

A Comparative Study on the Impact of Digital Banking Services on Customer Satisfaction: Federal Bank vs. South Indian Bank

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Abstract:

The rapid evolution of digital banking has transformed customer interactions with financial institutions, making service quality, trust, and security central to satisfaction. This study undertakes a comparative analysis of Federal Bank and South Indian Bank, two leading private sector banks in India, to evaluate the effectiveness of their digital banking services in meeting customer expectations. Using surveys and interviews, the research investigates key dimensions including ease of use, convenience, trust, security, grievance redressal mechanisms, and responsiveness. Findings highlight that while both banks have invested significantly in digital platforms, customer perceptions vary in terms of reliability, personalisation, and support efficiency. Federal Bank's emphasis on innovation and inclusivity contrasts with South Indian Bank's regional strength and service responsiveness, offering distinct competitive advantages. The study contributes academically by enriching the literature on digital banking and customer satisfaction, and practically by identifying gaps and strategies to enhance loyalty. By amplifying customer voices, the research underscores the importance of secure, user-friendly, and responsive digital services in shaping satisfaction and trust, providing actionable insights for banks, regulators, and policymakers.

Keywords: Digital Banking, Customer Satisfaction, Trust, Data Security, Grievance Redressal.

1. INTRODUCTION

Due to the rapid development in digital banking, there has been a radical shift in the way people interact with their respective banks. The use of online banking services through mobile applications and automation has led to a drastic change in the efficiency and convenience provided by banks. Nowadays, besides fighting against each other on the fronts of loans and savings schemes, there is also stiff competition between banks in providing better digital services and mobile applications. Federal Bank and South Indian Bank are the popular banks operating in the state of Kerala. Both banks have made significant investments in establishing their digital platforms, which will provide efficient, safe and satisfactory banking services for the consumers. As consumer perceptions play a crucial role in assessing the performance of these digital initiatives, this research study was conducted to analyse the performance of these two banks in terms of customer satisfaction.

2. REVIEW LITERATURE

Aarthy Saboo, Gayathri P & Dr. Sujith T S, 2025, Navigating Digital Banking: E-Service Quality and E-Customer Satisfaction studied private banks in Kerala, focusing on how e-service quality affects customer satisfaction. They found that efficient, responsive, and user-friendly online services build trust

and increase satisfaction. However, the study is limited to one region and does not examine long-term customer loyalty. **Daniel Janrian Sihotang, Elvin Kamaludi, and Farida Indriani, 2025**, The Role of Digital Banking and Fintech in Advancing Financial Inclusion. The study shows that mobile payments, blockchain, and AI credit models improve financial access for rural groups. Fintech adoption, shaped by digital literacy and regulation, is a key driver of inclusion. **K Mahender Reddy, 2025**, Customer Satisfaction on Digital Banking Services (Hyderabad). The paper studies Hyderabad's urban customers, showing that tech-savvy users are highly satisfied with digital banking, while older users are only moderately satisfied. It links digital proficiency to customer happiness but is limited to city residents and excludes rural perspectives or security concerns. **Sankararaman Ganapathyraman, 2025, Sankararaman Ganapathyraman, 2025**, A Study on the Customer Awareness on Security Issues and Threats in Digital Banking in Chennai. A Chennai study finds that while users enjoy the convenience of digital banking, many are only partly aware of risks like phishing and hacking. Younger, tech-savvy customers show higher awareness, while older or less literate groups lag. **Semu Lata, 2025**, Study on the Impact of Digital Banking on Customer Satisfaction. The study highlights speed, user-friendliness, security, reliability, and customer service as key drivers of satisfaction. It notes ongoing challenges with cybersecurity, trust, and personalisation. With digital banking's rise, service quality and technological reliability are essential for customer loyalty. **Arynda Syavina Hidayat, 2024**, The Influence of Customer Satisfaction and its Determinants in Using Mobile Banking Services, the Mataram study using SEM-PLS (WarpPLS 8.0) found that trust, convenience, security, and transaction speed significantly boost mobile banking satisfaction, showing that secure, reliable, user-friendly, and fast services drive customer loyalty. **Ashwini Basavaraju, Meghana C, Rashmi S, Lohith Kumar S, Rajendra Kumar V R and Vinay M, 2024**, Measuring Digital Banking Service Quality on Customer Satisfaction. The study shows that quick, easy-to-use, and responsive services increase trust and satisfaction among urban users. However, its scope is limited since it only surveyed a small group and did not compare across banks. **Netra Pal Singh & Saraswati Chauhan, 2024**, A Study Of E-Banking Services in Public Sector Banks in India. This paper looks at customer satisfaction with internet banking in public sector banks, focusing on ease of use, accessibility, and reliability. Customers appreciate features like fund transfers, bill payments, and account viewing, but the study excludes private banks and mobile banking, making its scope limited. **Smita Kaushik, 2024**, Analysing the Impact of Digital Banking on Customer Behaviour and Satisfaction. The study emphasises that ease of use, speed, security, trust, and customer support are central to positive digital banking experiences. While these services have raised convenience and expectations, challenges like cybersecurity and personalisation remain.

