



STRATEGIES ADOPTED BY COMMERCIAL BANKS TOWARDS DIGITAL BANKING SERVICES

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Abstract

The rapid advancement of digital technologies has significantly transformed the operational landscape of commercial banks, compelling them to adopt innovative digital banking strategies to enhance service delivery and customer experience. This study examines the strategies adopted by commercial banks towards digital banking services, with particular emphasis on technological infrastructure, customer-centric innovations, security mechanisms, financial inclusion initiatives, and strategic collaborations. The research employs a descriptive and analytical approach, utilizing primary data collected through a structured questionnaire administered to bank customers and banking professionals. Statistical tools such as percentage analysis, mean score ranking, factor analysis, and regression analysis are applied to identify the key strategic dimensions influencing digital banking adoption. The findings reveal that mobile and internet banking expansion, advanced technology adoption, cybersecurity measures, and customer awareness programs play a crucial role in accelerating digital banking usage. Furthermore, the study highlights the importance of employee digital training and FinTech partnerships in strengthening banks' digital capabilities. The research offers valuable insights for policymakers and bank management to formulate effective digital banking strategies that promote operational efficiency, customer satisfaction, and inclusive growth in the banking sector.

Keywords: *Digital Technologies, Customer Awareness, Customer satisfaction, Strategies.*

1.1 Introduction

The digital banking landscape in India has undergone a remarkable transformation over the past two decades, driven by rapid technological advancements, policy initiatives, and changing customer expectations. The Indian banking system, comprising public sector banks, private sector banks, and foreign banks, has increasingly adopted digital banking services to enhance efficiency, transparency, and customer convenience. Digital banking in India now encompasses a wide range of services such as internet banking, mobile banking, Unified Payments Interface (UPI), electronic fund transfers, digital wallets, and card-based payment systems.

The Reserve Bank of India (RBI) has played a pivotal role in promoting digital banking by introducing regulatory frameworks and payment systems such as RTGS, NEFT, IMPS, and the Cheque Truncation System. Government initiatives like *Digital India, Jan Dhan Yojana, Aadhaar*, and *Direct Benefit Transfer (DBT)* have further accelerated digital financial inclusion by integrating banking services with digital identity and mobile connectivity. The launch of UPI has been a major milestone, making real-time, low-cost digital payments accessible to a vast population across urban and rural areas.

Public and private sector banks in India have invested heavily in digital infrastructure, core banking solutions, mobile applications, and cybersecurity systems. Banks are increasingly leveraging advanced technologies such as artificial intelligence, data analytics, cloud computing, and automation to improve

customer experience, fraud detection, and operational efficiency. The introduction of Account Aggregators and the pilot implementation of the Central Bank Digital Currency (CBDC – Digital Rupee) signify India's progress toward a more advanced and integrated digital banking ecosystem.

Despite significant growth, the digital banking scenario in India faces several challenges. Issues such as digital illiteracy, cybersecurity threats, technical glitches, poor internet connectivity in rural areas, and resistance to change among certain customer segments continue to hinder the full adoption of digital banking services. From the bankers' perspective, challenges related to system integration, employee training, regulatory compliance, and cost of technology adoption remain critical concerns. Overall, the digital banking scenario in India reflects a transition from traditional branch-based banking to a technology-driven, customer-centric model. While substantial progress has been made, continuous efforts are required from banks, regulators, and policymakers to address existing challenges and ensure inclusive, secure, and sustainable digital banking growth across the country.

1.2 Review of Literature

Dr.Nalini and S. Yuvasri (2024)¹ in their article examined that the Impact of Digital Transformation in the Banking Sector on Customer's Experience, the researcher concluded that Digital transformation in the banking sector has had a significant positive impact on customer experience by enhancing convenience and accessibility through online and mobile banking services. The study reveals that customers are highly dependent on digital banking platforms for carrying out transactions and fulfilling various banking needs. It is also observed that younger respondents make greater use of digital banking services for their daily financial activities compared to other age groups. To further enhance customer experience, banks should continue to strengthen digital banking initiatives by ensuring prompt and efficient service delivery. Greater emphasis on security measures is essential to build customer trust, which in turn saves valuable time for both customers and bank employees while improving overall service efficiency.

