

Study on Measuring the Gen Z Customer Satisfaction on Service Quality in Digital Banking

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Abstract:

Banking using digital technologies like mobile apps is Digital Banking. In recent times, financial service industry has changed how the services are provided and consumed due to digital transformation. Generation Z, the cluster born between the mid-1990s and early 2010s, is mainly impactful in shaping the future of digital banking due to their Tech fluency and interest in seamless user experiences. This study aims to analyze the level of satisfaction among Gen Z consumers with digital banking services, by focusing on key factors like usability, security, and customer support. A structured questionnaire is utilized to collect data from 106 Gen Z digital banking users in India. This research seeks to understand the relationship between service quality factors and customer satisfaction, testing hypotheses on the service quality dimensions (usability, security, customer support) and demographics. The findings are expected to deliver insights into how digital banking platforms can better align with Gen Z preferences, ensuring improvised customer retention and loyalty. The results of the study will contribute to the development of strategies that can be adopted by digital banks to upgrade their services offered and to remain competitive in a rapidly growing market.

Keywords: Digital Banking, Generation Z, Usability, Security, Customer Support

Introduction

In recent years, the digital transformation of the financial services industry has significantly reshaped how banking services are delivered and consumed. As technology continues to

evolve, Generation Z—those born between the mid-1990s and early 2010s—emerges as a prominent demographic whose preferences and behaviors are increasingly influential. This cohort,

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having grown up in a digital-first world, presents unique expectations and challenges for digital banking providers. Understanding and meeting the needs of Gen Z is crucial for financial institutions aiming to maintain competitiveness and foster long-term customer loyalty.

Digital banking services have become integral to daily life, offering convenience, accessibility, and a range of functionalities that traditional banking methods cannot match. For Gen Z, who are characterized by their tech-savviness and preference for instant, seamless interactions, the quality of digital banking experiences is paramount. This generation values user-friendly interfaces, personalized services, and robust security features, all delivered through platforms that integrate smoothly with their digital lifestyles.

This study aims to assess Gen Z customer satisfaction with digital banking services by exploring key factors that influence their experiences and expectations. By examining elements such as usability, security and customer support, the research seeks to provide insights into how digital banking institutions can better align their offerings with the needs of this emerging customer base. The findings will offer valuable guidance for banks and fintech companies striving to enhance their digital platforms and build lasting relationships with Gen Z consumers.

Objectives of the Study

1. To measure how demographics effect customer satisfaction on service quality dimensions (Usability, Security and Customer Support) of Digital Banking.
2. To assess the correlation between Usability, Security, and Customer Service.
3. To identify improvement areas in Digital Banking based on Gen Z satisfaction.

Need and Scope of the Study

Given that Gen Z has specific needs for quick, simple, and customised service, it is crucial for studying the level of satisfaction with digital banks' offerings in terms of service quality. When they are unhappy, they are less committed and swift to move banks. By being aware of their demands, digital banks can improve customer satisfaction, keep customers, and maintain their position of strength in a market that is expanding.

Understanding Gen Z's needs also helps digital banks maintain their position as leaders in a market that is growing quickly. Digital banks may develop strategies that meet Gen Z's expectations and enhance customer loyalty and positive word-of-mouth by recognising the essential elements that impact their happiness. Long-term success is ensured by a focus on service quality, which not only helps in customer retention but also helps acquire a greater market share. This research will be covering the GEN Z

individuals in India, in other words people born between late 1990's and early 2010's and collect data from them.

Limitations

1. The study might not represent the entire Gen Z population, as convenience sampling can introduce bias.
2. Responses may be influenced by personal biases, potentially affecting the accuracy of the results.
3. The study provides a snapshot of Gen Z's satisfaction at present time, and

Literature Review

Digital Banking

Digital banking also known as virtual banking or Digital-only banking is a virtual bank that facilitates entire banking activities online to help customers conveniently access traditional banking (Ahmed & Sur, 2021). In the history of banking Industry, it has been a major development (Dr. P. Revathi, 2019). It is offered by banks to provide best service which will help in increasing profits and reducing operating cost (Kaur, Ali, Hassan & Emran, 2021).

Generation Z

Gen Z the people born between the mid-1990s and early 2010s are the starting generation to grow up in the world filled with internet (Katz, Ogilvie, Shaw & Woodhead, 2021). They are mostly equipped with technology

(Cilliers & EJ, 2017). They have a comfort- level globally (Stacy wood, 2013).

Customer Satisfaction

Customer satisfaction is a concept which means the satisfaction that a customer derives when they need their needs and satisfaction through any product and services (Oliver, 2010). It helps to build long term relationships between customers and organisations (Kabu & Maharjan, 2017).

Service Quality

Service has now become an important aspect in modern times. Organizations stand out by providing quality services, which help them gain profits and remain competitive (Islam & Ali, 2011).