3. STATEMENT OF THE PROBLEM

A lot of investment has been made by the banking institutions in the development of digital infrastructure. Difficulties are faced by customers in using digital banking facilities because of poor security, technical issues, lack of personalised service provision, inconsistency and consumer feedback. Federal Bank and South Indian Bank are some of the best banks providing state-of-the-art facilities of digital banking in the region. But there is a difference in the approaches adopted by these banks. Moreover, there are no comparative studies available on the issue of the effect of digital banking services on the satisfaction levels of the customers of these banks. The impact of digital banking services on the customer satisfaction levels will depend on several factors such as technical performance, security and privacy issues, personalised services, consistency and customer feedback, etc. What are the factors in Federal Bank and South Indian Bank that might ensure customer satisfaction through digital banking services?

4. SIGNIFICANCE OF THE STUDY

There are various significances attached to this study. From the academic perspective, the study will contribute to knowledge regarding digital banking, services and customer satisfaction since the two companies, namely Federal Bank as well as South Indian Bank, have similar attributes but varied strategies.

In terms of practicality, it will enable both Federal Bank and South Indian Bank to gain insights into their customers and provide guidance on how to satisfy them. From a policy standpoint, it presents the regulators and policymakers' vision on the issue in question, in which digital banking can be facilitated without compromising customers' interests. Finally, the study compares Federal Bank and South Indian Bank in detail.

5. OBJECTIVES OF THE STUDY

- To examine the digital banking services provided by Federal Bank and South Indian Bank.
- To explore the challenges encountered by consumers during their experience with digital banking services in Federal Bank and South Indian Bank.
- To measure the level of consumer satisfaction with the digital banking services provided by Federal Bank and South Indian Bank.

6. RESEARCH METHODOLOGY

This study is descriptive and analytical in nature and focuses on comparing digital banking services and customer satisfaction between Federal Bank and South Indian Bank. A simple random sampling technique was used to select respondents who are active users of the digital banking services of both banks. The study is based on both primary and secondary data. Primary data was collected through a structured questionnaire from 203 respondents, while secondary data was gathered from research articles, publications, websites, and other related sources. The collected data was analysed and interpreted using statistical tools such as percentage analysis, pie charts, graphs, and other graphical representations. In this study, a total of 203 respondents were selected, of which 118 respondents were customers of Federal Bank and 85 respondents were customers of South Indian Bank. All respondents were active users of digital banking services

7. DATA ANALYSIS AND INTERPRETATION

1. Demographic Profile

Table 1

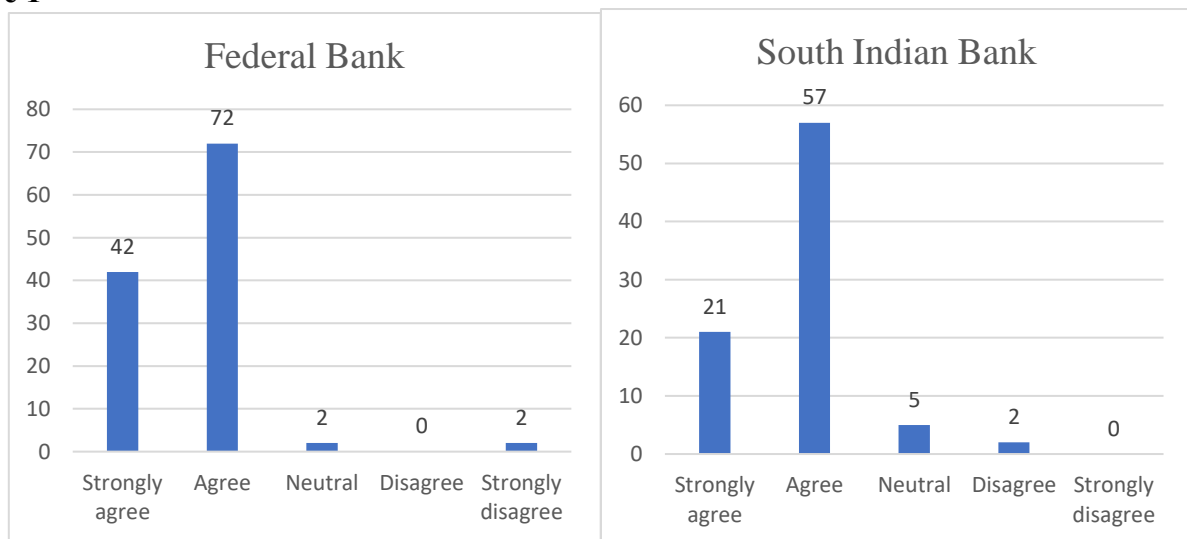
Age	Federal Bank	South Indian Bank
18-28	40	29
28-38	25	19
38-48	18	19
48-58	22	17
58 and above	13	1
Total	118	85
Gender	Federal Bank	South Indian Bank
Male	67	39
Female	51	46
Total	118	85
Occupation	Federal Bank	South Indian Bank

Government Employee	17	13
Private Employee	27	14
Unemployed	24	20
Professional	32	28
Others	18	10
Total	118	85
Area of Residence	Federal Bank	South Indian Bank
Urban	84	61
Semi urban	23	19
Rural	11	5
Total	118	85