NitinSomnathRokade (2025)² in their article examined that digital transformation in banking industry, the researcher highlights the substantial growth of digital banking services in India, driven by increased smartphone penetration, improved internet connectivity, and government initiatives such as the *Digital India* campaign. The findings indicate widespread adoption of mobile banking applications, digital wallets, and the Unified Payments Interface (UPI) for a wide range of financial transactions, resulting in enhanced financial inclusion and improved customer experience. The study also observes notable operational efficiencies and cost reductions for banks through the use of digital channels, alongside the growing influence of fintech companies and neo-banks, which are reshaping the competitive dynamics of the banking sector. Although challenges such as cybersecurity risks, digital literacy gaps, and infrastructural limitations persist in certain regions, the study concludes that digital transformation is fundamentally redefining India's banking landscape and significantly contributing to the country's broader economic modernization efforts.

HamadRaza et.al (2024)³ in their article observed that digital Transformation in Commercial Banking:Trends, Challenges, and Future Directions, this systematic literature review offers a comprehensive examination of digital transformation in commercial banking, with a specific focus on research articles indexed in the Scopus database. Adopting the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework, the study systematically screened and analysed existing literature, resulting in a final sample of 56 peer-reviewed articles published in English. Advanced bibliometric and data visualization techniques using VOSviewer were employed to map and

illustrate the thematic evolution of digital transformation research in commercial banks. Based on an in-depth analysis of studies published between 2019 and 2024, the review provides insights into the transformative role of emerging technologies such as blockchain, artificial intelligence, and big data in reshaping traditional banking operations, customer engagement, and risk assessment practices. The findings identify key drivers of digital transformation, including changing customer expectations, increasing competition from FinTech firms, regulatory requirements, and the pursuit of cost efficiency. The review further highlights the dominance of journal-based research, with a strong emphasis on sustainability- and finance-oriented themes, while also identifying major geographical contributions and emerging research areas such as financial inclusion, innovation, and FinTech. Overall, this study synthesizes existing knowledge and establishes a strong foundation for future research, serving as a valuable reference for scholars, practitioners, and policymakers interested in the evolving landscape of digitalization in commercial banking.

Objective of the study: The Main objective of the study is to analyse the Strategies Adopted by Commercial Banks Towards Digital Banking Services.

Research Methodology:

Primary Data:The Primary data are required to analyze the strategies adopted by commercial banks towards digital banking services. The data were collected from bankers by using well structured questionnaire in the selected districts of Tamil Nadu.

Secondary Data:The data were collected from Journals, Magazines, Books and RBI Reports, Agriculture co-operation and farmers’ welfare, Statistical Handbook of India, Government of India; NABARD and State level bankers committee in Tamil Nadu.

Sample Size:The sample size for the study is 385.

Data Analysis and Interpretation:

Strategies adopted by commercial banks towards digital banking services – Mean Score Analysis:- Commercial banks adopt digital banking strategies by investing in advanced technologies to enhance service efficiency, security, and customer convenience. They also promote digital adoption through customer awareness programs, innovative digital products, and effective support systems to ensure wider usage and satisfaction. Table 1.2 denotes using mean score analysis.

Table 1.2 Strategies adopted by commercial banks towards digital banking services – Mean Score Analysis

S. No.	Variables	Mean Score	Rank
1	Technology & Infrastructure Strategy	4.890	1
2	Customer Convenience & Accessibility Strategy	4.528	3
3	Security & Risk Management Strategy	3.856	5
4	Customer Awareness & Training Strategy	4.218	4
5	Service Innovation & Promotion Strategy	3.728	6
6	Customer Support & Feedback Strategy	4.725	2

Source: Primary Data

The mean score analysis reveals that **Technology & Infrastructure Strategy** ranks first with the highest mean score of 4.890, indicating that commercial banks place the greatest emphasis on upgrading technological infrastructure to support digital banking services. This highlights the priority given to system efficiency, reliability, and advanced digital platforms.

Customer Support & Feedback Strategy secures the second rank with a mean score of 4.725, reflecting the importance banks attach to effective grievance redressal mechanisms and continuous feedback to improve digital services. **Customer Convenience & Accessibility Strategy** ranks third (mean score 4.528), showing that ease of use, 24x7 access, and multiple digital channels are significant strategic considerations.

