International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Impact of Digital Banking on Customer Experience: A Study on Retail Branch Banking Operations at HDFC Bank

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ABSTRACT
The rapid growth of technology has changed the way customers interact with banking services in India. Customers now prefer digital banking platforms because they provide quicker access to financial services and reduce the need to visit bank branches frequently. This study examines the influence of digital banking services on customer experience in retail branch banking operations.
The research was conducted during an internship at HDFC Bank from 15 April 2026 to 15 May 2026 in the Retail Branch Banking department. During the internship period, practical exposure was gained in handling customer support activities related to mobile banking registration, WhatsApp banking assistance, Aadhaar linking, e-KYC updates, beneficiary addition, debit card services, and non-cash transaction support. Customer interaction at the welcome desk helped in understanding customer behaviour, digital awareness levels, and operational challenges.
The study is based on both primary and secondary data. Primary information was collected through direct customer interaction, branch observation, and customer feedback, while secondary information was gathered from RBI publications, banking reports, websites, and research articles. Percentage analysis and practical interpretation methods were used to evaluate customer responses.
The findings show that customers widely prefer UPI, mobile banking, and internet banking services because they simplify banking activities and reduce waiting time. However, certain customers, particularly senior citizens, still require assistance at branches for digital banking activities. Technical issues, lack of awareness, and cybersecurity concerns were identified as major challenges affecting customer confidence. The study concludes that digital banking has improved customer convenience and operational efficiency in retail banking operations. At the same time, banks should continue to improve customer education, technical infrastructure, and digital support systems to further enhance the customer experience.

OBJECTIVES OF THE STUDY

1. To study the impact of digital banking on customer experience in retail branch banking operations.
2. To analyse customer satisfaction with digital banking services provided by HDFC Bank.
3. To understand customer awareness and adoption of digital banking services such as mobile banking, net banking, UPI, and WhatsApp banking.
4. To identify the practical challenges faced by customers while using digital banking services.
5. To study the role of digital banking in improving operational efficiency and reducing customer waiting time.
6. To analyse the importance of customer guidance and support in increasing digital banking adoption.

7. To understand the practical functioning of digital banking services through internship observation and customer interaction.
8. To provide suggestions and recommendations for improving customer experience in digital banking services.

Keywords: Digital Banking, Customer Experience, Retail Banking, Mobile Banking, UPI, Net Banking, Customer Satisfaction, Banking Technology, Digital Adoption, e-KYC

1. INTRODUCTION

Banking services in India have undergone significant changes due to the increasing use of digital technology and internet-based financial services. Earlier, customers depended mainly on physical branch visits for banking activities such as money transfer, account updates, bill payments, and service requests. Today, most of these activities can be completed through mobile applications, internet banking platforms, and digital payment systems.

Digital banking has become an important part of modern banking because customers expect faster service, convenient access, and simplified transaction methods. Services such as UPI payments, mobile banking, internet banking, QR code transactions, and WhatsApp banking are now commonly used for daily financial activities.

The growth of smartphones, internet accessibility, and government initiatives promoting digital transactions has accelerated the adoption of digital banking services in India. Customers increasingly prefer digital banking because it saves time, reduces paperwork, and allows banking services to be accessed at any time without visiting the branch physically.

During the internship at HDFC Bank, it was observed that a large number of customers visited the branch for assistance regarding digital banking activities such as mobile banking activation, MPIN generation, Aadhaar linking, beneficiary addition, and e-KYC verification. Many customers were comfortable using digital platforms independently, while others required branch guidance and support.

The study mainly focuses on understanding how digital banking influences customer experience in retail branch banking operations. It also analyses customer satisfaction, digital adoption behaviour, operational efficiency, and the practical challenges faced by customers while using digital banking services.

2. INDUSTRY PROFILE

2.1 Banking Industry Overview

The banking sector plays an important role in supporting economic development by providing financial services to individuals, businesses, and institutions. Banks help customers manage savings, loans, investments, payments, and other financial activities efficiently.

In recent years, the Indian banking sector has increasingly focused on digital transformation. Banks now provide various technology-driven services to improve customer convenience and operational efficiency. Digital banking platforms have reduced dependency on traditional paper-based banking systems and manual branch procedures.

Modern banking services include:

- Mobile banking applications
- Internet banking
- UPI payment systems

- QR code transactions
- Online customer support
- WhatsApp banking services
- e-KYC verification systems

The expansion of digital banking has helped banks improve transaction speed, customer accessibility, and service quality. Government initiatives promoting digital payments and financial inclusion have also contributed significantly to the growth of digital banking in India.

2.2 Company Profile – HDFC Bank

HDFC Bank is one of the leading private sector banks in India, providing a wide range of financial and banking services to retail and corporate customers. The bank offers savings accounts, loans, investment products, insurance services, digital banking facilities, and payment solutions.

