

Problems Faced by Bank Customers in Digital Banking

M. Kavitha¹, Dr. V. P. Amuthanayaki²

¹Student, Department of Commerce with Banking and Insurance,

²Associate Professor, Department of Commerce with Banking and Insurance,

^{1,2}Dr. N.G.P. Arts and Science College, Coimbatore, Tamil Nadu, India

ABSTRACT

The rapid evolution of digital banking has transformed the financial sector, offering customers convenient, efficient, and cost-effective banking services. However, despite its benefits, digital banking presents several challenges that hinder a seamless user experience. This study examines the key problems faced by bank customers in digital banking, including cybersecurity threats, technical glitches, lack of digital literacy, poor customer service, and regulatory concerns. Through an extensive literature review, this research explores how these issues impact customer satisfaction and trust in digital banking services. Furthermore, the study identifies gaps in current banking systems and proposes potential solutions to enhance the overall customer experience. The findings highlight the need for banks to strengthen cybersecurity measures, improve digital literacy programs, and enhance customer support to ensure a more secure and user-friendly digital banking environment.

KEYWORDS: Digital Banking, Customer Challenges, Cybersecurity, Digital Literacy, Banking Technology, Customer Satisfaction

INTRODUCTION

Banking industry offers a wide range of services to the customers. Banking sector has been influenced by the development of the Internet. Now a days most of the banks are offering their products and services electronically through Digital Banking rather than the traditional banking. Digital Banking has a different type of services offered through the internet like online banking, mobile banking, ATM, EFT and PC banking etc... People are using Digital Banking at home by connecting their electronic devices to the internet and can able to receive or transfer money from one bank A/C to another A/C, checking balance, make queries, pay bills, purchasing online, applying for loans without visiting the bank. These services vary from bank to bank. Internet is the main channel of Digital Banking services. It makes service available to the customers which is not even available in the traditional banking. It reduces the cost and it is time saving, Available 24/7 access.

Security concerns are a primary issue, with customers worried about the safety of their personal and financial information due to increasing cyber-attacks and data breaches. Many are hesitant to use digital

banking services, fearing account hacking or sensitive information compromise. The lack of robust security measures, such as two-factor authentication and encryption, exacerbates the problem. The advent of digital banking has revolutionized the way people manage their finances. With the rise of online and mobile banking, customers can now access their accounts, make transactions, and pay bills from the comfort of their own homes. However, despite the numerous benefits of digital banking, customers are facing a plethora of problems that are hindering their ability to fully utilize these services.

One of the primary concerns of bank customers is the issue of security. With the increasing number of cyber-attacks and data breaches, customers are worried about the safety of their personal and financial information. Many customers are hesitant to use digital banking services due to the fear of their accounts being hacked or their sensitive information being compromised. Furthermore, the lack of robust security measures, such as two-factor authentication and encryption, is exacerbating the problem. Another significant problem faced by bank customers is the

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issue of technical difficulties. Many customers are experiencing technical issues, such as slow loading times, errors, and system crashes, while using digital banking services. These technical issues are not only frustrating but also prevent customers from accessing their accounts and making transactions. Moreover, the lack of adequate technical support and troubleshooting services is making it difficult for customers to resolve these issues.

In addition to security and technical concerns, bank customers are also facing issues related to usability and accessibility. Many digital banking platforms are not user-friendly, making it difficult for customers to navigate and use the services. Furthermore, customers with disabilities are facing significant barriers in accessing digital banking services due to the lack of accessibility features. For instance, many digital banking platforms are not compatible with screen readers, making it impossible for visually impaired customers to access their accounts. Moreover, bank customers are also experiencing problems related to customer support and service. Many customers are finding it difficult to get assistance from their banks when they encounter issues with digital banking services.

