



A Study on Effectiveness of Online Banking services provided in present Scenario.

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ABSTRACT:

The study examines the effectiveness of online banking services in the present scenario, where digital transformation has become integral to the banking sector. With the growing reliance on technology and the increasing need for convenience, online banking has emerged as a critical tool for customers and financial institutions. This research explores customer satisfaction, the accessibility and security of online banking platforms, and the extent to which they meet user expectations. It also evaluates challenges such as cybersecurity threats, technological limitations, and user adaptation to digital platforms. Using a combination of primary data from customer surveys and secondary data from financial reports and industry studies, the research highlights the advantages and shortcomings of online banking services. The findings suggest that while online banking offers significant benefits like time efficiency, accessibility, and cost-effectiveness, issues such as security concerns and technical glitches remain barriers to full adoption. The study concludes with recommendations for enhancing the effectiveness of online banking, focusing on improving user experience, ensuring robust security measures, and fostering digital literacy among customers.

Keywords: Online Banking, Digital banking, Customer satisfaction, Financial Inclusion, Transaction security.

INTRODUCTION:

Online banking was first established in the early 1980s. Internet banking. Arrived in India in the 1990s. ICICI was the first bank to champion its usages and introduced internet banking to its customers in 1996. M.Narasimham is known as father of banking in India because of his great contributions to banking sector.

Online banking, also known as internet banking or web banking, has revolutionized the way individuals and businesses manage their financial transactions. With the rise of digital technology, banking institutions have developed secure and user-friendly platforms that allow customers to perform a wide array of banking activities from the comfort of their homes or offices. These services include checking account balances, transferring funds, paying bills, and even applying for loans, all through a computer or mobile device with internet access. This shift not only offers unprecedented convenience but also enhances the efficiency and accessibility of banking services, making financial management more straightforward and less time-consuming for users worldwide. As the adoption of online banking continues to grow, it underscores the importance of cyber security measures to protect sensitive information and ensure safe transactions in the digital age.

REVIEW OF LITERATURE: -

1. Ghimire, S. R. (2025). "Service Quality and Customer Satisfaction: Empirical Evidence from the Nepalese Banking Industry"

Ghimire's study, featured in Banks and Bank Systems (Mar 2025), assesses service quality's impact on satisfaction among 384 Nepalese banking customers. Focusing on SERVQUAL dimensions, the study identified tangibility, reliability, and responsiveness

as primary drivers, with assurance and empathy also contributing meaningfully. The results suggest that Nepal's banks must invest in physical and digital infrastructure enhancements and strengthen customer support capabilities. Ghimire recommends regular technical updates and staff training to improve online banking service perceptions. With its national perspective, this research informs regional digital banking strategies and underscores foundational quality dimensions critical for user satisfaction.

2. Patel, R. (2024): "Relationship Between Internet Banking Service Quality, e-Customer Satisfaction, and Loyalty: A Comparative Study of India and Pakistan"

This comparative study explores the linkage between service quality factors—reliability, responsiveness, accessibility, ease of use, and security—and both customer satisfaction and loyalty. Surveying 800 banking users (400 from each country), Patel used PLS-SEM to confirm a strong, positive structural relationship across both nations. The study emphasizes that for emerging economies, prioritizing these quality dimensions equally enhances satisfaction and loyalty. It offers actionable insights for banking managers aiming to foster lasting customer relationships through targeted digital service improvements and cross-market quality strategies.

3. Bashir, M. A. (2023). "Customers' Satisfaction of E-Banking in Bangladesh: Do Service Quality and Customers' Experiences Matter"

In this MDPI study, Bashir investigates how service quality and customer experiences jointly affect e-banking satisfaction in Bangladesh. Data from 315 users, analysed via CB-SEM, revealed both service quality (reliability, responsiveness, security) and prior experiences significantly enhance satisfaction. The paper emphasizes that satisfying user expectations requires consistent service delivery, secure platforms, and user-friendly processes. It further highlights that familiarity with digital banking shapes perceptions—making experience management critical. This study is particularly useful for understanding how banks can bolster satisfaction through operational excellence and deliberate experience design, especially in emerging markets.