2. Demographic Visualisation

1. The digital banking services offered by Federal Bank and South Indian Bank are comprehensive and meet my needs.

Figure 1

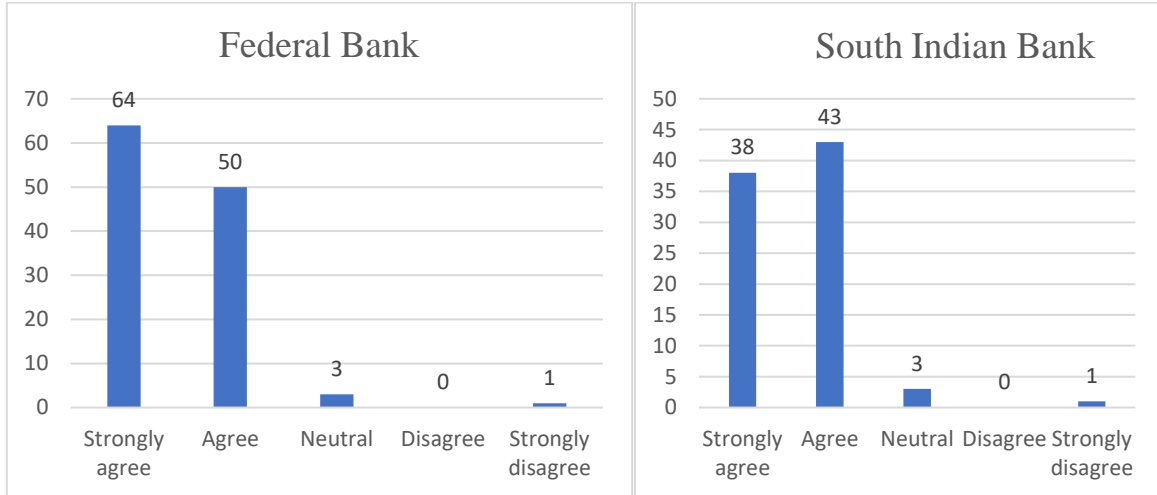


INTERPRETATION

From Federal Bank, a total of 118 respondents participated. The majority expressed a positive response, 72 agree, and 42 strongly agree. Only very few responded disagree and strongly disagree. Meanwhile, from South Indian Bank, with a total of 85 respondents, the majority response is 57 agree, and 21 strongly agree. A few respondents chose neutral and disagreed.

2. The mobile applications of Federal Bank and South Indian Bank are user-friendly and easy to navigate.

Figure 2

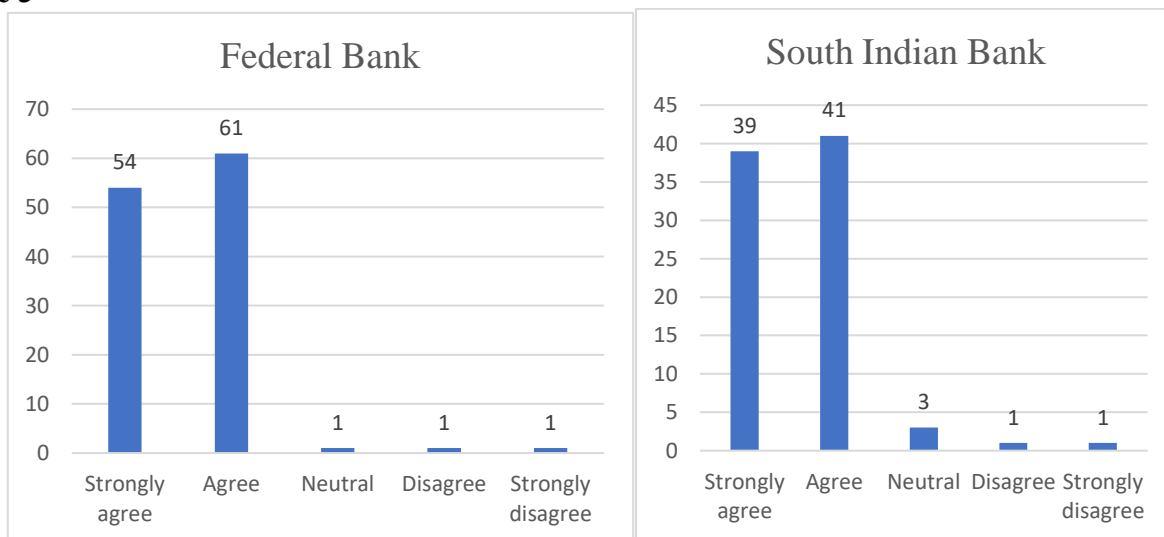


INTERPRETATION

Among the 118 respondents from Federal Bank, most users found the mobile application highly satisfactory. A majority (64 strongly agree, and 50 agree) felt that the app is user-friendly and easy to navigate. Only a few expressed less enthusiasm, showing that overall satisfaction is high. Meanwhile, for South Indian Bank, out of 85 respondents, the majority also shared positive feedback, 38 strongly agree, and 43 agree. Only a few indicate moderate or negative opinions. So overall satisfaction is high.

