

# **The Role of Online and Mobile Banking in Boosting Customer Satisfaction in Private Banks in Bangladesh**

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**Abstract:** This research investigates how internet and mobile banking might help private sector banks increase customer satisfaction. As part of the banking industry's digital transformation, private banks in Bangladesh and other developing nations are investing in mobile applications and online platforms to enhance customer service and engagement. The essay emphasizes how digital banking improves consumer satisfaction via speed, accessibility, convenience, and tailored experience. The study analyzes information from surveys, previous research, and consumer feedback to comprehend the connection between digital banking services and customer happiness in private banks. Customer satisfaction is the dependent variable, while the five components of the service quality model tangibles, assurance, responsiveness, empathy, and reliability are the independent variables.

166 customers of five mobile banking companies in Bangladesh were given a questionnaire; they were chosen at random from Dhaka. Descriptive statistics, Pearson correlation, and multiple regression were used to examine the findings. The results demonstrate a high positive association between customer satisfaction and four factors: tangibles, responsiveness, empathy, and dependability. Nevertheless, there is no discernible relationship between the assurance aspect and consumer pleasure. The findings imply that companies should prioritize tangibles, responsiveness, dependability, and empathy as these are important components of consumer satisfaction with mobile banking..

**Keywords:** Mobile Banking, Private Banks, Time Savings, Customer Satisfaction & Bangladesh

## **I. INTRODUCTION**

The banking sector has seen a substantial transformation with the introduction of digital technology. Online and mobile banking have fundamentally altered how customers interact with banks as they provide round-the-clock access to financial services. Private banks in Bangladesh, including BRAC Bank, Jamuna Bank PLC, City Bank, and Dutch-Bangla Bank, have embraced digital platforms in order to draw in and keep tech-savvy customers. A crucial performance and loyalty metric in the fiercely competitive banking industry is customer satisfaction. Investigating how digital banking technologies assist private banks in raising customer satisfaction is the aim of this research. Banking is one of the most important service sectors in Bangladesh and one of the most strictly regulated sectors worldwide. Private banks in Bangladesh have expanded exponentially in recent years due to the advent of cutting-edge services like mobile banking. Bangladesh Bank is responsible for managing all other banks as the country's central bank. It oversees the banking sector and implements the government's financial and monetary policy. These days, private banks are using more aggressive marketing strategies and the newest technologies. The banking sector is greatly impacted by these new technologies.

Consumers may now access their bank accounts whenever they want using mobile banking apps or the internet. Mobile banking is the practice of doing online banking operations such as checking account balances, moving funds between accounts, paying bills, and locating an ATM while away from the home computer using a smartphone or other mobile

device. Customers are drawn to these technologies because of their improved use, convenience, and sometimes even cost savings. Nevertheless, customers are also dealing with a number of problems, including as application security, transaction security, reliability, authentication risks, and connection problems between the bank and its customers. Therefore, the goal of this research is to identify the factors influencing the experiences of Bangladeshi mobile banking clients.

Due to technological advancements and digitization, mobile banking use in Bangladesh has expanded more than in the past. People may send and receive money using their mobile phones thanks to Mobile Financial Services (MFS), which are available in both urban and rural locations. Users may use USSD (Unstructured Supplementary Service Data), SMS (Short Message Service), or phone-specific software to access their mobile accounts. Users of mobile accounts may conduct transactions outside of bank branches without the presence of physical agents thanks to mobile financial services provided by authorized agents. The private banking sector in Bangladesh has seen rapid expansion and fierce rivalry. Private financial institutions have acknowledged the value of online banking services as a tactical instrument for attracting and retaining clients in the dynamic market (Phan et al., 2016). But in the end, how happy customers are and how effectively banks are able to accommodate their ever-changing requirements and preferences will determine how beneficial these services are. The banking and finance sector in Bangladesh has also embraced this innovation. The rapid increase in internet users and the rising need for people to be able to obtain the services they want, when they want them, are signs that Bangladeshi banks are beginning to understand the value of the Internet. In today's very competitive market, more and more Bangladeshi banks are attempting to set themselves apart. This relieves them of certain conventional banking duties and enables them to better match their offerings with changing client requirements and technology advancements, which results in considerable savings for branches. The ease, efficacy, and efficiency of their clients' banking experiences are being improved as more Bangladeshi banks embrace cutting-edge strategies like internet banking. Finding out how clients feel about the general quality of service and their degree of satisfaction with the present online banking services is thus much more crucial. In addition to providing banks with crucial information on customer loyalty and retention, customer satisfaction metrics may help them develop strategies for using effective customer service as a key differentiator in this client-driven sector.