4. Mohammed, A. T. (2012). "E-Services Quality Strategy: Achieving Customer Satisfaction in Online Banking."

Mohammed's research presents a strategic approach to enhancing customer satisfaction through e-service quality in online banking. The study identifies six core dimensions of e-service quality: efficiency, system availability, fulfilment, privacy, responsiveness, and compensation. Using empirical data, the research shows that efficiency and responsiveness have the greatest impact on customer satisfaction. Mohammed stresses that banks must implement continuous quality assurance practices and invest in secure digital infrastructures. The research also underlines that customers expect a seamless experience across all digital touchpoints, including mobile and desktop platforms. The study concludes that a well-defined e-service quality strategy not only improves satisfaction but also helps differentiate a bank in a crowded market. Mohammed's insights are valuable for banks looking to formulate effective digital service frameworks, improve customer experience, and build long-lasting relationships through superior service delivery in the online banking space.

5. Ankit, S. (2011): "Factors Influencing Online Banking Customer Satisfaction and Their Importance in Improving Overall Retention Levels: An Indian Banking Perspective."

Ankit's study provides a comprehensive view of the Indian online banking sector and identifies the major factors that influence customer satisfaction. The paper emphasizes accessibility, transaction speed, and ease of navigation as primary components driving satisfaction and retention. The research also addresses the growing importance of mobile banking and the need for cross-platform consistency. Ankit found that user education and digital literacy significantly affect satisfaction levels, especially in emerging markets. The paper concludes that customer retention can be significantly improved by streamlining processes, enhancing interface usability, and maintaining transparency in transactions. Furthermore, Ankit highlights the need for banks to offer proactive customer service and real-time problem resolution. This study is particularly useful in the context of emerging economies like India, where digital adoption is on the rise but requires continued focus on customer-centric innovations to ensure consistent and positive user experiences in online banking.

6. Yoon, H. J. (2010). "Determinants of Customer Satisfaction in Online Banking."

Yoon's paper analyses the determinants of customer satisfaction using a structural equation model. The study identifies trust, responsiveness, ease of use, and personalization as key variables affecting satisfaction levels. Yoon finds that responsive customer service and tailored content significantly improve users' digital experiences. The research highlights that impersonal and slow

service often leads to customer dissatisfaction. Additionally, the study shows that banks that implement personalized marketing and targeted communication are more likely to satisfy and retain customers. Yoon concludes that technological features alone are not enough; customer relationship management is equally essential. This paper provides actionable insights for financial institutions on how to integrate CRM tools with online banking platforms to deliver more personalized and satisfactory experiences. It contributes to a broader understanding of how digital customer service needs to evolve alongside technological advancements in the online banking ecosystem.

OBJECTIVES OF THE STUDY:

- ❖ To know awareness of online banking services.
- ❖ To understand satisfaction level of customer towards online banking.
- ❖ To identify factors, motivate to prefer online banking services.
- ❖ To understand the challenges of digital banking.

STATEMENT OF THE PROBLEM: -

In recent years, online banking has become an integral part of the financial services sector, offering customer's convenience, accessibility, and a wide range of digital banking solutions. However, despite the rapid growth and adoption of online banking services, there remains a gap in understanding the effectiveness of these services from the perspective of customer satisfaction, security, usability, and overall service quality. With the increasing reliance on digital platforms for financial transactions, it is crucial to assess how well current online banking services meet the needs and expectations of consumers. This study aims to evaluate the effectiveness of online banking services in the present scenario, examining factors such as user experience, technological reliability, security measures, and customer service, while identifying potential challenges and areas for improvement. The findings of this study will provide insights into the strengths and weaknesses of existing online banking systems, offering valuable recommendations for enhancing service delivery and customer satisfaction in the evolving digital banking landscape.