The bank has invested significantly in digital banking technology to provide faster and more customer-friendly services. Customers can access multiple digital services, such as:

- Mobile banking
- Net banking
- UPI transactions
- WhatsApp banking
- Smart Wealth services
- Debit card management
- e-KYC updates

During the internship period, practical exposure to several branch banking activities helped in understanding how HDFC Bank integrates digital technology with customer service operations.

3. REVIEW OF LITERATURE

Several researchers have examined the relationship between digital banking services and customer satisfaction in the banking sector. Existing studies suggest that digital banking has improved customer convenience by enabling faster transactions and reducing dependency on branch visits.

Research studies on mobile banking indicate that customers prefer digital platforms because they provide easy access to banking services through smartphones and internet-based applications. Customers use these services mainly for money transfers, balance inquiries, bill payments, and online purchases.

Previous studies also highlight that customer satisfaction depends on multiple factors, such as:

- Ease of application usage
- Security of transactions
- Reliability of digital platforms
- Speed of transaction processing
- Customer support availability

Many researchers observed that younger customers adopt digital banking more quickly because of better digital literacy and frequent smartphone usage. However, elderly customers often require additional support for activities such as mobile banking activation, password management, and online fund transfer.

Several studies also discuss challenges associated with digital banking. Common issues identified include:

- Cyber fraud risks
- OTP delays
- Technical errors

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- Server downtime
- Lack of awareness regarding advanced digital services

The present study differs from earlier studies because it includes practical internship observations and branch-level customer interaction. The research focuses not only on theoretical concepts but also on real-time customer behaviour and operational experiences observed during internship training at HDFC Bank.

4. RESEARCH METHODOLOGY

4.1 Research Design

The study follows a descriptive research design because it aims to understand customer experience and digital banking usage behaviour in retail branch banking operations.

4.2 Data Collection

The research is based on both primary and secondary sources of data.

Primary Data

Primary information was collected through:

- Direct customer interaction
- Internship observation
- Informal customer feedback
- Customer support activities at the welcome desk

Secondary Data

Secondary information was collected from:

- RBI reports
- Banking journals
- Research articles
- Official banking websites
- Published banking reports

4.3 Sampling Method

Convenience sampling was used during the study because customer responses were collected from customers visiting the branch during the internship period.

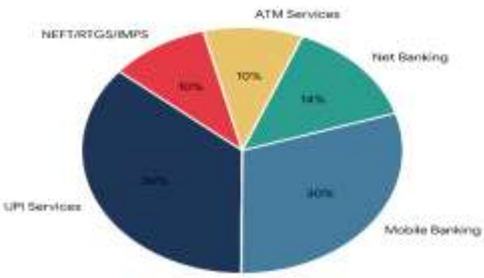
4.4 Sample Size

The study considered responses and observations from approximately 50 customers who visited the branch for banking and digital service-related activities.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Customer Usage of Digital Banking

fig: -5.1

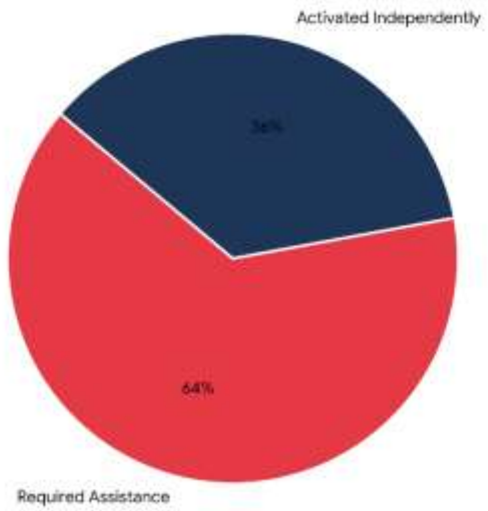


Interpretation

UPI and mobile banking were the most preferred digital banking services among customers because of convenience and transaction speed.

5.2 Mobile Banking Activation Support

fig: -5.2

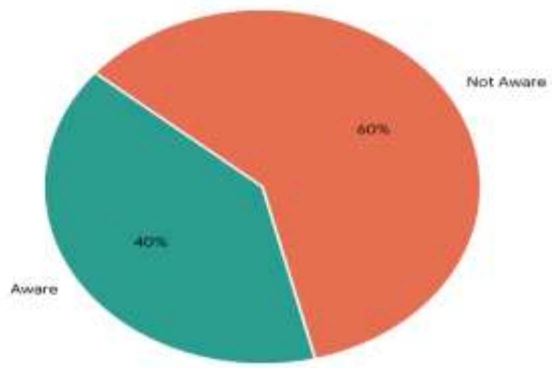


Interpretation

Many customers required assistance for mobile banking activation, MPIN setup, and application registration

5.3 Awareness of WhatsApp Banking

fig: - 5.3



Interpretation

Many customers were unaware of WhatsApp banking services before visiting the branch.

