

**AN EMPIRICAL STUDY ON CUSTOMER PERCEPTION TOWARDS
DIGITAL BANKING SERVICES IN DHULE CITY****Mr. Tejas Guruprasad Kulkarni**

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Abstract

The rapid evolution of digital technologies has significantly transformed the landscape of the banking sector, leading to the widespread adoption of digital banking services. The main aim of this research paper is to examine the level of awareness, usage patterns, satisfaction, and challenges faced by customers while using digital banking facilities like internet banking, mobile banking, ATM services, UPI, card-based services, chatbots, and AI banking. The finding of this study indicates that most customers are aware of digital banking services and prefer them due to convenience, time-saving benefits, 24x7 availability, and easy accessibility. However, issues such as security concerns, server and network problems, high transaction costs, etc. affect the overall perception and usage among certain groups. The study concludes that digital banking services are at the developing stage and gaining popularity in Dhule City, as many customers across the city prefer both digital and traditional banking services, reflecting a transitional phase rather than a complete shift. Banks and financial institutions should launch awareness initiatives and campaigns to educate customers on digital banking and should try to resolve the problems related to security, service reliability, and transaction-related issues to enhance satisfaction and trust among customers. Further, this research paper provides valuable insights for banks, policymakers, and researchers to understand customer behavior and thereby helps them to develop or reframe existing strategies for strengthening digital banking services at the local level.

Keywords: Digital Banking, Traditional Banking, Customer Perception.

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Introduction:

In recent years, due to technological advancement and increasing internet penetration the banking sector in India has witnessed significant transformation. Digital banking services like internet banking, mobile banking, UPI etc. have gradually replaced traditional banking methods and have become an integral part of customer's daily financial activities. Further, Digital India Initiative has accelerated the widespread adoption of digital banking services among customers in India.

Digital banking refers to the delivery of banking services through digital platforms, enabling customers to perform financial transactions anytime and anywhere without visiting physical bank branch. These services offer convenience, speed, accessibility etc. It facilitates online fund transfer, cashless payments, balance enquiry etc. However, customer perception plays a crucial role in determining the success and adoption of digital banking services. Factors such as security,

reliability, awareness, ease of use, service quality, knowledge, satisfaction influence customer's attitude towards digital banking.

With increasing smartphone usage and internet connectivity, customers in Dhule City are gradually shifting from traditional banking to digital banking. However the level of awareness, satisfaction, challenges faced, and overall perception toward digital banking services may vary among customers. Therefore it becomes important to study how customers in Dhule City perceive digital banking services and what factors influence their preference. The study seeks to examine customer's awareness, usage patterns, satisfaction levels, challenges faced, and the factors influencing their adoption of digital banking. The finding of this study will help banks and financial institutions improve their digital services and enhance customer experience in the region.

Review of Literature:

- Thoti, K., & Narendra, V. (2020). This paper examines customer perception towards e-banking services in Thiruvannamalai, Tamil Nadu. The study concludes that e-banking services are widely accepted by young and educated customers between the age group of 20-30 years. They found it effective, easy to use and time saving. Many customers believe that e-banking is not fully secure and there exists a chance of fraud, data theft, and unauthorized access to their accounts. High service charges are another concern affecting customer satisfaction. The study highlights that customers have positive perception towards e-banking due to its convenience and efficiency. However security and service costs remain important challenge in its widespread adoption, suggesting the need to improve security systems, reducing charges and increasing awareness to enhance customer trust and satisfaction.
- Jadhav, S. K. (2022). The paper provides a timely and relevant analysis of consumer behavior during the pandemic. The study effectively highlights how COVID-19 accelerated the adoption of digital payment systems, particularly among the younger age group (20–40 years). Using primary data and statistical tools such as cross-tabulation and frequency analysis, the research clearly demonstrates increased satisfaction and usage of digital banking services. However, the study could be strengthened by improving language clarity and expanding analytical depth. Overall, it offers valuable insights into the shift toward digital payments and the evolving perception of consumers in Dhule City during the pandemic period.
- Chitra (2023). Conducted an empirical study on consumer perceptions towards e-banking services in Bhagalpur. The study highlights that different age groups and occupations influence customer satisfaction and usage levels of e-banking services. Younger customers between the age group of 20-29 years have positive perception towards e-banking services, while older individuals show reluctance and require more training. Further, banks adopt effective strategies to educate customers about e-banking and take crucial steps to cater diverse customer needs. The research concludes that successful e-banking relies on understanding customer preferences and maintaining a commitment to service quality, as the increasing digitalization in India drives more consumers towards online banking solutions.
- Bordoloi, M., & Deka, G. (2023). This study examines customer perception towards digital banking and cyber security across select cities in India. Based on data collected from 247 internet banking users, the research analyzes factors such as convenience, trust, security, and service quality influencing adoption. The findings reveal that while customers appreciate the efficiency and accessibility of digital banking, concerns regarding cyber fraud, privacy, and system reliability significantly impact their trust and overall satisfaction.