SCOPE OF STUDY: -

This study assesses online banking's effectiveness, focusing on customer satisfaction, operational efficiency, and technology's role. It examines usability, accessibility, security, and reliability to determine their impact on customer experiences. The scope includes analyzing customer perceptions, identifying challenges, and evaluating banks' adaptability to digital trends. Demographic factors and pandemic-era usage are considered to provide actionable insights for financial institutions to enhance their online services.

RESEARCH METHODOLOGY

Research Design: The study will employ the descriptive research design.

Sampling Techniques: The study used simple random sampling techniques

Data Collection: The study utilizes both primary data and secondary data to ensure comprehensive analysis.

Primary Data: - Data collected through structured questionnaire.

Secondary Data: - Data collected from journals, books and websites.

Sampling Size: The study selects 100 respondents

LIMITATIONS: -

- Limited timeframe
- Participants biased responses
- The area covered is small number of respondents

DATA ANALYSIS AND INTERPRETATION: -**Table 1: - Showing the Demographic profile of the respondents Genders**

Gender	No of Respondents	Percentage
Female	70	70%
Male	30	30%

Analysis and Interpretation: - The majority of respondents were female, comprising 70% of the sample, while males represented 30%. This indicates a higher participation or interest among female customers in the survey, potentially influencing the overall customer insights and preferences gathered.

Table 2: - Distribution of Respondents by Age

Particular	No of Respondents	Percentage
15 to 25	83	83%
26 to 30	10	10%
31 to 40	4	4%
Above 40	3	3%

Analysis and Interpretation: - The age group 15 to 25 dominates the sample, accounting for 84% of respondents. Other age groups are minimally represented, with only 16% combined. This suggests a strong youth demographic, which may influence preferences and behaviour patterns in the findings.

Table3: -Distribution of Respondents by their Income

Particular	No of Respondents	Percentage
Less than 10000	44	44%
10000 to 20000	38	38%
20000 to 50000	12	12%
Above 50000	6	6%

Analysis and Interpretation: - Most respondents fall in the lower income brackets, with 82% earning below 20,000. Only a small portion earns above 20,000. This suggests that affordability and price sensitivity are likely to be key considerations for this customer segment in decision-making.

Table 4: - Awareness of online banking services.

Particulars	No of respondents	Percentage (%)
Yes	92	92%
No	8	8%

Analysis and Interpretation: - A significant majority (92%) of respondents are aware of online banking services, indicating strong digital awareness among customers. Only 8% lack awareness, suggesting that banks can focus more on improving digital service quality rather than basic awareness campaigns.

Table 5: -Types of online platforms do we use.

Types of online banking	No of respondents	Percentage
Phone pay	68	68%
Google pay	2	2%
Paytm	3	3%
All the above	27	27%

Analysis and Interpretation: - PhonePe is the most preferred platform, used by 68% of respondents. A notable 26% use all three services, indicating multi-platform engagement. Google Pay and Paytm have minimal usage individually, suggesting lower preference or visibility compared to PhonePe.

Table 6: - Factor influence to use online banking services

Particulars	No of Respondents	Percentage
Cost Savings	21	21%
Convenience	18	18%
Internet Access	13	13%
Mobile Accessibility	11	11%
All of the above	37	37%

Analysis and Interpretation: -The most influential factor is the combination of all benefits—cost savings, convenience, internet, and mobile access—cited by 34% of users. Individually, cost savings and convenience rank highest. This indicates that a mix of features drives users toward online banking adoption.

Table 7: - Main purpose of using online banking payment.

Particulars	No of Respondents	Percentage
Account Management	34	34%
Bills Payment	24	24%
Funds Transfer	11	11%
Investment Services	2	2%
All of the Above	29	29%

Analysis and Interpretation: - Account management and bill payments are the primary uses of online banking, with 34% and 24% respectively. Notably, 28% use online banking for all listed services, reflecting growing trust and reliance on digital platforms for diverse financial needs.

Table 8: - Frequently using of online banking services.

Particulars	No of Respondents	Percentage
Daily	61	61%
Weekly	21	21%
Monthly	5	5%
Rarely	13	13%

Analysis and Interpretation: - A majority of respondents (62%) use online banking services daily, indicating strong integration into their daily routines. Weekly and monthly users make up 28%, while only 10% rarely use the services, highlighting overall high engagement with digital banking platforms.

