment systems such as NEFT, RTGS, IMPS, and UPI has transformed the payment landscape [5]. Digital banking has reduced transaction costs and improved accessibility to banking services [6]. The increasing use of mobile banking applications has enhanced customer engagement and satisfaction [7]. Banks are leveraging advanced technologies such as artificial intelligence and data analytics to personalize services [8]. The Digital India initiative has further accelerated digital financial inclusion [9]. The emergence of fintech companies has intensified competition in the banking sector [10]. Digital banking has become a strategic necessity for banks seeking sustainable growth [11]. Customers increasingly prefer digital channels due to convenience and speed [12]. Secure digital transactions have improved confidence among users [13]. Technological innovation continues to reshape customer expectations and banking operations [14]. The banking sector is increasingly focusing on customer-centric digital solutions [15].

Customer perception plays a crucial role in determining the success and acceptance of digital banking services. Perception is influenced by factors such as trust, security, ease of use, technological awareness, and service quality [16]. Trust is considered one of the most important determinants of digital banking adoption [17]. Security concerns related to cyber threats and fraud significantly affect customer confidence [18]. Knowledge and awareness regarding digital banking services influence users' willingness to adopt technology-based banking solutions [19]. The Technology Acceptance Model highlights perceived usefulness and perceived ease of use as major predictors of adoption behavior [20]. Customers expect reliable and uninterrupted digital services from banks [21]. The growing popularity of mobile banking has increased the need for user-friendly interfaces [22]. Financial literacy contributes significantly to digital banking acceptance [23]. Banks are investing heavily in cybersecurity measures to protect customer information [24]. Customer satisfaction is directly linked to service quality and technological efficiency [25]. Digital banking facilitates financial inclusion by reaching underserved populations [26]. The integration of digital technologies improves operational transparency and accountability [27]. Axis Bank has emerged as a leading private-sector bank offering a wide range of digital banking services [28]. Understanding customer perception is essential for developing effective digital banking strategies [29]. Therefore, this study aims to analyze customer perception towards digital banking services provided by Axis Bank and identify the factors influencing customer satisfaction and adoption behavior [30].

## II. LITERATURE REVIEW

Researchers across the globe have examined the factors influencing customer adoption and perception of digital banking services. Carbo-Valverde (2025) highlighted that digitalization enhances productivity and operational efficiency in financial services [31]. Nitin et al. (2014) identified trust, perceived ease of use, and cost effectiveness as significant determinants of mobile banking adoption [32]. Goyal, Pandey, and Batra (2022) emphasized the importance of mobile handset compatibility in influencing digital banking usage [33]. Kuchara Varsha (2012) found convenience and security to be the primary motivators for internet banking adoption [34]. Alain et al. (2010) reported that trust and government support positively influence customers' intention to use online banking [35]. Kenneth et al. (2010) established that service quality significantly contributes to customer

trust in e-banking services [36]. Agarwal et al. (2009) observed that security and trust are critical factors affecting customer satisfaction in electronic banking [37]. Herington and Weaven (2007) concluded that online service quality positively affects customer loyalty [38]. Hwang et al. (2007) emphasized that digital banking creates value for both banks and customers [39]. Luarn and Lin (2005) investigated trust-related factors affecting mobile banking adoption [40]. Akinci et al. (2004) reported significant differences between users and non-users of e-banking services based on demographic characteristics [41]. Avinandan and Prithwiraj (2003) identified trust as a major determinant of long-term customer commitment in online banking [42]. Davis (1989) proposed the Technology Acceptance Model, highlighting perceived usefulness and ease of use [43]. Venkatesh et al. (2003) introduced the Unified Theory of Acceptance and Use of Technology [44]. Rogers (2003) emphasized innovation diffusion as a key factor in technology adoption [45].