- Sundaralakshmi, R., & Rajamannar, N. (2025). This paper examines customer perception and satisfaction towards digital banking services with special reference to Tiruchirappalli district. The study analyzes factors such as convenience, security, accessibility, and service quality that influence customers' adoption of digital banking platforms. Using primary data collected through structured questionnaires, the research highlights that most customers show a positive attitude toward digital banking due to its time-saving and user-friendly features. However, concerns related to security and technical issues still affect complete adoption, suggesting the need for improved digital infrastructure and customer awareness initiatives.

Research Objectives:

- To assess the level of awareness of digital banking services among customers.
- To evaluate customer preference between traditional banking and digital banking.
- To identify the problems faced by customers while using digital banking services.
- To analyze customer perception towards digital banking services.

Research Methodology:

- **Research Design:** The present research study is descriptive in nature. As it allows the researcher to collect data about existing phenomena and summarize the perception and attitude of customers towards digital and traditional banking facilities in a meaningful way.
 - **Population:** The population for this study includes all customers of various age groups, gender, occupations, income level residing in Dhule City who use digital and traditional banking services offered by the bank.
 - **Sample Size:** Total 200 respondents were selected for the study. This sample size was chosen to ensure enough responses for meaningful analysis.
 - **Sampling Technique:** A probability sampling technique under which a simple random sampling method was used to collect data from respondents. This method ensures that all customers in the population has an equal chance of being selected, which reduces bias and enhance the reliability of the findings.
 - **Sources of Data:** In this research study both primary and secondary data was used to collect the information.
 - a) The primary data was collected from the customers using digital and traditional banking services in Dhule City through structured questionnaire. The questionnaire includes both close-ended and Likert Scale questions to measure perception, satisfaction and awareness level.
 - b) The secondary data was collected from various published resources like bank reports, magazines, journals, books, and online websites related to digital banking etc.
1. **Data Analysis Tool:** The collected data was coded and entered into Microsoft Excel for further analysis.

Scope of the Study:

The scope of the study includes examining the perception of customers towards digital banking services in Dhule City, Maharashtra. It includes those customers who use digital banking facilities like internet banking, mobile banking, ATM services, UPI, debit and credit cards, etc. provided by the banks and financial institutions. The research examines customer's awareness, usage patterns, satisfaction, preferences and challenges faced by them while using these services.

Limitation of the Study:

2. The study is confined only to customers residing in Dhule City. Therefore, the findings may not reveal the perception of customers in other cities.
3. The study is based on 200 respondents only. A larger sample size could provide more accurate and generalized results.
4. The study was conducted within a specified time period. Customer perception may change over time due to technological advancements, and changes in banking policies.
5. The study relies on the opinions and responses of customer collected through questionnaires. The accuracy of findings depends on the honesty and understanding of the respondents.
6. There are significant chances of biased answers or incomplete information due to personal opinions, lack of awareness, or misunderstanding of questions, which may affect the accuracy of the findings.
7. The study might include selected factors affecting customer perception other influencing factors may not have been included.
8. Digital and traditional banking services are continuously evolving. The finding of the study reflects the situation at the time of research and may not remain the same in the future.

Data Analysis and Interpretation:

Objective 1: To assess the level of awareness of digital banking services among customers.

Awareness of Digital Banking Services	Gender	
	Male	Female
Yes	110	63
No	23	04
Total	133	67

Results:

The analysis of awareness levels shows that a majority of customers in Dhule city are well aware of digital banking services. Out of 133 male respondents, 110 reported being aware, while only 23 indicated a lack of awareness. Similarly among 67 female respondents, 63 confirmed awareness and only 4 reported that they were not aware of digital banking services. This clearly indicates a high level of penetration and reach of digital banking initiatives among customers. The findings reflect that banks have been successful in promoting digital platforms and encouraging customers to adopt modern banking methods. However, the presence of a small group with limited awareness suggest that there is still scope for further awareness campaigns and educational programs. Overall, the data highlights a strong foundation of awareness, which positively influences customer perception and usage of digital banking services in Dhule city.

Digital Banking Services used by the Customers.

Digital Banking Services	Frequently	Rarely	Never
Internet Banking	90	70	40
Mobile Banking	144	28	28
ATM Services	79	85	36
UPI / QR Code	152	36	12
Card Based Services	70	75	55
Chatbots & AI Banking	40	40	120

Objective 2: To evaluate customer preference between traditional banking and digital banking.