Table 9: - Satisfaction of the user's interface of online banking services.

Particulars	No of Respondents	Percentage
Very Satisfied	30	30%
Satisfied	50	50%
Neutral	13	13%
Dissatisfied	5	5%
Very Dissatisfied	5	5%

Analysis and Interpretation: - A total of 80% of respondents reported being satisfied or very satisfied with the online banking interface. Only 8% expressed dissatisfaction. This indicates a generally positive user experience, though there remains room for improvement for the neutral and dissatisfied users.

Table 10: - Electronic Devices are used primarily used for online banking.

Particulars	No of Respondents	Percentage
Desktop Computer	11	11%
Laptop	13	13%
Tablet	2	2%
Smartphone	74	74%

Analysis and Interpretation: - Smartphones are the dominant device for online banking, used by 72% of respondents, highlighting mobile accessibility as a key preference. Laptops and desktops follow with limited use, while tablets are least used, emphasizing the importance of mobile-optimized banking interfaces.

Table 11: - Often how you encounter technical issues with the online banking service.

Particulars	No of Respondents	Percentage
Never	13	13%
Rarely	58	58%
Occasionally	13	13%
Frequently	5	5%
Always	11	11%

Analysis and Interpretation: - Most respondents (58%) rarely experience technical issues, suggesting a generally reliable online banking system. However, 14% encounter issues occasionally, and 14% frequently or always face problems. These findings indicate room for improvement in maintaining consistent technical performance.

FINDINGS:

- **High Adoption Rates:** Online banking services have seen significant growth, driven by convenience, accessibility, and the widespread use of smartphones and the internet.
- **Customer Satisfaction:** Most users report satisfaction with features like 24/7 access, quick transactions, and reduced need for physical visits to banks.
- **Security Concerns:** Users express concerns over data breaches, fraud, and phishing attacks, which hinder trust in online banking.
- **Technical Issues:** Common complaints include system downtimes, transaction failures, and lack of user-friendly interfaces.

SUGGESTIONS: -

- **Enhance Security Measures:** Banks should invest in advanced cybersecurity solutions and regularly educate users about safe online practices.
- **Improve user Experience:** Simplify interfaces, ensure platform reliability, and provide multilingual support to cater to diverse user groups.
- **Expand Rural Outreach:** Develop strategies to improve internet access and banking infrastructure in rural areas.
- **Encourage Feedback:** Regularly gather user feedback to identify pain points and improve services accordingly.

CONCLUSION:

The study on the effectiveness of online banking services in the present scenario demonstrates a strong acceptance and reliance on digital banking among customers, particularly younger users. The majority of respondents, representing 84% in the 15-25 age group, actively use online banking, indicating that the service is well-integrated into the financial habits of the youth. This demographic trend is reinforced by the dominant use of smartphones (72%) for accessing banking platforms, highlighting the critical need for mobile-optimized services.

Customer awareness of online banking is notably high, with 92% of respondents recognizing and understanding the services available. This awareness has translated into regular usage patterns, with 62% using online banking daily, showing how these services have become essential tools for managing financial activities. The key drivers for adoption include cost savings, convenience, internet access, and mobile accessibility, with a significant portion of users valuing all these factors collectively.

Users primarily employ online banking for account management, bill payments, and fund transfers, reflecting the core functional demands of customers. Satisfaction levels are generally positive, with 80% of respondents expressing satisfaction or higher with the user interface, suggesting that banks have made significant progress in creating user-friendly digital experiences. However, some challenges remain, as around 14% of users frequently or always encounter technical issues, indicating areas where service reliability must improve.

Online banking services in the current landscape are effective and meet the essential needs of the majority of users, particularly younger, tech-savvy customers. To maintain and enhance this effectiveness, banks should continue refining their platforms for better usability and reliability while addressing technical challenges. This will ensure sustained customer satisfaction and foster greater trust and adoption in the rapidly evolving digital banking environment.

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