



Improvement of Digital Financial Services on Customer Satisfaction in Customer Relationship Management

Abhishek Kumar¹ and Dr. Amit Agrawal²

¹Research Scholar, Government Degree College, Raza Nagar, Swar (Rampur) Uttar Pradesh (Mob. No. 9058727271) Email address 92abhishekagarwal@gmail.com

²Assistant Professor, Government Degree College, shahabad, Milak (Rampur) Uttar Pradesh (Mob. No. 9410117372) Email: dramitagrawalap@gmail.com

DOI : <https://doi.org/10.5281/zenodo.19542065>

ARTICLE DETAILS

Research Paper

Accepted: 24-03-2026

Published: 10-04-2026

Keywords:

Customer Experience, CRM, Customer Satisfaction, Digital Finance Service

ABSTRACT

The advancement of digital financial services has been an important aspect of Customer Relationship Management (CRM) improvement and general customer satisfaction in the banking industry. This paper explores the role of digital platform developments in digital banking (through mobile banking, internet banking, e-wallets, and AI-enhanced services) in driving better customer experiences. The study relies on the first-hand data gathered on different groups of customers, such as businesspersons, farmers, students, and general users. The correlation techniques and the mean score analysis are some analytical tools to assess the relationship between the improvements in the digital financial services and customer satisfaction levels. As shown in the findings, improvement of service quality, quicker transactions, increased security features, and individualized communication have a substantial positive effect on customer satisfaction. Besides, interfaces and accessibility have enhanced customer trust and participation in CRM systems. Nevertheless, such problems as cybersecurity threats, the absence of digital literacy, and infrastructure are challenges. It can be concluded of the study that both digital financial services continuous innovation and effective digital financial services implementation are needed to maintain



customer satisfaction and long-term customer relationships in a competitive digital environment.

INTRODUCTION

Digital financial services enhancement has become one of the leading factors that drive the transformation of the banking and financial sector in the era of high technological development. The internet and mobile banking, e-wallets, and artificial intelligence systems have greatly improved the interaction between the financial institutions and their customers. The innovations not only have enhanced the efficiency of operations but also have enhanced Customer Relationship Management (CRM) by making personalized services fast and convenient. The growing shift in expectations among the customers makes the improved digital financial services more and more popular among the banks in order to offer greater satisfaction and long-term loyalty. Satisfaction to the customers is important constituent of effective CRM because it directly determines client loyalty, confidence and performance of the organization at large. By integrating enhanced digital financial services into the CRM systems, financial institutions are able to deliver smooth experiences, real-time services, and customized solutions to various segments of customers. Nonetheless, in spite of such developments, issues like cybersecurity threats, digital illiteracy and infrastructure constraints remain, especially in the economic developmental countries. This research seeks to investigate the role of the enhancement of digital financial services in increasing customer satisfaction as part of the CRM models, and how innovation should be sustained to realize sustainable customer relationships in the digital era. The birth of the internet banking in the 1990s has seen a reversal of the trend in favor of full internet banking as a branchless banking system. The dawn of the internet banking in the 1990s marked a dramatic change in the direction of complete internet banking as a branchless banking system. This has been made easy by the spread of internet facilities that allow banks to offer services over the internet, such as balance checks, transfer of funds, and even paying bills. Internet banking made things more accessible, enabled the bank to cut down on its operational expenses, and provided the customers with the 24/7 banking requirements. It provided the preconditions of mobile banking and FinTech innovations and turned the old banking paradigms into very digital, customer-focused ones (Chou & Chou 2000). This study makes a sincere effort to explore the concept of client satisfaction and the elements influencing it inside the urban cooperative banking zone of Punjab, Himachal Pradesh and Haryana, using a qualitative research approach. The respondents' extremely broad illustration profile aids in our ability to respond and assign the proper weight to the aforementioned results [Balwinder Singh & Soni Ruchika 2015]. Examined how client happiness and loyalty is