Research Methodology

Source of Data: Primary data was collected through a structured questionnaire based on a 5-point Likert scale.

Sampling Method: Convenient sampling is used in this study with a sample size of 106 Gen Z digital banking users.

Analysis Technique: This study uses Chi square and Correlation Analysis to analyze the data.

-Null Hypothesis (H0): There is no significant relationship between the service quality dimensions (usability, security, customer support) and demographics.

-Alternative Hypothesis (H1): There is a significant relationship between the service quality dimensions and demographics.

-Null Hypothesis: There is no association between age group and the ease of navigation and understanding of digital platforms.

Data Analysis

Usability

- 1. **Digital banking platform I use is easy to navigate and understand.**

- Alternative Hypothesis: There is an association between age group and easy navigation & understanding of digital platforms.

Table 1.1: Chi Square between Usability and Age

Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
18-20	13	38	22	0	0	73
21-23	4	14	6	1	1	26
24-27	2	4	0	0	1	7
Total	19	53	26	1	1	106

Source: Primary data

The chi-square test results show that there is no significant connection between age group and easy navigation & understanding of digital platforms. With a chi-square value of 2.49, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

Null Hypothesis: There is no significant difference between genders in the perception of the design and layout of the bank's digital platform in terms of being visually appealing and user-friendly.

- 2. **The design and layout of my bank's digital platform (mobile app/website) is visually appealing and user-friendly.**

Alternative Hypothesis: There is a significant difference between genders in the perception of the design and layout of the bank's digital platform in terms of being visually appealing and user-friendly.

Table 1.2: Chi square between Usability and Gender.

Gender	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Male	6	13	19	6	5	49
Female	3	33	17	3	1	57
Other	0	0	0	0	0	0
Total	9	46	36	9	6	106

Source: Primary data

The chi-square test results show there is no significant difference between genders in the perception of the design and layout of the bank's digital platform in terms of being visually appealing and user-friendly. With a chi-square value of 11.15, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

3. I can quickly and easily complete my transactions (e.g., payments, transfers) on the digital banking platform.

- **Null Hypothesis:** There is no significant difference between education levels and the ability of users to quickly and easily complete transactions (e.g., payments, transfers) on the digital banking platform.
- **Alternative Hypothesis:** There is a significant difference between education levels and the ability of users to quickly and easily complete transactions (e.g., payments, transfers) on the digital banking platform.

Table 1.3: Chi Square between Usability and Education.

Education	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Under Graduation	18	49	15	0	1	83
Post-Graduation	4	9	4	0	1	18
Other	4	0	1	0	0	5
Total	26	58	20	0	2	106

Source: Primary data

The chi-square test results show there is no significant difference between education in the perception of and the ability of users to quickly and easily complete transactions (e.g., payments, transfers) on the digital banking platform. With a chi-square value of 9.833, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

Security

1. I feel confident that my personal and financial information is secure

when using my digital banking platform.

Null Hypothesis: There is no significant relationship between age group and the level of confidence in the security of personal and financial information when using the digital banking platform.

Alternative Hypothesis: There is a significant relationship between age group and the level of confidence in the security of personal and financial information when using the digital banking platform.

Table 1.4: Chi square between Security and Age.

Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
18-20	12	34	24	3	0	73
21-23	9	11	4	1	1	26
24-27	2	2	0	2	1	7
Total	23	47	28	6	2	106

Source: Primary data

The chi-square test results show there is a significant relationship between age group and the level of confidence in the security of personal and financial information when using the digital banking platform. With a chi-square value of 15.735, which is greater than the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we reject the null hypothesis.

2. The digital banking platform provides clear information about security measures and privacy policies.

-Null Hypothesis: There is no significant relationship between gender and the perception of whether the digital banking platform provides clear information about security measures and privacy policies.

-Alternative Hypothesis: There is a significant relationship between gender and the perception of whether the digital banking platform provides clear information about security measures and privacy policies.

Table 1.5: Chi Square between Security and Gender.

Gender	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Male	19	17	10	1	2	49
Female	9	33	15	0	0	57
Other	0	0	0	0	0	0
Total	28	50	25	1	2	106

Source: Primary data

The chi-square test results show there is no significant relationship between gender and the perception of whether the digital banking platform provides clear information about security measures and privacy policies. With a chi-square value of 12.46, which is well below the critical

value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

3. I trust the bank's digital platform to prevent unauthorized access to my account and data.

-Null Hypothesis: There is no significant relationship between education level and trust in bank's digital performance.

-Alternative Hypothesis: There is a significant relationship between education level and trust in bank's digital performance.

Table 1.6: Chi Square between Security and Education.