3. The internet banking platforms of Federal Bank and South Indian Bank provide convenient access to essential services.

Figure 3



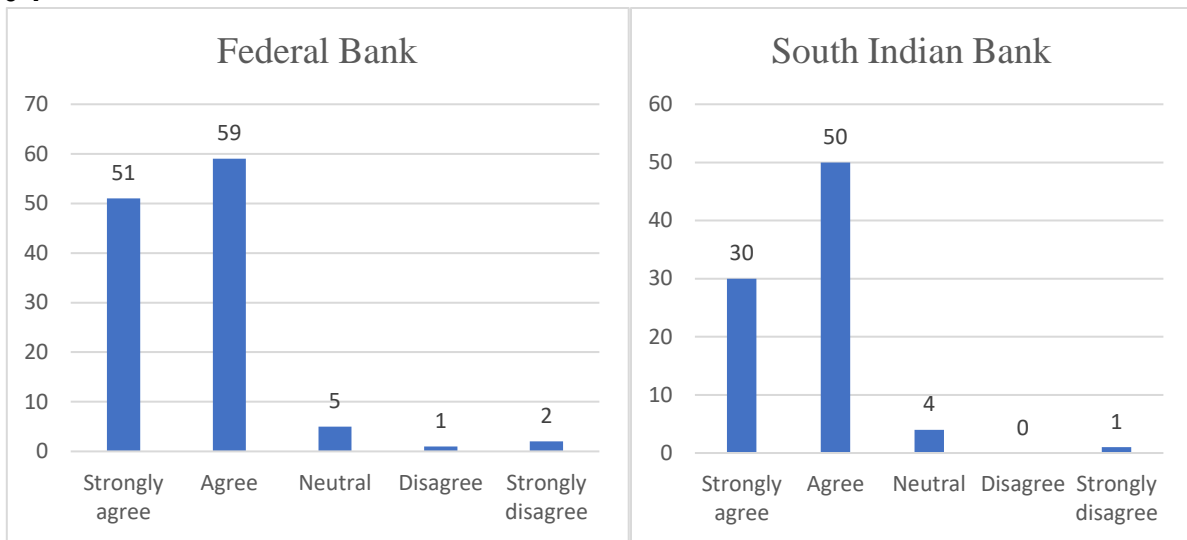
INTERPRETATION

In the case of Federal Bank, out of 118 respondents, the majority reported their high level of satisfaction with internet banking services due to their convenient features. In particular, 54 respondents agreed strongly, while 61 respondents agreed. At the same time, only a small number of respondents gave neutral or negative feedback. Overall, customers are satisfied with internet banking services. Meanwhile, South Indian Bank, out of 85 respondents, the majority of South Indian Bank provided positive feedback on the

matter. In particular, 39 respondents agreed strongly, while 41 respondents agreed that the platform is convenient.

4. The digital banking services of Federal Bank and South Indian Bank are innovative and keep up with modern technology trends.

Figure 4

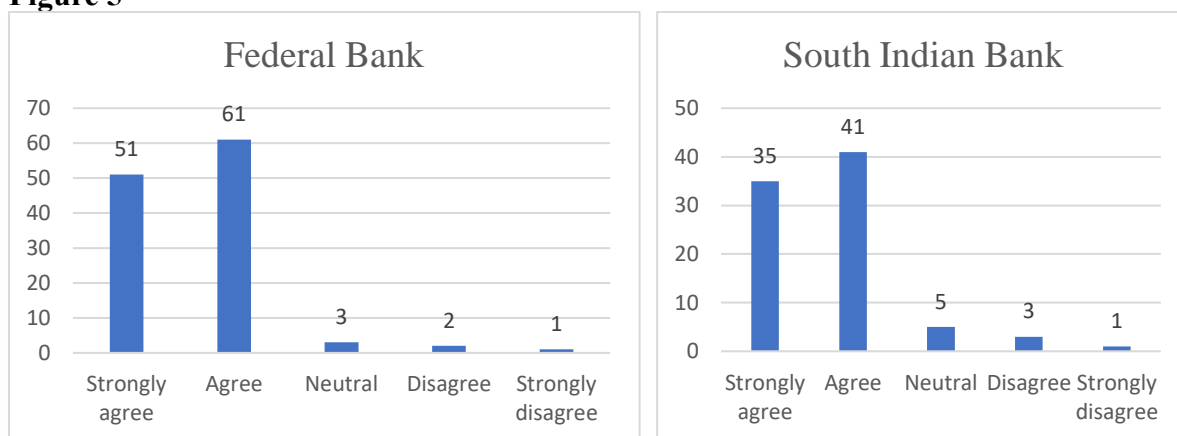


INTERPRETATION

In the case of Federal Bank, out of 118 respondents, the majority reported their high level of satisfaction with digital banking services due to their innovative nature and technological alignment with trends. In particular, 51 respondents reported a strong agreement, while 59 respondents agreed. On the contrary, only a small number of neutral responses were received in regard to disagreement. As for South Indian Bank, out of 85 respondents, the feedback was positive as well. In particular, 30 respondents agreed strongly, while 50 respondents agreed that the services were innovative and technologically advanced. In general, customers are satisfied with innovations and technologies.