5.4 Customer Satisfaction Level

Table: - 5.1

Satisfaction Level	Percentage
Highly Satisfied	44%
Satisfied	36%
Neutral	10%
Dissatisfied	6%
Highly Dissatisfied	4%

Interpretation

Most customers were satisfied with digital banking services due to faster transactions and convenience.

5.5 Problems Faced by Customers

Table: - 5.2

Problem	Percentage
Technical Errors	30%
Lack of Digital Knowledge	24%
Server Issues	20%
Security Concerns	16%
OTP Delays	10%

Interpretation

Technical issues and a lack of digital literacy were major challenges affecting customer experience.

6. PRACTICAL OBSERVATIONS DURING INTERNSHIP

The internship provided practical exposure to several banking operations and customer service activities.

Major Activities Observed

- Mobile banking activation
- WhatsApp banking support
- Aadhaar linking
- e-KYC verification
- Net banking activation
- PIN generation
- Beneficiary addition
- Debit card issue and reissue
- DD issue and cancellation

- Account opening documentation
- Account transfer procedures
- Non-cash transactions

Observation 1 – Senior Citizen Support

Senior citizens frequently visited the branch for assistance related to:

- Mobile banking setup
- UPI registration
- PIN generation
- Fund transfers

Many elderly customers lacked confidence in using digital banking applications independently.

Observation 2 – Customer Awareness

Many customers were unaware of:

- WhatsApp banking
- Self-service banking options
- Online PIN generation
- e-KYC services

Customer awareness improved after branch guidance.

Observation 3 – Technical Challenges

Customers occasionally faced:

- Server downtime
- Failed UPI transactions
- OTP delays
- Login issues

These technical problems affected customer satisfaction temporarily.

7. FINDINGS OF THE STUDY

The study identified several important observations regarding customer behaviour and digital banking usage:

- Most customers preferred digital banking services because they reduced waiting time and simplified daily banking activities.
- UPI and mobile banking applications were the most commonly used digital services among customers visiting the branch.
- Younger customers adapted quickly to internet banking and digital payment systems compared to elderly customers.
- Senior citizens frequently require branch assistance for activities such as mobile banking activation, PIN generation, and beneficiary addition.
- Customers appreciated paperless banking facilities and faster transaction processing through digital platforms.
- Many customers were unaware of advanced services such as WhatsApp banking and online self-service facilities before visiting the branch.
- Customer guidance provided at the welcome desk improved awareness regarding digital banking services.

- Technical issues such as server downtime, OTP delays, and failed transactions temporarily affected customer confidence.
- e-KYC and Aadhaar linking services simplified customer verification procedures and reduced documentation work.
- Digital banking reduced branch crowding and improved operational efficiency by shifting routine transactions to online platforms.

8. SUGGESTIONS AND RECOMMENDATIONS

Based on the findings and practical observations, the following recommendations are suggested:

8.1 Improve Digital Awareness Programs

Banks should conduct awareness campaigns regarding:

- Mobile banking
- WhatsApp banking
- Cyber security
- Self-service banking facilities

8.2 Special Support for Senior Citizens

Banks should provide dedicated assistance for elderly customers regarding:

- Mobile banking setup
- UPI services
- PIN generation
- Digital banking safety

8.3 Strengthen Technical Infrastructure

Banks should improve:

- Server performance
- Application stability
- Transaction processing systems
- OTP delivery systems

8.4 Increase Cyber Security Awareness

Customers should be educated regarding:

- Fraud prevention
- OTP confidentiality
- Fake links and scam calls
- Safe digital banking practices

9. CONCLUSION

The study indicates that digital banking has become an important part of customer service in retail banking operations. Customers increasingly prefer digital banking platforms because they offer quicker service, easier access, and reduced dependency on branch visits.

During the internship period at HDFC Bank, it was observed that services such as mobile banking, UPI transactions, internet banking, Aadhaar linking, and WhatsApp banking were widely used by customers for day-to-day financial activities. Digital banking also helped reduce manual workload and improve operational efficiency within the branch.

At the same time, some customers continued to face challenges while using digital services. Senior citizens and first-time users often require assistance for mobile banking setup, MPIN generation, and online transaction procedures. Technical issues such as OTP delays and server-related problems also affected customer experience occasionally.

The internship experience provided practical understanding regarding customer behaviour, branch operations, and digital banking support systems. The study concludes that customer awareness programs, proper technical support, and continuous digital innovation are necessary for improving customer confidence and enhancing overall customer satisfaction in banking services.

10. LIMITATIONS OF THE STUDY

- The study was limited to one branch.
- The internship duration was limited to one month.
- Sample size was limited.
- Customer opinions may vary.
- Backend operational access was restricted.

11. SCOPE FOR FUTURE RESEARCH

Future research can focus on:

- Artificial Intelligence in banking
- Cybersecurity in digital banking
- Rural digital banking adoption
- Senior citizen digital banking behaviour
- Fintech integration in banking
- Comparative study between public and private sector banks

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