Banking Service Preferred by Customers	Gender	
	Male	Female
Digital Banking	54	27
Traditional Banking	18	10
Both	61	30
Total	133	67

Result:

The analysis of customer preference indicates that a significant number of respondents in Dhule city prefer using both traditional and digital banking services. Among male respondents, 61 prefer both modes, while 54 prefer only digital banking and 18 still rely solely on traditional banking. Similarly, among female respondents, 30 prefer both services, 27 prefer digital banking and 10 continue to choose traditional methods. This shows that while digital banking is gaining strong acceptance, many customers still value the personal interaction and trust associated with traditional banking. The findings suggest a gradual transition rather than a complete shift towards digital platforms. Overall, customers in Dhule city appear to adopt a balanced approach, combining convenience of digital services with the reliability of traditional banking.

A) Customers opinion to adopt Digital Banking over Traditional Banking

Reasons	Agree	Neutral	Disagree
Long Queues	132	56	12
Time Consuming	140	44	16
Limited Working Hours	140	36	24
Lot of Paperwork	132	48	20

B) Customer opinion to adopt Traditional Banking over Digital Banking

Reasons	Agree	Neutral	Disagree
More Secured	105	78	18
More Reliable	100	80	20
Personal Interaction	102	75	23
No Payment Limit	110	56	34
Immediate Customer Support	70	94	36
Faster Complaint Resolution	68	76	56

Objective 3: To identify the problems faced by customers while using digital banking services.

Problems Faced by Customers	Male		Female	
	Yes	No	Yes	No
Security Concern	82	51	51	16
Server Issue	106	27	51	16
Network Issue	90	43	63	04
Transaction Failure	86	47	51	16
Delay in Refunds	82	51	43	24

Lack of Knowledge	74	59	20	47
Payment Limit	90	43	63	04
High Transaction Charges	94	39	43	24

Result:

The analysis of challenges faced by customers in using digital banking services in Dhule city reveals that technical and operational issues remain a major concern. A large number of respondents, especially males, reported server issues, network problems and transaction failures indicating that system reliability is still not fully satisfactory. Security concerns were also expressed by both male and female customers, reflecting the need to strengthen trust in digital platforms. High transaction charges and payment limit were perceived as barriers that reduce the convenience of digital banking. Additionally, delays in refunds further affect customer confidence and satisfaction. Although awareness of digital banking is increasing, lack of knowledge among some respondents shows the need for better digital literacy initiatives. Overall, while digital banking services are widely used, these persistent challenges influence customer perception and highlight areas where banks in Dhule city need improvement to enhance user experience and trust.

Objective 4: To analyze customer perception towards digital banking services.

Customer Perception	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Secured	80	53	34	21	12
Reliable	74	72	27	23	04
Saves Time	139	54	07	00	00
User Friendly	126	54	12	04	04
Cost Effective	87	51	31	22	10
24 x 7 Availability	138	46	16	00	00
Reduces the need to visit the bank	108	38	22	20	12

Result:

The analysis of customer perception towards digital banking services in Dhule city indicates a largely positive outlook among respondents. A majority of customers strongly agree that digital banking saves time, offers 24x7 availability and reduces the need to visit the bank, highlighting the convenience factor as a major strength. Many respondents also perceive digital banking as user friendly and reliable, which reflects growing trust in digital platforms. A significant number agree that these services are secure and cost effective, though a small portion remains neutral or expresses slight disagreement, indicating scope of further improvement. Overall, the findings suggest that customers appreciate the efficiency and accessibility of digital banking services, and their positive perception supports the continued expansion of digital banking initiatives in Dhule city.

Conclusion:

This study clearly reflects that digital banking services have established a strong and growing presence among customers in Dhule City. The findings reveal a high level of awareness among both male and female respondents, indicating that banks have been successful in promoting digital

platforms such as internet banking, mobile banking, ATMs, UPI, and card-based services. Customers largely appreciate the convenience, time-saving benefits, 24×7 availability, and user-friendly nature of digital banking. Many respondents strongly agree that digital banking reduces the need to physically visit banks and enhances overall efficiency in managing financial transactions. These positive perceptions demonstrate that digital banking is gradually becoming an integral part of customers' daily financial activities.

At the same time, the study highlights important challenges that cannot be overlooked. Issues such as security concerns, server and network problems, and transaction failures, delays in refunds, high transaction charges, payment limits, and lack of digital knowledge among certain groups continue to affect customer confidence. While digital banking is widely accepted, these operational and technical difficulties influence overall satisfaction levels. The preference pattern further shows that many customers still choose to use both digital and traditional banking services, reflecting a transitional phase rather than a complete shift. Customers continue to value the trust, personal interaction, and reliability associated with traditional banking while enjoying the convenience of digital platforms.

Overall, the research concludes that digital banking services in Dhule City are at a developing stage with strong growth potential. Although the perception towards digital banking is largely positive, there remains a need for continuous improvement in security measures, technical reliability, customer education, and service efficiency. Banks and financial institutions should focus on strengthening digital infrastructure, enhancing cybersecurity, reducing transaction-related issues, and conducting awareness and digital literacy programs to build greater trust among customers. By addressing these concerns and maintaining service quality, digital banking can further expand and contribute significantly to customer satisfaction and the modernization of the banking system in Dhule City.

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