5. The digital banking services of Federal Bank and South Indian Bank provide personalised features that suit my preferences.

Figure 5



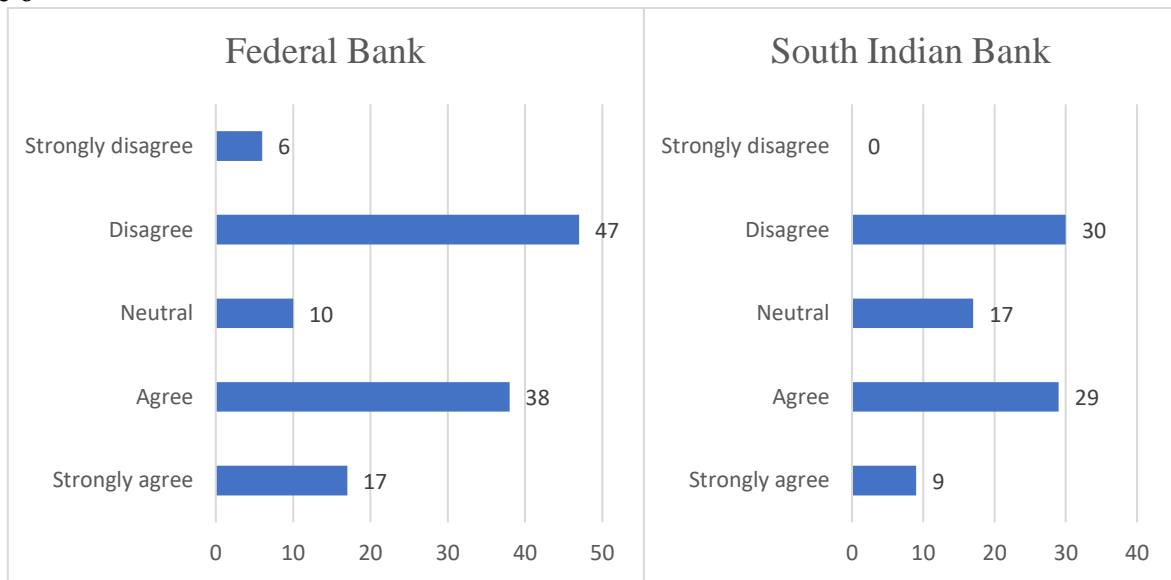
INTERPRETATION

In the case of Federal Bank, among 118 participants, the majority agreed that the digital banking service offered by Federal Bank is personalised as per the likes and dislikes of the customer. Among these, 51

participants strongly agreed, and 61 participants agreed to it. In the case of South Indian Bank, the response of 85 participants was satisfactory. Among those, 35 strongly agreed, and 41 agreed.

6. I frequently face technical issues while using the digital banking services of Federal Bank and South Indian Bank.

Figure 6



INTERPRETATION

On account of the Federal Bank, 55 participants (17 strongly agree and 38 agreed) faced regular technical difficulties; on the other hand, around the same number, 53 participants (47 disagreed and 6 strongly disagreed) were unaware of any such difficulty. For South Indian Bank, 38 participants (9 strongly agreed and 29 agreed) stated technical difficulties, while 30 disagreed. It can be concluded here that dissatisfaction was lower compared to the Federal Bank.

7. Concerns about data security affect my trust in the digital banking services of Federal Bank and South Indian Bank.

Table 2

Response Category	Federal Bank	South Indian Bank
Strongly agree	26	14
Agree	30	29
Neutral	13	14
Disagree	42	26
Strongly disagree	7	2
Total	118	85

8. Transaction failures or delays are a common problem in the digital banking services of Federal Bank and South Indian Bank.

Table 3

Response Category	Federal Bank	South Indian Bank
Strongly agree	22	13

Agree	39	28
Neutral	13	19
Disagree	33	25
Strongly disagree	11	0
Total	118	85

9. I find the authentication and login process in Federal Bank and South Indian Bank digital services to be complicated.

Table 4

Response Category	Federal Bank	South Indian Bank
Strongly agree	26	15
Agree	43	46
Neutral	11	11
Disagree	32	13
Strongly disagree	6	0
Total	118	85

10. I face difficulties in accessing certain features in the digital banking services of Federal Bank and South Indian Bank.

Table 5

Response Category	Federal Bank	South Indian Bank
Strongly agree	26	15
Agree	41	39
Neutral	14	16
Disagree	32	14
Strongly disagree	5	1
Total	118	85

11. I am satisfied with the ease of use of the digital banking services of Federal Bank and South Indian Bank.

Table 6

Response Category	Federal Bank	South Indian Bank
Strongly agree	39	20
Agree	69	56
Neutral	4	4
Disagree	5	4
Strongly disagree	1	1
Total	118	85