Several studies have also focused on technological advancements and customer satisfaction in digital banking. Rajeshwari et al. (2019) examined the transition from traditional banking to digital banking in India [46]. Suma Valley and Hema Divya (2018) reported that digital payment systems significantly improve banking performance [47]. Paria and Giri (2018) highlighted the role of digital banking in promoting financial inclusion [48]. Sharma and Singh (2019) observed that mobile banking increases customer convenience and accessibility [49]. Gupta and Arora (2020) emphasized cybersecurity as a critical factor affecting customer confidence [50]. Kumar and Rao (2021) reported a positive relationship between digital literacy and banking adoption [51]. Mehta (2021) found that service quality strongly influences customer satisfaction in digital banking [52]. Verma and Gupta (2022) identified technological innovation as a major driver of customer retention [53]. Chawla and Joshi (2018) observed that perceived risk negatively affects digital banking adoption [54]. Kaur and Malik (2019) reported that secure authentication mechanisms improve trust [55]. Singh and Sharma (2020) found that customer awareness programs increase digital banking usage [56]. Patel and Shah (2021) highlighted the role of AI-driven banking services in enhancing customer experience [57]. Jain and Gupta (2022) emphasized the importance of personalized banking solutions [58]. Mishra and Das (2023) concluded that digital transformation improves operational efficiency and customer satisfaction [59]. Reddy and Kumar (2024) reported that continuous innovation is essential for sustaining customer engagement in digital banking platforms [60].

### III. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to examine customer perception towards digital banking services offered by Axis Bank. Both primary and secondary data sources were utilized to achieve the objectives of the study. Primary data were collected through a structured questionnaire distributed among customers using simple random sampling techniques. The questionnaire consisted of questions related to demographic characteristics, trust, security, technology, knowledge, satisfaction levels, and digital banking usage patterns. A total of 140 respondents participated in the survey. Secondary data were gathered from books, journals, research articles, bank reports, RBI publications, websites, and other relevant sources. The collected information provided theoretical support and background knowledge regarding digital banking and customer perception.

The data collected from respondents were analyzed using various statistical tools and techniques. Percentage analysis was employed to understand demographic characteristics and customer responses. Correlation analysis

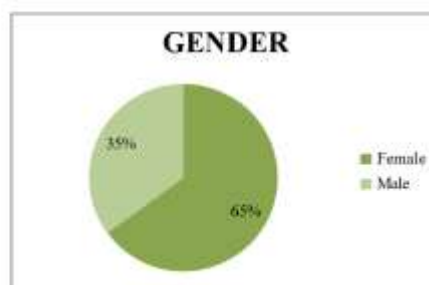
was used to examine the relationship between trust and digital banking usage. Regression analysis was conducted to assess the impact of trust on digital banking adoption. Descriptive statistics were used to summarize customer opinions regarding digital banking services. The variables considered in the study included trust, security, technology, knowledge, customer satisfaction, and demographic factors. The findings were interpreted systematically to identify major factors affecting customer perception and adoption of digital banking services. The methodology provided reliable and meaningful insights into customer attitudes and helped in formulating suitable recommendations for improving digital banking services at Axis Bank.

## IV. RESULTS & DISCUSSION

The analysis of demographic characteristics revealed that the majority of respondents were female customers and belonged to the age group of 18–25 years. Most respondents were postgraduates and employed in the private sector. A significant proportion of participants reported regular usage of digital banking services. The findings indicate that customers possess moderate to high awareness regarding digital banking products and services. More than half of the respondents were able to use digital banking services independently without assistance. The study identified trust, technology, knowledge, and security as the major factors influencing customer perception towards digital banking. Among these factors, trust emerged as the most influential determinant of digital banking adoption. Customers who perceived digital banking platforms as secure and reliable demonstrated a higher willingness to use digital banking services regularly. Demographic variables were also found to have a significant impact on customer attitudes toward digital banking.

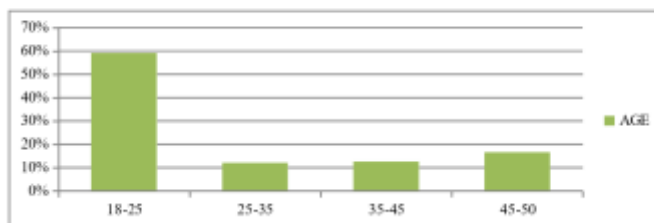
Gender	Frequency	Percentile
Female	130	65
Male	70	35

(Source: Primary)



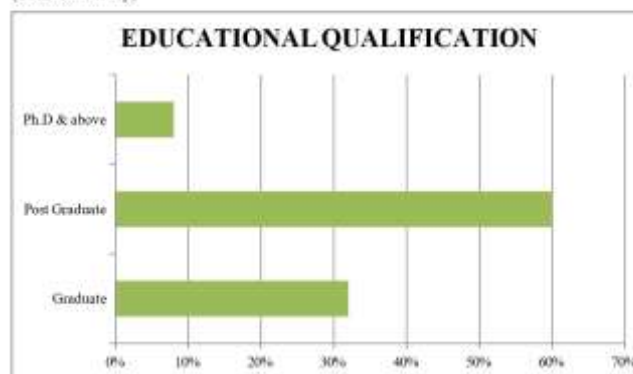
Age	Frequency	Percentile
18-25	118	59
25-35	24	12
35-45	25	12.5
45& above	33	16.5