Education	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Under Graduation	19	33	28	2	1	83
Post-Graduation	6	7	4	0	1	18
Other	2	2	0	0	1	5
Total	27	42	32	2	3	106

Source: Primary data

The chi-square test results show there is no significant relationship between education level and trust in bank's digital performance. With a chi-square value of 10.91, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

Customer Service

1. The customer support team responds quickly when I have an issue with the digital banking platform.

Null hypothesis: There is no significant relationship between age group and

customer satisfaction with the speed of response from the digital banking platform's customer support team.

Alternative hypothesis: There is a significant relationship between age group and customer satisfaction with the speed of response from the digital banking platform's customer support team.

Table 1.7: Chi Square between Customer Service and Age

Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
18-20	3	27	34	6	3	73
21-23	3	10	9	2	2	26
24-27	2	3	0	1	1	7
Total	8	40	43	9	6	106

Source: Primary data

The chi-square test results show there is no significant relationship between age group and customer satisfaction with the speed of response from the digital banking platform's customer support team. With a chi-square value of 10.33, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

2. I am satisfied with the quality of customer support provided for digital

banking-related issues (e.g., troubleshooting, inquiries).

-Null Hypothesis: There is no significant relationship between gender and satisfaction with the quality of customer support for digital banking-related issues.

-Alternative Hypothesis: There is a significant relationship between gender and satisfaction with the quality of customer support for digital banking-related issues.

Table 1.8: Chi Square between Customer Service and Gender.

Gender	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Male	8	14	20	2	5	49
Female	4	21	30	2	0	57
Other	0	0	0	0	0	0
Total	12	35	50	4	5	106

Source: Primary data

The chi-square test results there is no significant relationship between gender and satisfaction with the quality of customer support for digital banking-related issues. With a chi-square value of 8.41, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

3. The digital banking platform offers sufficient channels for me to easily reach customer support (e.g., live chat, phone, email).

-Null Hypothesis: There is no significant association between

education level and satisfaction with the sufficiency of customer support channels for digital banking.

-Alternative Hypothesis: There is a significant association between education level and satisfaction with the sufficiency of customer support channels for digital banking.

Table 1.9: Chi Square between Customer Service and Education.

Education	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Under Graduation	7	37	34	3	2	83
Post-Graduation	4	6	6	1	1	18
Other	1	1	2	0	1	5
Total	12	44	42	4	4	106

Source: Primary data

The chi-square test results there is no significant association between education level and satisfaction with the sufficiency of customer support channels for digital banking. With a chi-square value of 4.39, which is well below the critical value of 15.507 at a 0.05 significance level with 8 degrees of freedom, we fail to reject the null hypothesis.

Correlation

Table 2.1: Correlation between Usability and Security.

	Usability	Security
Strongly Agree	19	23
Agree	53	47
Neutral	26	28
Disagree	1	6
Strongly Disagree	1	2

Source: Primary data

The correlation coefficient of 0.9905 indicates that as **usability** ratings increase, **security** ratings also tend to increase in a very predictable way. This means people who are satisfied with usability are also more likely to be satisfied with security, and vice versa. There is a strong relationship between both.

Table 2.2: Correlation between Usability and Customer Service.

	Usability	Customer Service
Strongly Agree	26	12
Agree	58	44
Neutral	20	42
Disagree	0	4
Strongly Disagree	2	4

Source: Primary data

The correlation coefficient of 0.7744 indicates that as **usability** ratings increase, **customer service** ratings also tend to increase in a very predictable way. This means people who are satisfied with usability are also more likely to be satisfied with customer service, and vice versa. There is a strong relationship between both.

Table 2.3: Correlation between Security and Customer Service.

	Customer Service	Security
Strongly Agree	12	27
Agree	44	42
Neutral	42	32
Disagree	4	2
Strongly Disagree	4	3

Source: Primary data

The correlation coefficient of 0.8916 indicates that as **customer service** ratings increase, **security** ratings also tend to increase in a very predictable way. This means people who are satisfied with customer service are also more likely to be satisfied with security, and vice versa. There is a strong relationship between both.

Research Findings

This research demonstrates that Gen Z (1997-2012) prioritizes Usability, Security, Customer Service when it comes to digital banking. Customers found digital banking platform easy to navigate and use, with no significant difference observed based on demographics. Coming to security age group of 18-20 have shown high level of confidence in security of their financial & personal information, while there was no significant difference found in gender and education showing that security is an important factor for all the users. Customer Service factor was consistently positive for over all demographics, showing the importance of customer service for Gen Z customers. This study also proves that Usability, Security and Customer Support have a strong relationship among them, as they have shown a strong positive correlation.

Suggestions

1. Ensure that digital banking platform remains easy to use by focusing on consistency.
2. Security features are to be enhanced and proper communication of

security measures are to be provided to users.

3. Customer support should be improved by banks to enhance speed of service.
4. Banks should focus on personalized services to connect with customers effectively and improve retention. Gen Z need more of a human touch to their services.
5. Continuous feedback from Gen Z customers will help banks improve themselves with changing needs and preferences.

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