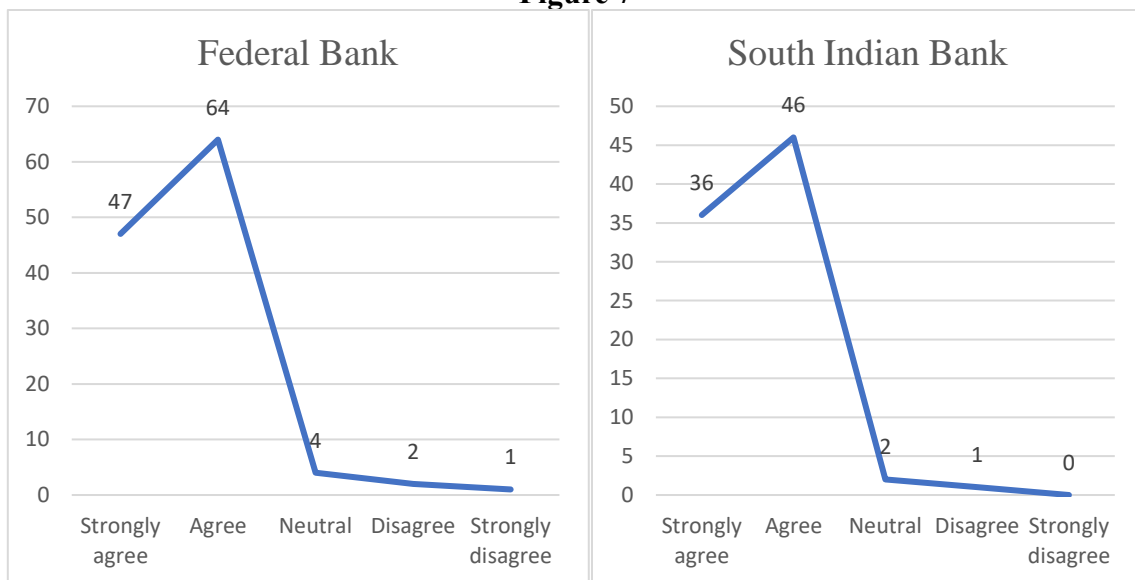
12. Overall, I am satisfied with the digital banking services provided by Federal Bank and South Indian Bank.

Table 7

Response Category	Federal Bank	South Indian Bank
Strongly agree	62	35
Agree	50	41
Neutral	2	4
Disagree	3	5
Strongly disagree	1	0
Total	118	85

13. The digital banking services of Federal Bank and South Indian Bank save me time compared to traditional banking.

Figure 7

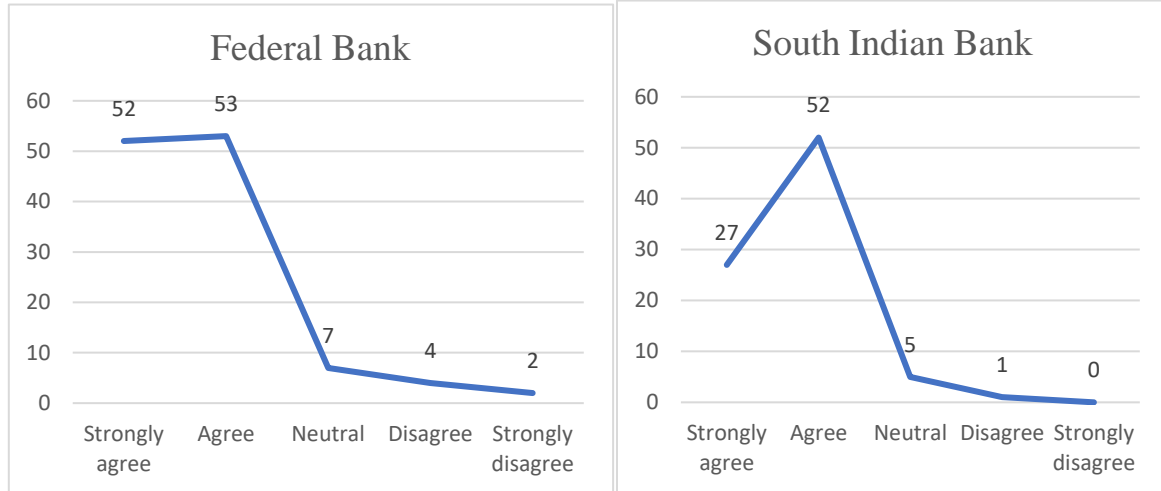


INTERPRETATION

Customers express strong satisfaction with digital banking services because they save time compared to traditional banking. For Federal Bank, 111 respondents (47 strongly agree and 64 agree) affirmed that digital banking saves them time. For South Indian Bank, 82 respondents (36 strongly agree and 46 agree) reported that digital banking saves time. A few people said neutral and negative opinions.