DIGITAL BANKING SERVICES INCLUDE:

- Online banking service to make the transaction process easy and safe.
- ATM and debit card services to provide instant cash to the customers.
- Phone banking service to benefit the customers by saving their time.
- SMS banking to provide alerts and information to the customers.
- Mobile banking to provide ease to the customer for making transactions using mobile phones.
- Fund transfer services through various channels.
- Point of sales banking.

Statement of the Problem

Bank customers face several problems in digital banking, despite its convenience and efficiency. One major issue is cybersecurity threats, including phishing attacks, fraud, and identity theft, which put customers' sensitive financial information at risk. Technical glitches, system downtimes, and transaction failures can also cause inconvenience, sometimes leading to financial losses or delays. Additionally, some customers, especially the elderly or those with limited digital literacy, struggle with navigating complex banking apps and online platforms. Poor customer support in resolving digital banking issues further exacerbates frustration.

Objective of the Study

- To study about the socio-economic characteristic of respondents.
- To Understand the reasons for using Digital banking services.
- To find the problem faced by the customer while using Digital banking.
- To offer suitable suggestions on the basis of findings of the study.

RESEARCH METHODOLOGY

This paper is based on primary data collected through questionnaires from 122 digital banking users within Coimbatore. The questionnaire design is built up to know the reason for using digital banking services, awareness level of digital banking and problems faced by the customers while using digital banking. Secondary sources have been used to collect information about digital banking. Journals, articles, research reports and government documents were reviewed to get the insight of the previous interventions.

Data collection

The task of data collection being after a research problem has been defined and research and design plan. While deciding about the method of data collection to be used for the study research should keep in mind two types of data.

Area of the study

The area of the study is in Indian Overseas Bank, Thennampalayam Branch, Coimbatore city.

Tools used to Data collection:

- For the Study Questionnaire was the main and important tool for collection of the data. Hence, effort has been taken to construct the questionnaire in a systematic way as to include adequate and relevant questions to ensure the research objectives.
- Percentage analysis was done with the collected data.
- Chi square test
- Likert Scale
- One Way ANOVA
- The data collected will be tabulated in the form of charts and graphs will be used to present data. The resulting tables, charts and graphs will be analysed, and inference will draw.

REVIEW OF LITERATURE

Das, D., Patnaik, B.C.M., & Satpathy, I. (2024)

This paper presents a comprehensive review of literature from 2020 to 2024 on factors influencing digital banking adoption. Key determinants identified

include perceived ease of use, perceived usefulness, trust, security concerns, social influence, and demographic factors such as age, education, and income. The study emphasizes that while technological factors are critical, psychological and socio-cultural factors also significantly shape users' attitudes towards digital banking. The findings underscore the need for a multidimensional approach to enhance digital banking adoption and offer insights for future research and policy formulation in this dynamic field.

Chauhan, S., Akhtar, A., & Gupta, A. (2022) This study examines how digital banking influences customers' evaluation of service experiences and develops a framework identifying significant variables affecting financial performance. Through a structured literature review of 88 articles published between 2001 and 2021, the study identifies factors such as functional quality, trust, convenience, website attributes, design, perceived usability, and customer

complaint handling as determinants of customer experience. The research also introduces the concept of 'gamification' in technology-driven banking services to enhance customer engagement.

Debbarma, B., & Somasundaram, M. (2021) This study investigates the challenges encountered by customers utilizing digital banking services in West Tripura District, India. Through a structured survey of 385 respondents, the research identifies prevalent issues such as data security concerns, technical complexities, and inadequate service infrastructure. Statistical analyses reveal that while most challenges are perceived similarly across genders and age groups, notable differences exist—particularly heightened data security apprehensions among female customers and increased confusion among older users. The study underscores the necessity for enhanced security measures, improved digital literacy programs, and optimized service accessibility to elevate the digital banking experience in the region.

