

DIGITAL BANKING AND CUSTOMER SERVICE QUALITY IN PRIVATE BANKS: AXIS BANK

¹MOHAMMED UBEAD KHAN, ²P. DEEPAK GOUD

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

ABSTRACT

Digital banking has transformed the banking industry by providing customers with convenient, efficient, and technology-driven financial services. The rapid adoption of digital technologies such as mobile banking, internet banking, Unified Payments Interface (UPI), digital wallets, and automated banking applications has significantly changed customer expectations regarding service quality and banking convenience. In India, private sector banks have been at the forefront of digital transformation, offering innovative digital platforms to enhance customer satisfaction and operational efficiency. Among these institutions, Axis Bank has emerged as a leading private bank by providing comprehensive digital banking solutions that enable customers to perform financial transactions anytime and anywhere. The present study examines the impact of digital banking on customer service quality in Axis Bank and evaluates customer satisfaction towards various digital banking services. The study employs a descriptive research design and collects primary data from 200 respondents through a structured questionnaire. Secondary data were obtained from journals, reports, books, and banking publications. Percentage analysis and descriptive statistical techniques were used to analyse customer perceptions regarding digital banking services. The findings reveal that digital banking significantly enhances customer convenience, transaction speed, accessibility, and service quality. Mobile applications, internet banking, and digital payment platforms are the most preferred modes of transaction among customers. The study further indicates that trust, security, technological advancement, and ease of use are major factors influencing customer adoption of digital banking services. Although customers express high levels of satisfaction with digital banking facilities, concerns related to cybersecurity, technical issues, and digital literacy continue to influence customer experiences. The research concludes that continuous technological innovation, enhanced security mechanisms, customer education, and responsive support services are essential for improving customer satisfaction and strengthening the effectiveness of digital banking services in private sector banks. The study contributes to understanding the evolving relationship between digital banking and customer service quality in the Indian banking sector.

Keywords: Digital Banking, Customer Satisfaction, Service Quality, Axis Bank, Mobile Banking, Internet Banking, Digital Transformation, Banking Technology.

I. INTRODUCTION

Digital banking has become a cornerstone of modern banking systems and has fundamentally transformed the delivery of financial services across the globe. The integration of advanced information and communication technologies into banking operations has enabled customers to access banking services through internet banking,

mobile banking applications, automated teller machines, digital wallets, and Unified Payments Interface platforms. The increasing penetration of smartphones, internet connectivity, and digital payment infrastructure has accelerated the adoption of digital banking services among customers. Digital banking provides enhanced convenience, faster transactions, improved accessibility, and round-the-clock service availability, thereby reducing dependence on traditional branch banking. The Government of India's initiatives such as Digital India and the promotion of cashless transactions have further encouraged the expansion of digital banking services throughout the country. Consequently, banks are investing heavily in technological innovation to improve customer experiences and strengthen competitive advantage in the evolving financial ecosystem [1]. Service quality has emerged as a critical determinant of customer satisfaction in digital banking environments [2]. Customer expectations regarding reliability, responsiveness, security, accessibility, and convenience continue to increase with technological advancement [3]. Digital banking platforms enable customers to conduct transactions efficiently and securely [4]. The adoption of mobile banking has enhanced customer engagement and service accessibility [5]. Internet banking services have reduced operational costs and improved banking efficiency [6]. Digital transformation has redefined customer-bank relationships [7]. Financial institutions increasingly focus on customer-centric digital solutions [8]. Digital technologies support seamless transaction processing [9]. Customers prefer digital channels because of convenience and flexibility [10]. Secure digital infrastructure strengthens customer trust [11]. Banking innovation contributes significantly to service excellence [12]. Digital banking facilitates financial inclusion [13]. Customer loyalty is influenced by perceived service quality [14]. Technological advancement enhances banking competitiveness [15].