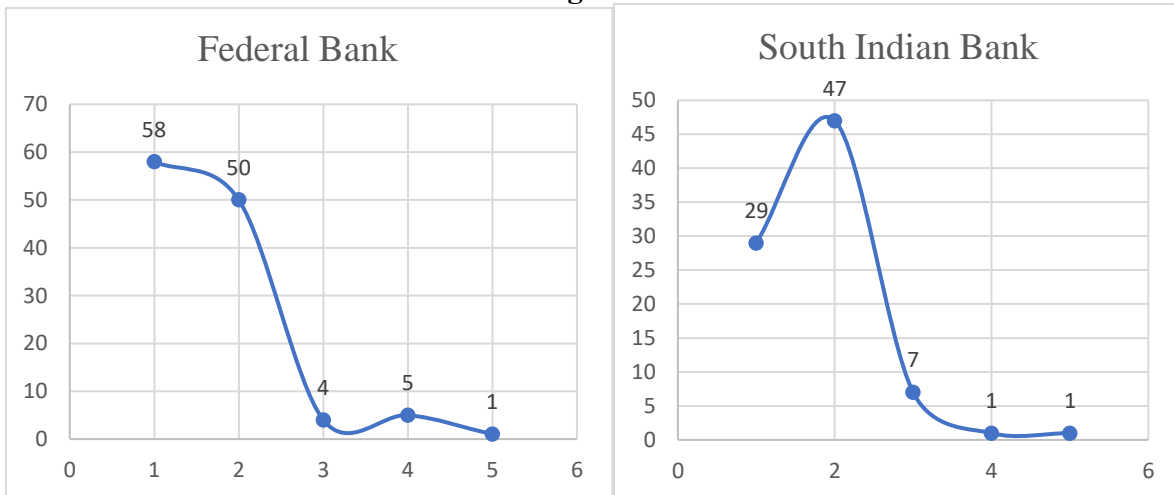
14. The digital banking services of Federal Bank and South Indian Bank meet my expectations for convenience.

Figure 8



15. The grievance redressal mechanisms of Federal Bank and South Indian Bank are effective in resolving complaints.

Figure 9

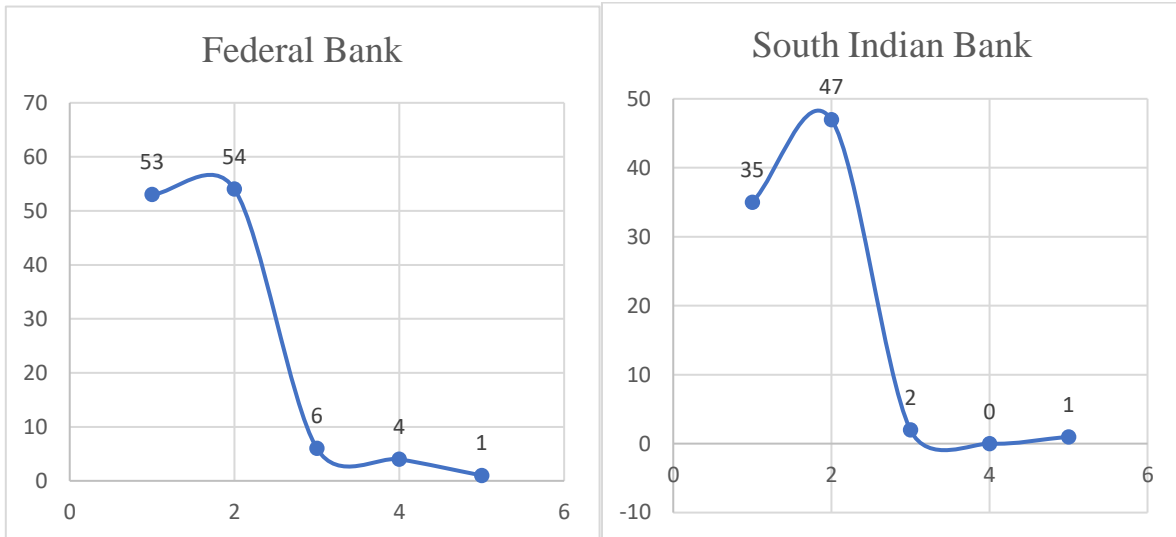


INTERPRETATION

Customer responses related to the efficacy of grievance redressal in complaint resolution indicate high levels of customer satisfaction. In the case of Federal Bank, 108 customers (58 strongly agreed and 50 agreed) responded positively concerning the efficacy of the grievance redressal process. The grievance redressal process within Federal Bank is considered dependable and efficacious. In the case of South Indian Bank, 76 customers (29 strongly agreed and 47 agreed) expressed their satisfaction.

16. I am satisfied with the overall customer support provided by Federal Bank and South Indian Bank for digital banking services.

