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## A STUDY OF CHALLENGES FACED BY CUSTOMERS IN USING DIGITAL BANKING PRODUCTS

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### ABSTRACT

This study explores the challenges students face while using digital banking products. The research focuses on students of KBC North Maharashtra University in Jalgaon. A structured questionnaire was used to collect data. The study includes ten key challenge areas such as navigation issues, security concerns, technical problems and user awareness. Responses from 100 students were analyzed using independent samples t-tests to check for gender-based differences. The results show that female students face more challenges in areas like security concerns and technical issues. Male students reported more problems with internet connectivity. For the other challenges there was no major difference between male and female students. The findings help understand the areas where digital banking can be made more user-friendly for young users.

**KEYWORDS:** Digital Banking, Customer Challenges, Student Perception, Gender Differences, Online Banking, Banking Apps, Financial Technology, User Experience, Security Concerns.

### 1. INTRODUCTION

The growth of digital banking in India is marked by significant statistics that highlight its rapid adoption and the implications for financial inclusion. This growth is evident in the increased number of digital transactions, the creation of digital payment platforms, and the expansion of financial services to underserved populations.

Digital banking has transformed the global financial sector, with its uptake among Indian students being particularly significant. By 2023, India boasts over 759 million internet users, a large portion of whom are young people, including students (**Statista, 2023**). The widespread use of smartphones, which is around 54%, has further propelled this move towards digital banking (**KPMG, 2023**). According to a 2022 survey by the Reserve Bank of India (RBI), 68% of students favor digital banking services for their transactions over traditional banking methods (**RBI, 2022**). Additionally, a report from the National Payments Corporation of India (NPCI) indicated a 55% annual increase in digital

transaction volume, showcasing a rising confidence and dependence on digital banking platforms (NPCI, 2023).

## **2. REVIEW OF LITERATURE**

Consumer adoption of digital banking products is influenced by a variety of factors, which can be broadly categorized into convenience, security, technological features, and social influences. These factors collectively shape consumer perceptions and willingness to engage with digital banking services. Understanding these elements is crucial for financial institutions aiming to enhance user adoption and satisfaction. The following sections explore into these key factors, supported by insights from the provided research papers.

Financial inclusion in India has seen a remarkable increase, with the percentage of adults holding bank accounts rising from 35% in 2011 to 80% in 2017, largely due to initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the proliferation of digital banking services (Jain et al., 2021) (Asif et al., 2023).

The Unified Payments Interface (UPI) has been a game-changer, recording over 22.33 billion transactions worth over ₹41.03 trillion by the end of FY 2020-21, showcasing the shift towards a cashless economy (Bhat & K.T., 2022).

The adoption of digital payment systems such as UPI, e-wallets, and mobile banking has led to a surge in online transaction volumes, indicating a gradual move towards a cashless economy (Khan, 2024). Fintech companies have significantly contributed to financial inclusion by providing a wide range of financial services and utilizing alternative data sources to evaluate creditworthiness, thus reaching the underbanked segments of the population (Asif et al., 2023).

Digital banking has expanded access to financial services, enabling more households to avail themselves of affordable banking services, including savings accounts, loans, and debit cards (Bhasin & Rajesh, n.d.).

The adoption of digital payment methods has led to a substantial reduction in cash dependency, increasing financial autonomy among users (Dixit, 2024).

The JAM trinity (Jan Dhan accounts, Aadhaar, and mobile phones) has played a crucial role in driving financial inclusion, allowing even remote areas to access banking services (Bhat & K.T., 2022).

Despite the growth, challenges such as digital literacy, infrastructure inadequacies, and language barriers, especially in rural areas, continue to impede widespread adoption (**Dixit, 2024**).

While the growth of digital banking in India has significantly contributed to financial inclusion, challenges remain in achieving complete financial inclusion. Approximately 190 million adults in India are still unbanked, highlighting the need for continued efforts to bridge the digital divide (**Khan, 2024**). Addressing these challenges requires a multifaceted approach, including enhancing digital literacy, improving infrastructure, and fostering trust in digital financial services.

### 3. RESEARCH DESIGN AND METHODOLOGY

The primary objective of the present study is “To challenges faced by customers in using digital banking products, with a focus on students of KBC North Maharashtra University, Jalgaon.”

#### Hypothesis

**H<sub>0</sub>:** There is no gender-wise difference in the challenges faced by customers in using digital banking products.

**H<sub>1</sub>:** There is a gender-wise difference in the challenges faced by customers in using digital banking products.