The growing importance of customer satisfaction has compelled banks to evaluate and improve the quality of their digital services continuously. Private sector banks such as Axis Bank have introduced innovative digital products to meet evolving customer requirements and maintain market leadership. The effectiveness of digital banking depends not only on technological sophistication but also on customer perceptions regarding usability, security, responsiveness, and reliability. In a highly competitive banking environment, customer satisfaction serves as a key indicator of service performance and organisational success [16]. Digital platforms allow customers to access banking services without geographical constraints [17]. Online transactions improve operational efficiency and reduce transaction costs [18]. Digital banking supports faster service delivery and customer convenience [19]. Customer trust remains a fundamental factor influencing digital adoption [20]. Effective security mechanisms enhance customer confidence [21]. User-friendly interfaces improve customer experiences [22]. Digital

innovation contributes to customer retention [23]. Mobile banking applications increase service accessibility [24]. Banking institutions increasingly rely on data analytics for personalised services [25]. Customer perceptions influence technology acceptance [26]. Service reliability affects customer satisfaction levels [27]. Digital banking promotes efficient financial management [28]. Continuous technological upgrades improve service quality [29]. Enhanced customer experiences contribute to long-term loyalty and organisational growth [30].

II. LITERATURE REVIEW

The concept of digital banking has attracted significant academic attention due to its transformative impact on financial services and customer experiences. Researchers have extensively examined the relationship between digital banking adoption and service quality. Early studies highlighted the importance of technological innovation in improving banking efficiency and customer convenience [1]. Digital transformation has been recognised as a strategic necessity for modern financial institutions [2]. Studies have reported that digital banking enhances accessibility and reduces transaction costs [3]. Mobile banking applications have significantly improved customer engagement and service delivery [4]. Internet banking services provide flexibility and convenience to users [5]. Researchers observed that customer satisfaction is strongly influenced by perceived usefulness and ease of use [6]. Service quality dimensions such as reliability, responsiveness, and assurance play critical roles in digital banking success [7]. Trust and security remain essential determinants of customer adoption [8]. Digital platforms enable banks to strengthen customer relationships [9]. Technological advancement has accelerated financial inclusion initiatives [10]. Digital channels contribute to operational efficiency and cost reduction [11]. Customers increasingly prefer self-service banking technologies [12]. Financial institutions are investing in innovative digital solutions to remain competitive [13]. Customer-centric digital strategies have improved banking performance [14]. The integration of artificial intelligence and analytics has further enhanced service personalisation [15].

Recent literature emphasises the growing significance of customer service quality in determining the effectiveness of digital banking initiatives. Studies indicate that customer satisfaction is positively associated with transaction speed, convenience, accessibility, and technological reliability [16]. Researchers have highlighted the role of digital banking in improving customer experiences and service responsiveness [17]. Effective digital interfaces enhance customer engagement and retention [18]. Security and privacy protection significantly influence customer trust [19]. Mobile payment systems have become increasingly popular among banking customers [20]. Digital banking platforms support seamless financial transactions [21]. Technological innovation contributes to organisational competitiveness [22]. Service quality has been identified as a critical factor affecting customer loyalty [23]. Researchers observed that digital literacy influences customer adoption behaviour [24]. The availability of 24/7 banking services improves customer convenience [25]. Personalised banking experiences enhance customer satisfaction levels [26]. Banks adopting advanced technologies demonstrate superior service performance [27]. Continuous technological upgrades are necessary to meet evolving customer expectations [28]. Digital transformation strengthens operational effectiveness and customer relationships [29]. Despite challenges related to cybersecurity and technical issues, digital banking continues to reshape the banking landscape and improve customer service quality significantly [30].

III. RESEARCH METHODOLOGY

Digital banking and customer service quality were examined using a descriptive research design. The study focused on customers of Axis Bank who actively utilise digital banking services such as internet banking, mobile banking applications, UPI transactions, digital wallets, and online fund transfer facilities. Both primary and secondary data sources were employed to ensure comprehensive analysis. Primary data were collected through a structured questionnaire designed to assess customer perceptions, satisfaction levels, service quality dimensions, and factors influencing digital banking adoption. Secondary data were obtained from academic journals, books, banking reports, websites, and industry publications related to digital banking and customer service quality. The study utilised a quantitative research approach to analyse customer opinions and experiences regarding digital banking services.