Figure 10

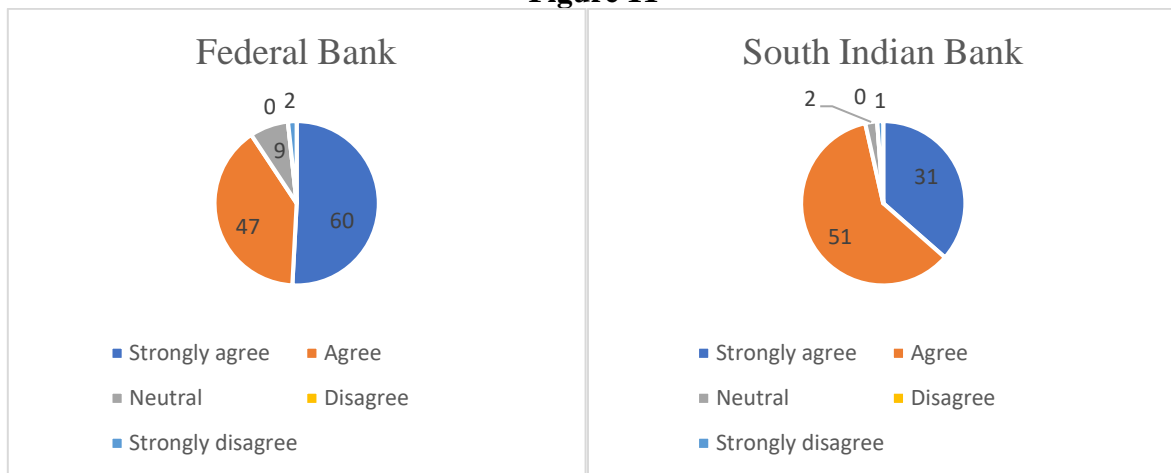


INTERPRETATION

The results show that a majority of customers are satisfied with the customer support by Federal Bank and South Indian Bank. In the case of Federal Bank, 107 respondents (53 strongly agree and 54 agree) expressed satisfaction, indicating that its customer support is widely perceived as effective and reliable. Meanwhile, South Indian Bank, 82 respondents (35 strongly agree and 47 agree) reported satisfaction with the overall customer support services.

17. The new digital banking features of Federal Bank and South Indian Bank improve my overall banking experience.

Figure 11

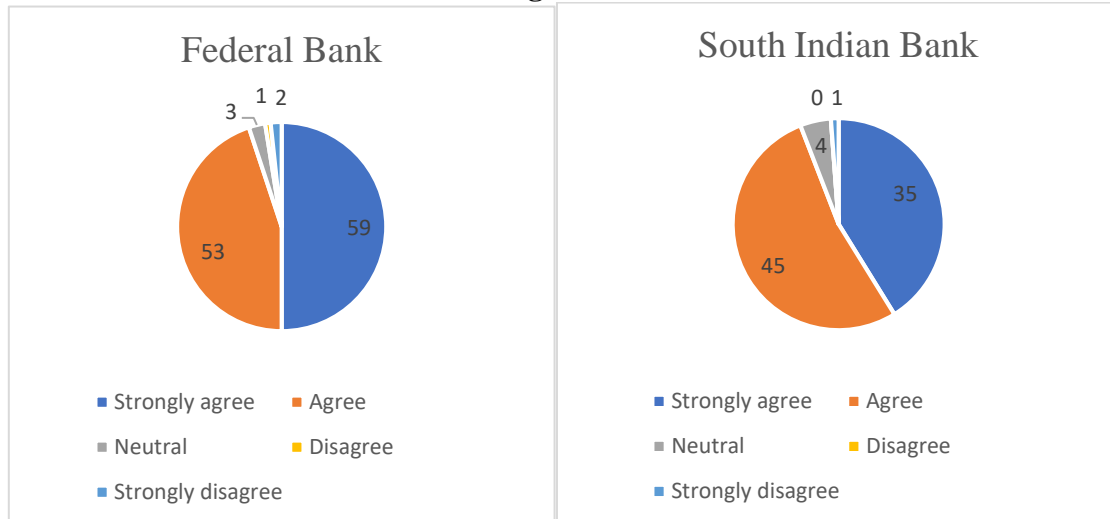


INTERPRETATION

For Federal Bank, 107 respondents (60 strongly agree and 47 agree) affirmed that new features enhance their banking experience. A few people only expressed neutral and negative. For South Indian Bank, 82 respondents (31 strongly agree and 51 agree) reported that new features improve their banking experience.

18. I find the instructions and guidance for using new digital banking features in Federal Bank and South Indian Bank to be clear and helpful.

Figure 12



INTERPRETATION

For Federal Bank, 112 respondents (59 strongly agree and 53 agree) affirmed that instructions are clear and helpful. A minority expressed fewer neutral opinions and disagreed. In South Indian Bank, 80 respondents (35 strongly agree and 45 agree) affirmed that the instructions are clear. This distribution indicates a strong consensus that Federal Bank provides effective guidance for new digital features.

8. SUGGESTIONS

- Federal Bank and South Indian Bank should focus more on young customers aged 18–28 by providing user-friendly, mobile-based, and innovative digital banking services while also addressing the needs of other age groups.
- Both banks should create greater awareness of digital banking services among customers in semi-urban and rural areas through effective campaigns, customer education, and clear guidance on using banking features.
- Federal Bank should improve its technological infrastructure to reduce technical glitches and transaction failures, while both banks should simplify login procedures by introducing secure and easy methods, such as biometric login.
- Since customers expressed concerns about data security, both banks need to strengthen cybersecurity measures and clearly communicate safety features to build customer trust and confidence.
- South Indian Bank should improve its grievance redressal system and customer support services, while both banks should continue introducing convenient and innovative digital banking features to enhance customer satisfaction.

9. CONCLUSION

The study concludes that customers of both Federal Bank and South Indian Bank are generally satisfied with digital banking services. Customers appreciated the convenience, efficiency, and support provided by both banks. However, Federal Bank showed slightly higher customer satisfaction compared to South Indian Bank, especially in areas such as customer support, communication, complaint handling, and awareness of digital features. At the same time, both banks face challenges related to data security, transaction safety, and complex login procedures. Overall, the study highlights that effective customer service, technological improvement, and continuous innovation are important factors in increasing customer satisfaction in digital banking services.

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