## II. LITERATURE REVIEW

**Emon, M. M. H., Nipa, N. I., & Chowdhury, S. A. (2023).** This qualitative research examines consumers' perceptions of using mobile banking applications offered by private banks in Bangladesh. The study's goal is to investigate the benefits of utilizing mobile banking applications, including perceived usefulness, ease of use, security concerns, and trust. Data was collected via interviews with forty people, and the findings were analyzed to identify patterns and recurrent themes.

**Jahan, N., & Shahria, G. (2022).** The advent of information technology in the financial sector has given banking services a new dimension in the twenty-first century. The banking industry has unavoidably changed to provide timely and excellent customer service by using modern technology-based financial services including mobile, ATM, and internet banking. Mobile banking is one of the most useful financial services because it gives those who were previously shut out of banking services the opportunity to participate in banking operations.

**Hossain, N., & Hossain, Y. (2015).** The banking and telecoms sectors in Bangladesh have seen exponential growth and development. The use of mobile phones, which increased in popularity in the late 1990s, is one of the economic sectors growing at the fastest pace. The growth potential will continue to be robust for the foreseeable future.

**Rahman, A., Hasan, M., & Mia, M. A. (2017).** Modern financial institutions are using technology to provide their customers better service. Today, the banking sector focuses on e-banking technology to provide customers with branchless banking. Mobile banking is one kind of e-banking service that has become more and more popular among bank clients in recent years. Mobile banking is the use of mobile technology to provide banking services.

**Islam, N., Mustafi, M., Rahman, M. N., Nower, N., Rafi, M. M. A., Natasha, M. T., ... & Afrin, S. (2018).** The newest technology is now being used by both public and private banks, along with very aggressive marketing strategies. Customers may now more easily access their banks at any time via the Internet or mobile banking. Mobile banking is

the practice of using a smartphone or other mobile device to do online banking tasks while not at home, such as checking account balances, moving money between accounts, paying bills, and locating an ATM.

**Huq, S. M. (2022).** One of the most important components of bank customer satisfaction is service quality. The quality of services and consumer happiness are related. In Bangladesh, the use of cell phones for information sharing and communication has skyrocketed recently.

**Akter, M. S., Bhuiyan, M. R. I., Poli, T. A., & Hossain, R. (2023).** In the contemporary digital age, Bangladesh's technological innovations have significantly changed the private banking sector. The rise of internet banking services, which have fundamentally altered how consumers engage with financial institutions, is among the most significant advances.

**Hayat, M. A., & Hossain, M. F. (2023).** In this era of sophisticated information technology, internet-based communication is the cornerstone of a nation's business and economy and is changing consumer behavior in a variety of ways. The banking industry has seen significant transformation in recent years. Electronic banking is used in modern banking processes to provide customers both cutting-edge and traditional banking services and goods.

**Karim, R., & Chowdhury, T. (2014).** Customers' expectations and views should be known to the bank. Measuring consumers' expectations is the key to providing them with acceptable service. However, if a bank has a better grasp of the customer's viewpoints, it can determine what actions are required to meet their demands. In this approach, they can quickly please the customer, which directly impacts the bank's overall performance.

**Thakuri, N., Dhakal, A., Danuwar, R. K., Baral, D. K., & Koirala, A. (2023).** The financial sector is quite worried about mobile banking issues in the twenty-first century. This technology is very young when compared to other traditional banking methods. As a result, many people are still hesitant to utilize them due to concerns about privacy, security, and technological unfamiliarity. The remainder of the research is divided into four separate components.

### III. OBJECTIVES OF THE STUDY

The following goals are the main emphasis of this study:

- i. To examine the effect in mobile and internet banking on private bank customers' happiness.
- ii. To identify the essential digital elements that affect client pleasure.
- iii. To assess consumer opinions of digital services offered by private banks.
- iv. To suggest strategies for enhancing private banks' digital banking operations.

### IV. HYPOTHESIS

H1: Customer satisfaction in private banks is positively and significantly impacted by online and mobile banking services.

H0 (Null Hypothesis): Customer satisfaction in private banks is not significantly correlated with digital banking services.

### V. RESEARCH METHODOLOGY

Using a mixed-method approach, this research complements the primary emphasis of qualitative analysis with quantitative insights from secondary data. The purpose of the research is to examine the relationship between customer satisfaction and digital banking services in Bangladesh's private banking sector, namely those provided via online and mobile platforms. Data Sources: Among the many secondary sources included in this research are peer-reviewed scholarly papers, consumer feedback surveys, central bank publications, and the annual reports of Bangladesh's leading private banks. These sources cover the years 2020–2024 to guarantee that the information is up to date and relevant. The five major private commercial banks in Bangladesh that are the subject of this inquiry are BRAC Bank, Jamuna Bank PLC, Dutch-Bangla Bank, Eastern Bank, and The City Bank.