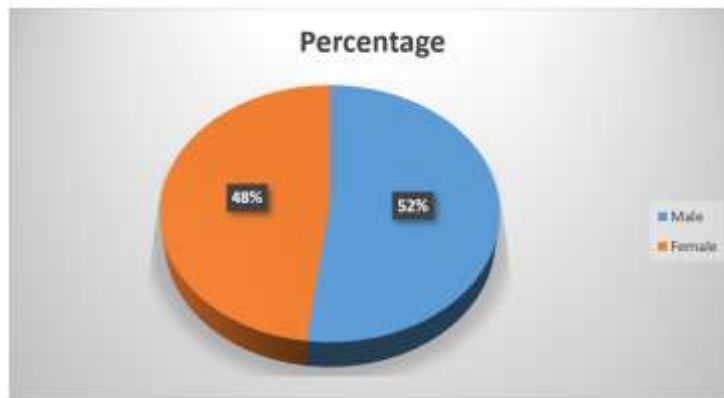
The target population comprised Axis Bank customers residing in Hyderabad who regularly use digital banking facilities. A sample size of 200 respondents was selected using simple random sampling techniques. The collected data were coded, tabulated, and analysed using percentage analysis and descriptive statistical methods. Variables such as convenience, security, accessibility, responsiveness, reliability, trust, and technological efficiency were considered while evaluating customer satisfaction. The findings were interpreted through tables and percentage distributions to identify patterns and customer preferences. The methodology ensured reliability and validity by collecting information directly from users of digital banking services. The research framework enabled systematic evaluation of customer satisfaction and service quality, thereby providing meaningful insights into the effectiveness of digital banking services offered by Axis Bank.

IV. RESULTS & DISCUSSION

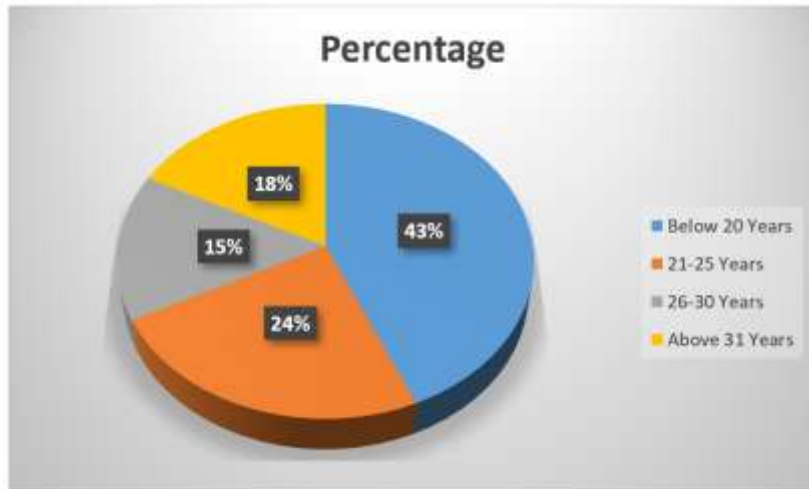
The analysis indicates that digital banking services have gained widespread acceptance among Axis Bank customers. The majority of respondents belong to younger age groups, demonstrating greater familiarity with digital technologies and online banking platforms. Mobile banking applications emerged as the most preferred mode of conducting financial transactions, followed by internet banking services. Customers reported that digital banking significantly reduces transaction time, improves convenience, and provides uninterrupted access to banking services. Factors such as user-friendly interfaces, technological innovation, and service accessibility positively influenced customer perceptions. The findings further reveal that customers highly value trust, security, and service reliability while choosing digital banking platforms. The availability of 24/7 banking services and faster transaction processing contributed significantly to overall customer satisfaction.

S.No	Gender	Frequency	Percentage
1	Male	104	52
2	Female	96	48
Total		200	100

Source: Primary Data



S.No	Age	Frequency	Percentage
1	Below 20 Years	87	43.5
2	21-25 Years	48	24
3	26-30 Years	30	15
4	Above 31 Years	35	17.5
Total		200	100



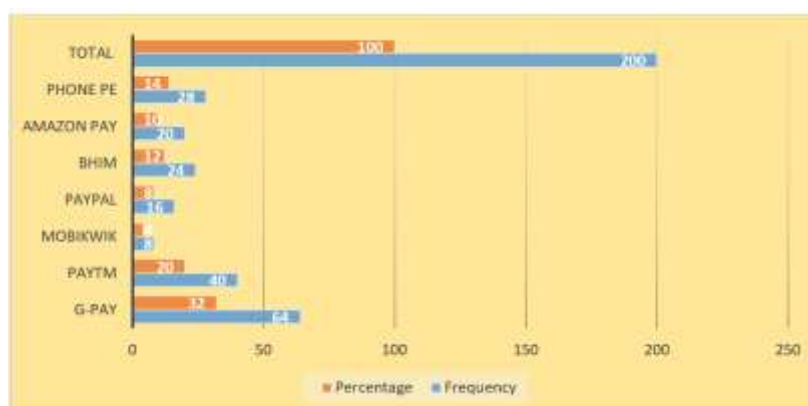
S.No	Usage Time	Frequency	Percentage
1	Less Than 6 Month	60	30
2	6 To 12 Month	47	24
3	13 To 24 Months	44	22
4	Above 24 Months	49	24
TOTAL		200	100