influenced based on customer delight in electronic-banking services. It emerged that the service reliability in mobile-based financial services positively or significantly impacts client loyalty [Ali Naghi Mansour Beigi et al., 2016]. Explores the research on customer relationship management (CRM) in relation to its effect on customer loyalty and satisfaction. consumer relationship management is theorized like a methodological system used by companies to develop and maintain their consumers [Sumitha K. 2023]. The study explores how CRM practices influence consumer delight in Quetta's intensely competitive banking sector. With growing technological adoption and wider customer choices, banks are prioritizing CRM to attract and retain clients. The study assesses the ideas of customer relationship management (CRM) integration and its role in customer satisfaction by the use of two structured questionnaires, one given to 31 bank employees and one given to 302 customers. The study shows that CRM initiatives have a beneficial relationship with customer delight, but the levels of implementation are varied among the involved banks. The authors conclude that the CRM initiative should be continuously adjusted to increase the quality of relationships with the customers and sustain a rivalrous edge in a highly evolving market [Ajmal & Rehman, 2019]. Modern-day banking has ceased being a bank to a need-based bank based on the principle of customer satisfaction as the determinant of organizational success. The management of customer relationships has become an essential part of the development and prosperity of banks in a highly competitive and innovative period. The Indian banks are appreciating the need-based banking concept and the significance of CRM that connects people, processes, and technology to maximize the revenues and profits of an organization through the maximization of customer satisfaction. CRM is aimed at creating, satisfying and maintaining customers by offering uncompromising services (Mahaswar Sahu and Sweta Leena Hota, 2015). Investigate the institutional gains achieved from the perspective of the banking sector and their customers. online banking services, which constitute a key pillar of electronic banking, have altered the functioning of commercial banks operating globally by enabling customers to have anytime, anywhere banking convenience (Pallab Sikdar & Makkad Munish, 2013). Private sector banks were fairly doing well with innovative technologies, better understanding of customers, and better services. Good relationship marketing strategies like better segmentation, inquiry management, welcoming the customer, getting to know the customers, customer development, managing problems and winning back the customers contributed to the growth and market share of private sector banks in India (J.S. Dhillon et al. 2003). Customer relationship management (CRM) and the systems have played a significant role in the emergence of digital money platforms. CRM has helped to enable the firms involved in service delivery to manage their relationships with their clients successfully, build trust, or provide reliable services to their clients and, therefore, has led to increased



access by the previously unbanked and underbanked groups to their banking services, improved customer experience, loyalty, and inclusive economic growth (Espinosa-Vega et al., 2020).

OBJECTIVES

- To analyze the impact of improved digital financial services on customer satisfaction.
- To analyze the existing use of Digital Financial Services in CRM.
- To find the challenges of Digital Financial Services in CRM.

METHOD & PROCEDURE

The basis of the study is primary and secondary data. The selected respondents in this research method are 400 respondents (HDFC Bank and Public Bank) who represent the Moradabad division in Uttar Pradesh. These are bank managers, businessmen, farmers, students and other customers. Research Tools, interviews, schedules and questionnaires were the sources of primary data, which is gathered using simple random sampling. The secondary data are gathered in books, journals, magazines, published and unpublished documents and literature reviews. The presentation of results and findings is made in charts, tables, and diagrams using the Excel.

HYPOTHESES

- **H₀ (Null Hypothesis):** Digital financial services do not improve customer satisfaction in CRM.
- **H₁ (Alternative Hypothesis):** Digital financial services improve customer satisfaction in CRM.

RESULT AND DISCUSSION

Table- 01 The impact of improved digital financial services on customer satisfaction

Respondent Group	Average Mean	Test vs Neutral (3)	Observation
Business	4.3	4.3 > 3	H ₁ Accepted
Farmers	3.8	3.8 > 3	H ₁ Accepted
Students	4	4.0 > 3	H ₁ Accepted
Others	3.7	3.7 > 3	H ₁ Accepted

Self-Sources:



According to the table 01, the mean score of all the respondent groups is more than the value of the neutral (3). This means that customer satisfaction in digital financial services enhances positively in the CRM. Therefore, alternative hypothesis (H 1) is accepted among all groups and H 0 is rejected.

Correlation Analysis Table

Variables	Customer Satisfaction
Improvement of Digital Financial Services	0.82

Customer satisfaction regarding CRM has a strong positive correlation ($r = 0.82$) with improvement in digital financial services. It implies that customer satisfaction is boosted as the digital services become better.

Regression Analysis Table

Variables	Coefficient (β)	t-value	Significance
Constant	1.12	3.45	0.01
Digital Financial Services Improvement	0.76	6.82	0

Model Summary	Value
R ²	0.67
F-value	46.5
Sig.	0

The regression outcomes indicate that the positive impact of digital financial services improvement on customer satisfaction is significant ($\beta = 0.76$). The model has a strong model fit, with 67% variation ($R^2 = 0.67$) explained. There is a significant F-value, which proves overall model validity.

The correlation analysis and regression confirm that the positive effect of the evolution of digital financial services on customer satisfaction in CRM is significant and helps to accept the H 0 hypothesis.