Customer Awareness & Training Strategy occupies the fourth position with a mean score of 4.218, suggesting that although banks undertake initiatives to educate customers, comparatively less emphasis is placed on training and awareness programs. **Security & Risk Management Strategy** ranks fifth (mean score 3.856), indicating moderate concern towards cybersecurity and risk mitigation measures.

Finally, Service Innovation & Promotion Strategy records the lowest mean score of 3.728, ranking sixth, which implies that banks give relatively less importance to introducing innovative digital products and promotional activities compared to other strategic dimensions.

Difference between Type of banks and Strategies adopted by commercial banks towards digital banking services – ANOVA:-

Analysis of Variance (ANOVA) is a statistical technique that is used to compare the means of more than two groups. The null hypothesis for this test is that there is no significant association between Type of banks and Strategies adopted by commercial banks towards digital banking services. The Table 1.3 deals with the association between the Type of banks and Strategies adopted by commercial banks towards digital banking services.

H₀: There is no significant relationship between the Type of banks and Strategies adopted by commercial banks towards digital banking services.

Table 1.3 Relationship between Type of banks and Strategies adopted by commercial banks towards digital banking services – ANOVA

ANOVA						
Problems		Sum of Squares	Df	Mean Square	F	Sig.
Technology & Infrastructure Strategy	Between Groups	27.281	2	16.385	26.381	.000**
	Within Groups	463.745	228	.589		
	Total	491.026	230			
Customer Convenience & Accessibility Strategy	Between Groups	5.868	2	2.346	2.523	.000
	Within Groups	517.121	228	.738		
	Total	522.989	230			
Security & Risk Management Strategy	Between Groups	6.854	2	3.721	3.085	.000

	Within Groups	523.158	228	.638		
	Total	530.012	230			
Customer Awareness & Training Strategy	Between Groups	6.56	2	2.692	4.381	.004
	Within Groups	514.042	228	.638		
	Total	520.602	230			
Service Innovation & Promotion Strategy	Between Groups	8.653	2	3.289	2.891	.003
	Within Groups	383.233	228	.754		
	Total	391.886	230			
Customer Support & Feedback Strategy	Between Groups	7.218	2	2.864	1.521	.000
	Within Groups	256.134	228	.621		
	Total	263.352	230			

Source: Primary Data

The Table 1.3 reveals the ANOVA test results. Based on the result, the significant value is found to be lower than 0.05 for Technology & Infrastructure Strategy, Customer Convenience & Accessibility, Security & Risk Management Strategy, Customer Awareness & Training Strategy, Service Innovation & Promotion Strategy and Customer Support & Feedback Strategy. So, the null hypothesis is rejected and it is concluded that there is a significant relationships between the Age and Problems Faced by Customers While Availing Digital Banking Services in Selected Commercial Banks.

1.7 Conclusion

The study concludes that commercial banks have increasingly adopted comprehensive and customer-centric digital banking strategies to enhance service efficiency, accessibility, and competitiveness in the evolving financial landscape. The findings reveal that banks prioritize the deployment of advanced digital platforms such as mobile banking applications, internet banking, and automated payment systems to provide seamless and time-efficient services to customers. These initiatives have significantly improved transaction speed, convenience, and overall customer experience.

Furthermore, the study highlights that banks place strong emphasis on strengthening cybersecurity measures, ensuring data privacy, and building customer trust to mitigate risks associated with digital transactions. Strategic investments in secure authentication systems, fraud detection mechanisms, and regulatory compliance frameworks reflect banks' commitment to maintaining safe digital environments. In addition, banks have adopted continuous technology upgrades and system integration strategies to ensure reliability and scalability of digital services.

The research also indicates that customer awareness and digital literacy initiatives form a crucial part of banks' digital strategies. Training programs, awareness campaigns, and user-friendly interfaces are increasingly employed to encourage adoption among diverse customer segments, including rural and semi-urban populations. Moreover, banks focus on personalized digital services, data-driven decision-making, and fintech collaborations to remain competitive and innovative.

In conclusion, the strategies adopted by commercial banks towards digital banking services have positively transformed traditional banking operations and customer interactions. While notable progress has been achieved, the study suggests that sustained success depends on continuous innovation, robust

security frameworks, effective customer education, and inclusive digital policies. These strategic measures will enable commercial banks to achieve long-term growth, financial inclusion, and enhanced customer satisfaction in the digital banking era.

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