#### Data collection and research instrument

To gather primary data, a structured questionnaire featuring a 7-point scale was used. This was administered to 100 students from colleges affiliated with KBC North Maharashtra University in Jalgaon, Maharashtra. These students were asked to express their level of agreement regarding 10 challenges faced when using digital banking products. The challenges were

1. I face difficulty in navigating banking apps/web portals.
2. I am concerned about the security of digital transactions.
3. I have experienced technical issues (e.g., app crashes, downtime).
4. Internet connectivity affects my ability to use digital banking.
5. I find the authentication process (OTP, biometrics) complicated.
6. Lack of personal assistance makes problem resolution difficult.
7. I fear losing money due to fraud or failed transactions.
8. I feel uncomfortable sharing banking information online.
9. I am not fully aware of how to use all available features.
10. I prefer traditional banking over digital methods.

### 4. DATA ANALYSIS AND INTERPRETATION

The hypothesis was tested by conducting an Independent Samples t-test for each variable individually.

**Table 1 Independent samples t-tests-Attitude**

Challenges Perceived	Gender	N	Mean	Sig. (2-tailed)	H <sub>0</sub>
I face difficulty in navigating banking apps/web portals.	Male	54	5.61	0.125	Failed to Reject
	Female	46	5.78		
I am concerned about the security of digital transactions.	Male	54	5.67	0.035	Rejected
	Female	46	5.90		
I have experienced technical issues (e.g., app crashes, downtime).	Male	54	5.74	0.002	Rejected
	Female	46	6.04		
Internet connectivity affects my ability to use digital banking.	Male	54	6.06	0.033	Rejected
	Female	46	5.85		
I find the authentication process (OTP, biometrics) complicated.	Male	54	5.93	0.178	Failed to Reject
	Female	46	5.78		
Lack of personal assistance makes problem resolution difficult.	Male	54	6.11	0.292	Failed to Reject
	Female	46	6.20		
I fear losing money due to fraud or failed transactions.	Male	54	6.19	0.989	Failed to Reject
	Female	46	6.19		
I feel uncomfortable sharing banking information online.	Male	54	6.29	0.078	Failed to Reject
	Female	46	6.12		
I am not fully aware of how to use all available features.	Male	54	6.08	0.231	Failed to Reject
	Female	46	6.22		
I prefer traditional banking over digital methods.	Male	54	6.11	0.224	Failed to Reject
	Female	46	5.98		

### Interpretation

The analysis of gender-wise differences in challenges faced by students while using digital banking products was conducted using an independent samples t-test. The findings are as follows:

Students were asked whether they face difficulty navigating banking apps or web portals. The mean response for male students was 5.61, while for female students it was 5.78. The p-value (0.125) indicated that the difference was not statistically significant, and hence the null hypothesis was not rejected. This suggests that both male and female students face similar difficulties in navigation.

Regarding concerns about the security of digital transactions, female students (mean = 5.90) showed significantly greater concern compared to male students (mean = 5.67), with a p-value of 0.035. Since this is below the 0.05 threshold, the null hypothesis was rejected, indicating a significant gender difference in perceived security concerns.

When asked about technical issues such as app crashes and downtime, female students (mean = 6.04) reported significantly more issues than male students (mean = 5.74), with a p-value of 0.002. The null hypothesis was rejected, suggesting that female users encounter more technical difficulties in using digital banking services.

On the issue of internet connectivity affecting digital banking usage, male students (mean = 6.06) reported a slightly greater impact than female students (mean = 5.85). The p-value of 0.033 led to rejection of the null hypothesis, implying that gender plays a role in the perceived challenge of connectivity issues.

In terms of finding the authentication process (such as OTPs and biometrics) complicated, the mean scores were 5.93 for males and 5.78 for females. With a p-value of 0.178, the null hypothesis was not rejected, indicating no significant gender-based differences in this area.

On the statement about lack of personal assistance making problem resolution difficult, both genders reported high agreement, with means of 6.11 (male) and 6.20 (female), and a p-value of 0.292. The null hypothesis was not rejected, suggesting similar experiences across genders.

For the fear of losing money due to fraud or failed transactions, both male and female students had an identical mean of 6.19. The p-value was 0.989, indicating no gender difference in this perception and failure to reject the null hypothesis.

When asked about discomfort in sharing banking information online, male students had a slightly higher mean (6.29) than females (6.12), but the p-value was 0.078, leading to a failure to reject the null hypothesis. Thus, both genders showed similar levels of discomfort.

In terms of awareness about how to use all features of digital banking, female students (mean = 6.22) rated themselves slightly higher than males (mean = 6.08). However, the p-value of 0.231 indicated no statistically significant difference, so the null hypothesis was not rejected.

Finally, regarding the preference for traditional banking over digital methods, male students (mean = 6.11) were slightly more inclined than females (mean = 5.98). Yet, with a p-value of 0.224, the difference was not significant, and the null hypothesis was again not rejected.

## **5. CONCLUSION**

The study shows that students do face several challenges when using digital banking. Female students are more concerned about security and technical problems. Male students find internet connectivity to be a bigger issue. In most other areas like app navigation and use of features both genders share similar experiences. These results suggest that while digital banking is widely used students still face issues that can be improved. Making apps simpler improving technical reliability and offering better guidance can help students use digital banking with more ease and confidence.

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