Table- 02 Current Usage of Digital Financial Services in CRM

Sr. No.	Digital Financial Services	HDFC	Bank	Public	Banks
		(n=200)		(n=200)	
		Average Score		Average Score	
1	Mobile Banking	4.2		3.8	
2	Internet Banking	4		3.7	
3	UPI/Digital Payments	4.5		4	
4	Digital Wallets	3.6		3.2	
5	SMS/Email Alerts	3.8		3.5	
6	Digital Loan Services	3.4		3	

Source: Self Survey

According to Table 2, the usage of digital financial services is generally higher among HDFC Bank customers, whereas it is relatively lower among customers of public sector banks. Mobile banking and UPI/digital payments appear to be the most preferred services among customers. These services have better mean scores in HDFC Bank (4.2 and 4.5), but the mean scores of the public sector banks (3.8 and 4.0) are relatively low. It means that consumers are prioritizing online payments and mobile banking to a large degree. The internet banking and SMS/email alert were found to be used moderately with average scores of between 3.7 to 4.0 indicating that the customers use these services as and when necessary. Customers do not use digital loan services and digital wallets as comparatively. The mean scores are also not very high with HDFC Bank recording higher means (3.6 and 3.4) than the other banks of the public sector (3.2 and 3.0). This is an indication that though customers know about existence of these services, they still do not use them frequently.

Table- 03 Challenges of Digital Financial Services in CRM

Sr. No.	Challenges	HDFC	PUBLIC	Overall Average (Mean)
		BANK	BANK	
		(Mean Score)	(Mean Score)	
1	Cybersecurity Risks	4.3	4.5	4.4
2	Data Privacy	4.2	4.4	4.3
3	Technical Complexity	4	4.3	4.15
4	Employee Training	3.9	4.2	4.05
5	System Integration	4.1	4.3	4.2



6	Customer Digital Literacy	3.8	4.2	4
7	High Costs	4	4.1	4.05
8	Network Issues	3.7	4.3	4
9	Dependence on AI	4.1	3.9	4
10	Regulatory Barriers	3.9	4.1	4
TOTAL AVERAGE		4	4.23	4.11

Source:Self-survey

Table 3 shows clearly that, besides the growth of digital financial services, a number of major challenges have become present in CRM systems; having the overall average score of 4.11 means that these problems are highly acute. The mean of public sector banks is 4.23 which is better than 4.0 of HDFC bank which indicates that the public sector banks are struggling with these issues more keenly. Particularly, the most noticeable issues that concern both types of banks include: Cyber Security Risks (4.3, 4.5) and Data Privacy (4.2, 4.4), which corresponds to the security-related risks of the increased utilization of digital transactions. The relatively high scores of "Technical Complexity" (4.0, 4.3) and "System Integration" (4.1, 4.3) mean that the process of integrating new technologies in the existing systems can be seen as a problem, especially when it comes to the banks operating in the public sector. The findings on Customer Digital Literacy (3.8, 4.2) and Network Issues (3.7, 4.3) indicate that there are still barriers on successful usage of digital services among rural and semi-urban residents. On the other hand, HDFC has a greater rating in the area of dependence on AI (4.1, 3.9) meaning that the banks in the private sector are more dependent on the innovative technologies, thus, facing more risks. These problems were mentioned by the different demographic segments used in the research, and they are bank managers, business professionals, farmers, students and other customers; in addition to that 50 % of the study population were women and that shows that the issues cut across all segments of the society. On the whole, the paper finds that although digital CRM services have definitely made the banking activities more efficient, there is still a pressing necessity to improve the quality of activities, educate, and support the policy in order to successfully overcome the challenges of cybersecurity, technical complexity, and digital literacy.

CONCLUSION

As revealed in the study about the removal of customer dissatisfaction and enhancement through digital financial services and its effects in Customer Relationship Management (CRM), the significance of digital-based banking services is increasingly becoming significant in the contemporary banking system.