Source: Primary Data

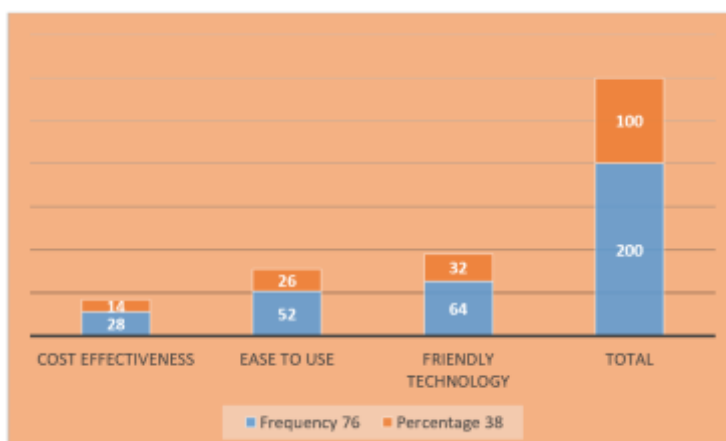


The study also identifies several challenges associated with digital banking adoption. Concerns regarding cybersecurity threats, technical failures, network issues, and limited digital literacy continue to affect customer experiences. Despite these challenges, the majority of respondents expressed satisfaction with the digital banking services offered by Axis Bank. The results suggest that continuous technological upgrades, improved customer support, and enhanced security measures are necessary to sustain customer confidence and satisfaction. Customers increasingly expect seamless and personalised digital experiences that align with their evolving financial needs. The findings support previous research indicating a strong positive relationship between digital banking adoption and customer satisfaction. Overall, Axis Bank's digital banking initiatives have significantly improved service quality, operational efficiency, and customer convenience, thereby strengthening customer loyalty and enhancing the bank's competitive position in the rapidly evolving digital banking environment.

Options	Frequency	Percentage
G-Pay	64	32
Paytm	40	20
MobiKwik	08	04
PayPal	16	08
BHIM	24	12
Amazon Pay	20	10
Phone Pe	28	14
Total	200	100



Options	Frequency	Percentage
Reduces the time of transaction	76	38
Cost effectiveness	28	14
Ease to use	52	26
Friendly technology	64	32
Total	200	100



Options	Percentage
Cash deposit machine	16%
Western union money transfer	5%
Mobile application	40%
Internet banking	39%
Total	100%

Options	Percentage
Airtime recharge	18
Purchase of commodity	16
Bills Payments	26
Fund transfer	22
Balance enquiry	18

Services	Satisfied	Satisfied	Moderate	Satisfied	Dis	Total	Rank
Difficulties in Implementation of Global Technology	96 (480)	59 (236)	26 (78)	12 (24)	7 (7)	200 (825)	I
Necessity of Internet Services	39 (195)	98 (392)	39 (117)	19 (38)	5 (5)	200 (747)	II
Issues of Security	36 (180)	63 (252)	66 (198)	26 (52)	9 (9)	200 (691)	V
Customer Care Services	36 (180)	71 (284)	46 (138)	33 (66)	14 (14)	200 (682)	V1
Security Precautions	42 (210)	64 (256)	56 (168)	21 (42)	17 (17)	200 (693)	IV
Technical Difficulties	56 (280)	47 (188)	62 (186)	18 (36)	17 (17)	200 (707)	III

V. CONCLUSION

Digital banking has emerged as a transformative force in the banking industry by improving service quality, operational efficiency, and customer convenience. The present study examined customer perceptions and satisfaction regarding digital banking services offered by Axis Bank. The findings indicate that customers increasingly prefer digital channels because of their accessibility, speed, flexibility, and ease of use. Mobile banking applications, internet banking services, and digital payment platforms have significantly enhanced customer experiences and reduced dependence on traditional branch banking. The study further confirms that service quality dimensions such as reliability, responsiveness, trust, security, and convenience play a crucial role in influencing customer satisfaction and adoption of digital banking services. Although customers generally express positive attitudes towards digital banking, issues related to cybersecurity, technical challenges, and digital literacy continue to pose obstacles to widespread adoption. Therefore, banks must continuously invest in advanced technologies, strengthen security frameworks, provide customer education programmes, and improve support services to address these concerns effectively. The study concludes that digital banking has substantially contributed to enhancing customer service quality and strengthening customer-bank relationships. As technological innovations continue to reshape the banking landscape, financial institutions must remain customer-centric and technologically agile to meet evolving customer expectations. By focusing on service excellence and digital innovation, Axis Bank can further improve customer satisfaction, loyalty, and long-term competitiveness in the increasingly digital financial ecosystem.