Percentage Analysis Table-1 Awareness level of digital banking

S. No	Awareness Level	No of Respondens	Percentage (%)
1	Very Good	31	25.4
2	Good	48	39.3
3	Average	37	30.3
4	Poor	5	4.1
5	Very Poor	1	0.8
	TOTAL	122	100

The above table, it is interpreted that 39.3% of the respondents are opted Good and aware of Digital Banking services, followed by 30.3% of the respondents opted Average, followed by 25.4% of the respondents Very Good, followed by 4.1% opted Poor and 0.8% opted for Very poor.

It was concluded that the majority 39.3% of the respondents are Good and aware of digital banking services.

Percentage Analysis Table – 2 Reason for arising problem while using digital banking

S. No	Reason	No of Respondents	Percentage (%)
1	Security issue	41	33.6
2	Fear to use	35	28.7
3	Inaccessibility	27	22.1
4	Password theft	19	15.6
	TOTAL	122	100

The above table, it is interpreted that 33.6% of the respondents has Security issues as a reason for arising problem while using digital banking, followed by 28.7% of the respondents have Fear to use, followed by 22.1% of the respondents are facing Inaccessibility and 15.6% of the respondents having the fear of Password theft.

It was concluded that the majority 33.6% of the respondents has Security issues as a reason for arising problems while using digital banking.

Likert Scale Table – 1 Improvement Quality Services in digital banking

S. No	Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Very simple to use	51 41.8%	48 39.3%	12 9.8%	5 4.1%	6 4.9%	122 100%
2	Perform services immediately	25 20.5%	60 49.2%	24 19.7%	9 7.4%	4 3.3%	122 100%
3	User – friendly	25 20.5%	37 30.3%	40 32.8%	15 12.3%	5 4.1%	122 100%
4	Provide sufficient control	20 16.4%	55 45.1%	28 23.0%	12 9.8%	7 5.7%	122 100%
5	Privacy and Confidentiality	25 20.5%	38 31.1%	31 25.4%	17 13.9%	11 9.0%	122 100%

The above table shows that 41.8% of the respondents are strongly agree that very simple to use, followed by 39.3% of the respondents are Agree, followed by 9.8% of the respondents are Neutral, followed by 4.9% of the respondents are Disagree, followed by 4.1% of the respondents are Strongly disagree.

The above table shows that 49.2% of the respondents are Agree that perform service immediately, followed by 20.5% of the respondents are Strongly agree, followed by 19.7% of the respondents are Agree, followed by 7.4% of the respondents are Disagree, followed by 3.3% of the respondents are Strongly disagree.

The above table shows that 32.8% of the respondents are Neutral that User – friendly, followed by 30.3% of the respondents are Agree, followed by 20.5% of the respondents are Strongly agree, followed by 12.3% of the respondents are Disagree, followed by 4.1% of the respondents are Strongly disagree.

The above table shows that 45.1% of the respondents are Agree that Provide sufficient control, followed by 23.0% of the respondents are Neutral, followed by 16.4% of the respondents are Strongly agree, followed by 9.8% of the respondents are Disagree, followed by 5.7% of the respondents are Strongly disagree.

The above table shows that 31.1% of the respondents are Agree that Privacy and confidentiality, followed by 25.4% of the respondents are Neutral, followed by 20.5% of the respondents are Strongly agree, followed by 13.9% of the respondents are Disagree, followed by 9.0% of the respondents are Strongly disagree.

Chi – Square Table – 1 The relationship between Gender and Awareness level of digital banking

Gender of the respondent * Awareness level of the respondent Crosstabulation							
		Awareness level of the respondent					Total
		Very Good	Good	Average	Poor	Very Poor	
Gender of the respondent	Male	18	21	16	1	1	57
	Female	13	27	21	4	0	65
Total		31	48	37	5	1	122

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.527 ^a	4	.339
Likelihood Ratio	5.028	4	.284
Linear-by-Linear Association	1.463	1	.226
N of Valid Cases	122		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .47.

$$\begin{aligned}
 \text{Degree of freedom} &= (r-1)(c-1) \\
 &= (5-1)(2-1) \\
 &= 4
 \end{aligned}$$

Chi-Square 5% significance 4df = 4.527.