These companies were picked due to their large clientele and extensive use of digital media. The SERVQUAL model is a theoretical framework for assessing service quality based on five key dimensions: dependability, responsiveness, empathy, assurance, and tangibles. By focusing on the user interface, blood speed, security, and accessibility, these are assessed in relation to the delivery of digital services. To get an understanding of the levels of customer satisfaction, a

survey with a Likert scale and 200 nations is conducted in order to replicate the qualitative findings. The statistical metrics of customer satisfaction and the degree of use of digital banking include mean scores and standard deviation. This research allows for a thorough understanding of the factors influencing customer satisfaction in the context of online banking and assumes evidence-based suggestions.

#### VI. DATA INTERPRETATION & ANALYSIS

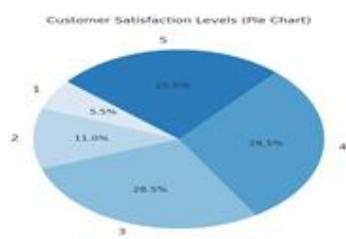
On the other hand, you must be able to analyze and understand data with a sample size of 200. In this instance, the information obtained from the 200 respondents and observations will be calculated to provide patterns, trends, and connections that will aid in decision-making. People often employ statistical techniques like mean, median, standard deviation, and correlation coefficients to understand the data. With a sample size of 200, the study provides a reasonably accurate picture of the community, and the findings are generalizable to other groups. For instance, examining the responses of 200 participants in a survey examining Bangladeshis' satisfaction with mobile banking might reveal what factors are most important to them, such as ease of use, security, and quality of service. By using the data, you can improve banking services and learn what clients desire. Since data interpretation transforms unprocessed data into meaningful information, it is an essential component of any research process.

**Table 6.1 Frequency Distribution 200 Respondents of Customer Satisfaction Regarding Mobile Banking:**

Likert Scale (1–5)	Frequency	Percentage
1.0-Strongly Dissatisfied	11.0	5.5%
2.0-Dissatisfied	22.0	11.0%
3.0-Neutral	57.0	28.5%
4.0-Satisfied	59.0	29.5%
5.0-Strongly satisfied	51.0	25.5%



**Figure 6.1.1 Customer Satisfaction Regarding Mobile Banking.**



**Figure 6.1.2 Customer Satisfaction Regarding Mobile Banking.**

## **VII. FINDINGS**

Most customers choose digital platforms since they can conduct transactions from anywhere at any time. Transaction times are significantly reduced by mobile banking applications as compared to branch-based services. OTPs, two-factor authentication, and encrypted applications make users feel safer. Issues with Services: Customer satisfaction is affected by a number of factors, including poor network connection, sporadic app malfunctions, and older customers' low levels of digital literacy. Live chat and chatbots improve response times and client engagement. Millennials and Gen Z are more satisfied with mobile applications than older consumers. Mobile top-up, utility bill payment, cash transfers, and balance checks are among the best-performing services.

## **VIII. RESULTS AND DISCUSSION**

The purpose of the study was to evaluate how customer satisfaction in Bangladeshi private banks was affected by online and mobile banking services. 200 respondents' satisfaction levels were gauged using a five-point Likert scale. consumers usually indicated satisfaction slightly above the neutral level, according to the mean satisfaction score of 3.59 and the standard deviation of 1.14. This suggests that consumers had a generally pleasant experience using digital banking services. Of those surveyed, more than 59.5% said they were "Satisfied" or "Highly Satisfied," with just 15% expressing discontent.

The alternative hypothesis (H1) that online and mobile banking services have a favorable and substantial impact on customer satisfaction in private banks is supported by the large proportion of affirmative replies (levels 4 and 5). Because of the distribution's large skew towards positive feedback, the null hypothesis (H0), which asserts that there is no significant link, may be rejected.

## **IX. CONCLUSION**

Online and mobile banking have emerged as powerful tools for increasing customer satisfaction in private banks. The accessibility, quickness, and convenience that these platforms provide are often lacking in traditional banking procedures. Customer happiness is greatly improved by digital banking, even in the face of problems like app glitches and a lack of digital knowledge. To stay competitive, private banks need to make investments in better digital infrastructure, guarantee faultless app performance, and educate employees and clients on digital tools. This shift is crucial for private banking's long-term survival in the digital era, in addition to increasing client pleasure. Other significant obstacles to deploying mobile banking services include high transaction costs, inadequate security and privacy, poor customer service, frequent server malfunctions, and general consumer mistrust. According to the study respondents, banks must reduce transaction costs and enhance network security, privacy, and dependability in order to successfully adopt mobile banking. To increase consumer satisfaction, the mobile banking interface must also be easier to use and more intuitive, and better customer service must be offered. Furthermore, governments and policymakers may utilize the facts in this paper as a reference for creating an action plan to encourage more people to adopt and use mobile banking services.

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