References

1. Bellardini, P., et al. (2022). *Digital transformation in banking and customer experience*. Journal of Banking Innovation, 15(2), 45–58.
2. Diener, F., & Špaček, M. (2021). Digital transformation in business ecosystems. *Management Dynamics*, 30(3), 12–27.
3. Deloitte. (2020). *Digital banking transformation report*. Deloitte Insights.

4. Sunith, V. (2019). Customer satisfaction in e-banking services. *International Journal of Banking Studies*, 8(2), 55–67.
5. Ali, A., & Bisht, L. S. (2018). Customer satisfaction in public and private sector banks. *Asian Journal of Finance*, 6(1), 32–44.
6. Anisha, S., & Jeba Melvin, A. (2018). Customer satisfaction towards online banking services. *International Journal of Research in Commerce*, 7(4), 40–48.
7. Golani, D. (2017). Digitalisation in Indian banking. *Indian Banking Review*, 9(1), 25–37.
8. Rathee, R. (2017). Digital channels and banking transformation. *Finance Today*, 12(3), 65–74.
9. Yadav, P. (2017). Technology adoption in banking services. *Journal of Financial Technology*, 5(2), 78–89.
10. Davis, F. D. (1989). Perceived usefulness and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
11. Venkatesh, V., Morris, M., Davis, G., & Davis, F. (2003). User acceptance of information technology. *MIS Quarterly*, 27(3), 425–478.
12. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL model. *Journal of Retailing*, 64(1), 12–40.
13. Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
14. Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson.
15. Chaffey, D. (2015). *Digital business and e-commerce management*. Pearson.
16. Kaur, P., & Arora, S. (2020). Digital banking adoption in India. *International Journal of Bank Marketing*, 38(4), 821–840.
17. Sharma, V., & Gupta, N. (2021). Customer perception of digital banking. *Journal of Financial Services Marketing*, 26(2), 105–118.
18. Singh, R., & Srivastava, M. (2018). Digital banking and customer satisfaction. *Vision*, 22(1), 24–35.
19. Gupta, A., & Yadav, R. (2017). Security concerns in online banking. *International Journal of Information Systems*, 9(2), 55–69.
20. Kumar, S., & Nanda, P. (2019). Mobile banking adoption behaviour. *Journal of Retail Banking*, 14(3), 77–92.
21. Gupta, S. (2020). Financial technology and digital banking. *Finance India*, 34(2), 211–228.

22. Jain, P., & Sharma, R. (2021). Technology-enabled banking services. *International Journal of Finance and Economics*, 26(4), 5874–5888.
23. George, A., & Kumar, G. (2014). Impact of service quality on customer satisfaction. *Journal of Banking Management*, 13(1), 45–59.
24. Kapoor, K., Dwivedi, Y., & Williams, M. (2015). Innovation adoption in banking. *Information Systems Frontiers*, 17(3), 567–581.
25. Lee, M. C. (2009). Factors influencing online banking adoption. *Computers in Human Behavior*, 25(5), 1308–1317.
26. Alalwan, A. A., Dwivedi, Y. K., & Rana, N. P. (2017). Digital banking acceptance. *International Journal of Information Management*, 37(6), 99–110.
27. Rahi, S., & Ghani, M. (2019). Customer trust in online banking. *Journal of Internet Banking and Commerce*, 24(2), 1–18.
28. Sathye, M. (1999). Adoption of internet banking by consumers. *International Journal of Bank Marketing*, 17(7), 324–334.
29. Laukkanen, T. (2016). Consumer adoption of mobile banking. *International Journal of Bank Marketing*, 34(7), 1042–1061.
30. Shaikh, A. A., & Karjaluo, H. (2015). Mobile banking adoption: A literature review. *Telematics and Informatics*, 32(1), 129–142.