(Source: Primary)



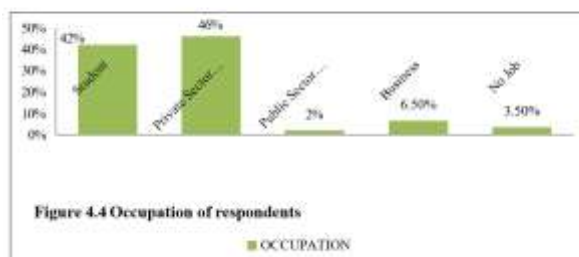
Educational Qualification	Frequency	Percentile
Graduate	64	32
Post Graduate	120	60
Ph.D & above	16	8

(Source: Primary)



Occupation	Frequency	Percentile
Student	84	42
Private Sector Employee	92	46
Public Sector Employee	4	2
Business	13	6.5
No Job	7	3.5

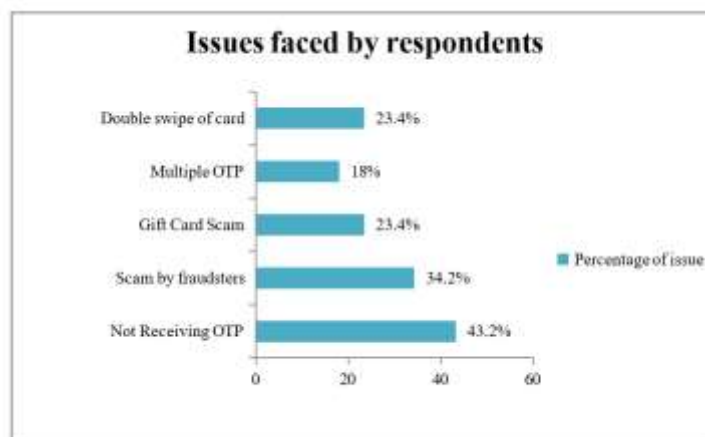
(Source: Primary)



The study further revealed a positive and statistically significant relationship between trust and digital banking usage. Correlation and regression analyses confirmed that higher levels of trust lead to increased adoption of digital banking platforms. Customer satisfaction analysis indicated that a majority of respondents were either satisfied or moderately satisfied with the services offered by Axis Bank. However, several challenges continue to affect user experience, including delayed OTP delivery, fraud attempts, multiple OTP generation, transaction failures, and card-related issues. These challenges highlight the need for improved technological infrastructure and stronger security mechanisms. The findings suggest that enhancing customer awareness, strengthening cybersecurity measures, and providing efficient grievance redressal systems can significantly improve customer confidence and satisfaction. Overall, the results demonstrate that digital banking has been widely accepted by customers, but continuous improvements are necessary to address existing concerns and maximize customer experience.

Annual Income	Frequency	Percentile
No Income	70	35
2-3 lakhs p.a	32	16
3-5 lakhs p.a	13	6.5
5-10 lakhs p.a	49	24.5
10 lakhs & above	36	18

(Source: Primary)





## V. CONCLUSION

Digital banking has emerged as a transformative force in the banking sector by offering customers convenient, efficient, and accessible financial services. The study examined customer perception towards digital banking services provided by Axis Bank and identified the key factors influencing customer adoption and satisfaction. The findings indicate that trust, security, technology, and knowledge are the primary determinants of customer perception towards digital banking. Trust was found to have a significant positive relationship with digital banking usage, emphasizing the importance of building customer confidence through secure and reliable banking platforms. The study also revealed that demographic factors influence customer attitudes and adoption behavior. Although customers generally expressed satisfaction with digital banking services, challenges such as fraud risks, OTP-related issues, and transaction failures continue to affect user experience. Therefore, banks must focus on enhancing security measures, improving technological infrastructure, and increasing customer awareness regarding digital banking services. Regular educational programs, cybersecurity initiatives, and efficient customer support systems can help improve customer trust and satisfaction. Axis Bank should continue investing in innovative digital solutions to meet evolving customer expectations and maintain a competitive advantage in the banking industry. The study concludes that digital banking will continue to play a vital role in the future of banking, and its successful adoption depends largely on the ability of banks to provide secure, user-friendly, and customer-centric services. Continuous innovation and proactive customer engagement will contribute significantly to the sustainable growth and widespread acceptance of digital banking services.