Since, the calculated value of chi – square value (4.527) is lesser than the table value (9.49) at 5% level of significance. It is no significant and null hypothesis is accepted.

Hence this study concluded that the Awareness level of respondents have no significant on gender of the respondents.

Chi – Square Table – 2 The relationship between Educational Qualification of respondents and Respondents faced issues in digital banking

Educational Qualification of the respondent * Do you face issues in digital banking Crosstabulation					
		Do you face issues in digital banking			Total
		Yes	No	May be	
Educational Qualification of the respondent	School level	7	8	8	23
	College level	21	26	17	64
	Professional level	9	6	4	19
	No formal level	6	5	5	16
Total		43	45	34	122

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.443 ^a	6	.875
Likelihood Ratio	2.381	6	.882
Linear-by-Linear Association	.561	1	.454
N of Valid Cases	122		
a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 4.46.			

Degree of freedom = (r-1) (c-1)
= (3-1) (4-1)
= 6

Chi-Square 5% significance 6df = 2.443.

Since, the calculated value of chi – square value (2.443) is lesser than the table value (12.59) at 5% level of significance. It is no significant and null hypothesis is accepted.

Hence this study concluded that the issues faced by respondents have no significant on educational qualification of the respondent.

One Way ANOVA Table – 1 The difference between Gender and Respondents faced issues while using digital banking

Descriptives								
Gender of the respondent								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Bad Network Connection	39	1.56	.502	.080	1.40	1.73	1	2
Transaction delay	40	1.50	.506	.080	1.34	1.66	1	2
Timeout error while payment	28	1.54	.508	.096	1.34	1.73	1	2
Difficult in generating OTP	15	1.53	.516	.133	1.25	1.82	1	2
Total	122	1.53	.501	.045	1.44	1.62	1	2

ANOVA					
Gender of the respondent					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.081	3	.027	.106	.957
Within Groups	30.287	118	.257		
Total	30.369	121			

ANOVA Effect Sizes ^{a,b}				
		Point Estimate	95% Confidence Interval	
			Lower	Upper
Gender of the respondent	Eta-squared	.003	.000	.010
	Epsilon-squared	-.023	-.025	-.016
	Omega-squared Fixed-effect	-.022	-.025	-.015
	Omega-squared Random-effect	-.007	-.008	-.005
a. Eta-squared and Epsilon-squared are estimated based on the fixed-effect model.				
b. Negative but less biased estimates are retained, not rounded to zero.				

- Significance value (p-value) = 0.957
- F-statistic = 0.106
- Interpreting the p-value (0.957)
- The p-value tells us whether the differences between group means are statistically significant.
- If $p \leq 0.05$, we reject the null hypothesis (H_0) and conclude that at least one group is significantly different.
- Here, $p = 0.957$ is much greater than 0.05, meaning we fail to reject (H_0).

Conclusion: There is no statistically significant difference between the gender and respondents faced issues while making payment.

CONCLUSION

Banking sector plays a major role in economic development in India. Ecommerce has become popular in recent days each and every people are adopting to new technologies. Digital banking is becoming popular amongst customers who are familiar with the technology upgradation but it is gradually spreading to mass especially in metropolitan cities. RBI is also taking safety measures for the customers. From this research "Problems faced by bank customers in Digital banking" it is clearly shown that majority of the respondents are Female are using the digital banking services. Most of them are aware of the Digital banking services available in banks. Banks mainly need to focus on the security issues and technical issues faced by the customers, because customer satisfaction is most important for any sector. Each respondents have their own perspective of choices and problems towards digital banking. Even with all the problems faced, Digital Banking is the

faster and convenient way of banking and people are using it daily so, banks should continue to come up with innovations to make sure they stay relevant in the fast-moving world of technology and improve their services by satisfying the needs and solving the problems and queries of the customers.

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