The results are clear, showing that the progress achieved in areas of digital financial services like mobile banking, internet banking and computer-based payment systems has greatly improved the level of customer satisfaction. The hypothesis testing proves that the mean values obtained in all the respondent groups exceeded the neutral figure, which suggests that people have a positive opinion about better digital services. Besides, correlation and regression analysis findings indicate a strong and significant relationship of digital financial service improvement with customer satisfaction. This implies that customer experience and CRM can be made much stronger by considering issues related to service quality, speed, accessibility, and personalization. The comparative analysis also adds that banks that constitute a private sector tend to be slightly better in the provision of efficient digital services compared to those found in the public sector. Another aspect revealed in the factor-wise analysis is that ease of use, speed of transactions, and accessibility are the significant contributors to customer satisfaction, and the problem of cybersecurity concerns, technological ignorance, and network problems remain a source of worry. These limitations are more pronounced in the semi-urban and rural areas, which impacts the effectiveness of CRM approaches in general. The customer satisfaction is necessary through continuous innovation, the high quality of services, and customer-focused digital strategies that are necessary to achieve long-term success in the CRM. Banking institutions need to concentrate on the gap filling in the prevailing gaps so as to exploit the full potential of digital financial services.

SUGGESTIONS AND RECOMMENDATION

Digital financial services are expected to remember these recommendations and suggestions, which will facilitate customer satisfaction:

- **Improve Cybersecurity:** Banks are to improve the safety of data protection, as well as fraud detection technology to gain customer confidence and conduct digital transactions safely.
- **Extend Digital Literacy:** Banks are to undertake awareness and training programs to enlighten the customer on the application of digital financial services.
- **Ensure Faster and Reliable Services:** To ensure these services, better speed of transaction, fewer run-down, and system reliability should be guaranteed to achieve a smooth customer experience.
- **Adopt Omnichannel CRM Systems:** Make sure that there is a smooth connection between mobile applications, websites, ATM, and branches to provide the velocity of one customer experience.
- **Intensify the Monitoring and Feedback:** Gathering of customer feedback, and analytics are to be used frequently to enhance the quality of service and CRM performance.



- **Increase regard of CRM:** Provide customers with customized financial services and products through customer data analytics.

REFERENCE

- Ajmal, S., & Rehman, S.-U. (2019). An implementation of customer relationship management and customer satisfaction in banking sector of Quetta, Balochistan. *International Business Research*, 12(10), 26–37. <https://doi.org/10.5539/ibr.v12n10p26>
- Ali Naghi Mansour Beigi, Saeid Jorfi, Reza Salemi Tajarrood, & Hamed Mansour Beigi. (2016). The study of the effects of e-banking services quality on customers' satisfaction and loyalty (Case study: Agricultural Bank of Khuzestan Province). *Journal of Current Research in Science*.
- Balwinder Singh, & Ruchika Soni. (2015). Customer satisfaction in urban cooperative banks. *International Journal of Research in Finance and Marketing (IJRFM)*, 5(8), 26–32.
- Chou, D. C., & Chou, A. Y. (2000). A guide to the Internet revolution in banking. *Information Systems Management*, 17(2), 51–57. <https://doi.org/10.1201/1078/43191.17.2.20000301/31227.6>
- Dhililon, J. S., Batra, G. S., & Dhyani, A. (2003). Paradigm change: Relationship marketing and service quality of banking services. *IBA Bulletin*, June, 26–30.
- Espinosa-Vega, M. A., Carcel Villanova, H., Chhabra, E., Fan, Y., & Shirono, K. (2020). *Mobile money in the COVID-19 pandemic*. International Monetary Fund.
- Mahaswar Sahu, & Sweta Leena Hota. (2015). Customer relationship management in banking—A strategic tool adopted by banks. *International Journal of Research and Development - A Management Review (IJRDMR)*, 19–22.
- Nilashi, M., Abumalloh, R. A., Ahmadi, H., Samad, S., Alrizq, M., Abosaq, H., & Alghamdi, A. (2023). The nexus between quality of customer relationship management systems and customers' satisfaction: Evidence from online customers' reviews. *Heliyon*, 9(11), e21828. <https://doi.org/10.1016/j.heliyon.2023.e21828>



- Pallab Sikdar, & Munish Makkad. (2013). Internet banking in India—A perspective on benefits and challenges involved. *International Journal of Engineering, Business and Enterprise Applications*, 5(1), 15–23.
- Peppard, J. (2000). Customer relationship management (CRM) in financial services. *European Management Journal*, 18(3), 312–327. [https://doi.org/10.1016/S0263-2373\(00\)00013-X](https://doi.org/10.1016/S0263-2373(00)00013-X)
- Sumitha, K. (2023). A literature review on customer relationship management. Retrieved from https://www.researchgate.net/publication/371831447_A_Literature_Review_on_Customer_Relationship_Management
- Verhoef, P. C. (2003). Understanding the effect of customer relationship management efforts on customer retention and customer share development. *Journal of Marketing*, 67(4), 30–45. <https://doi.org/10.1509/jmkg.67.4.30.18685>