## References

1. Agarwal, R., Rastogi, S., & Mehrotra, A. (2009). Customers' perspectives regarding e-banking in India. *Journal of Retail Banking*, 12(2), 45–56.
2. Akinci, S., Aksoy, S., & Atilgan, E. (2004). Adoption of internet banking among sophisticated consumer segments. *International Journal of Bank Marketing*, 22(3), 212–232.
3. Alain, Y. C., et al. (2010). Determinants of online banking adoption in Vietnam. *Journal of Financial Services Marketing*, 15(3), 230–245.

4. Avinandan, M., & Prithwiraj, N. (2003). Trust and commitment in online banking. *International Journal of Bank Marketing*, 21(5), 243–252.
5. Carbo-Valverde, S. (2025). Digitalization and banking productivity. *Journal of Banking Regulation*, 26(1), 15–28.
6. Chawla, D., & Joshi, H. (2018). Consumer attitude toward mobile banking. *International Journal of Bank Marketing*, 36(2), 274–295.
7. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
8. Goyal, R., Pandey, U., & Batra, S. (2022). Mobile banking adoption among urban users. *International Journal of Financial Services*, 14(2), 112–125.
9. Gupta, P., & Arora, S. (2020). Cybersecurity challenges in digital banking. *Journal of Banking Technology*, 18(4), 67–81.
10. Herington, C., & Weaven, S. (2007). Online service quality and customer loyalty. *Managing Service Quality*, 17(1), 19–37.
11. Hwang, H. G., et al. (2007). Creating value through digital banking services. *Information Systems Management*, 24(3), 221–232.
12. Jain, V., & Gupta, R. (2022). Personalized banking services and customer satisfaction. *International Journal of Bank Marketing*, 40(4), 564–579.
13. Kaur, H., & Malik, P. (2019). Security and trust in internet banking. *Journal of Financial Innovation*, 5(2), 88–99.
14. Kenneth, B. Y., et al. (2010). Service quality and customer trust in e-banking. *Journal of Services Marketing*, 24(4), 267–278.
15. Kumar, S., & Rao, P. (2021). Digital literacy and banking adoption. *Journal of Digital Finance*, 8(1), 34–49.
16. Kuchara, V. (2012). Factors affecting internet banking adoption. *International Journal of Business Research*, 10(3), 92–103.
17. Luarn, P., & Lin, H. H. (2005). Toward an understanding of behavioral intention to use mobile banking. *Computers in Human Behavior*, 21(6), 873–891.
18. Mehta, R. (2021). Service quality and digital banking satisfaction. *Journal of Retail Banking Studies*, 9(2), 51–66.
19. Mishra, A., & Das, S. (2023). Digital transformation in banking services. *International Journal of Banking Innovation*, 12(1), 23–41.

20. Nitin, G., et al. (2014). Mobile banking adoption in India. *International Journal of Management Studies*, 8(4), 101–116.
21. Paria, I., & Giri, A. (2018). Digitalization and rural banking in India. *Journal of Rural Development*, 37(2), 176–190.
22. Patel, D., & Shah, R. (2021). Artificial intelligence in banking services. *Journal of Financial Technology*, 11(2), 97–110.
23. Rajeshwari, S., et al. (2019). Digital banking perspectives in India. *International Journal of Banking and Finance*, 14(1), 45–59.
24. Reddy, K., & Kumar, P. (2024). Innovation and customer engagement in digital banking. *Journal of Digital Economy*, 6(3), 145–160.
25. Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
26. Sharma, A., & Singh, V. (2019). Customer perception toward mobile banking. *International Journal of Financial Services*, 15(2), 90–104.
27. Singh, P., & Sharma, R. (2020). Digital awareness and banking adoption. *Journal of Consumer Banking*, 7(1), 28–42.
28. Suma Valley, K., & Divya, K. H. (2018). Adoption of digital payment systems. *International Journal of Commerce and Management Research*, 4(6), 10–15.
29. Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology. *MIS Quarterly*, 27(3), 425–478.
30. Verma, S., & Gupta, N. (2022). Technological innovation and customer retention in banking. *Journal of Banking Strategy*, 18(2), 133–148.