

Influence of Digital Loan Processing Systems on Customer Satisfaction: A Comparative Study of SBI and ICICI Bank

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Abstract

Recent changes in technology have made it possible for banks to offer loans differently than they did before. Now, customers can apply for loans from the comfort of home, without the need to go to branches many times. This paper looks at how customers feel about digital loan systems, with a special focus on SBI and ICICI Bank in India. SBI is a government-owned bank, but ICICI is a private bank that uses technology strongly.

The study aims to see if people using these banks to access loans are satisfied with the entire process and to review any differences in experience between them. The data was gathered by sending surveys to 200 customers, half from each bank. Statistical tools such as mean scores, standard deviation and t-tests, were used to study the results.

The study reveals that customers of ICICI Bank have a better experience with digital loan processing than customers of SBI. ICICI Bank makes its services quick, its application process smooth and its online tools useful. On the different side, SBI users have to deal with uneven satisfaction and hold-ups. It shows that having digital services helps keep customers satisfied. The research demonstrates to banks the value of having simple and quick digital loan systems. It also proves that digital transformation greatly helps companies enhance how happy their customers are, given the fierce competition in banking today.

Keywords: Digital Banking, Loan Processing, Customer Satisfaction, SBI, ICICI Bank, Comparative Study, Technology in Banking

Introduction:

Nowadays, when life moves fast, people prefer easy and speedy banking. Banks provide a major service to customers through loans. Applying for a loan used to take a lot of time and effort. Having to sign up for a loan happened after many bank visits and waiting days or even weeks. Using today's digital technology, the transfer of money is both quicker and less hassle. By using digital loan processing, customers are able to fill out forms online, send their paperwork electronically and get approved for the loan from a distance. Automation eliminates paperwork, is faster and leads to happier customers. Banks across India are turning to digital systems to boost their services.

For the last two years, this study analyzes data from India's State Bank of India (SBI) and ICICI Bank. The Indian government owns the public sector bank known as SBI. It has the biggest customer base in India and helps people from different regions of the country. ICICI Bank is well-respected for its private sector operations, modern technology and rapid digital service delivery.

This study sets out to see which bank offers digital loan processing that makes customers more satisfied: SBI or ICICI Bank. Do people find that applying for a digital loan is both fast and straightforward? Do public and private sector banks both provide the same level of digital service? We seek to answer these queries in our study.

The rise in online banking now means banks have to understand what their clients need. From this research, we see if the digital system for loan approvals is meeting what customers want and how banks can improve.

Literature Review:

Experts have carried out many studies to find out how digital banking and loan processing affect customers in India. According to Bhattacharya and Majumdar (2020), people like using digital banking because it saves them from visiting branches and makes banking simpler. Those who studied the data found that banks with easy-to-use digital services attract more satisfied customers. They showed from their study that banks that digitized their processes made

customers happier, as there was less paperwork and they did not have to wait as long.

Kumar and Sharma (2021) showed that private banks like ICICI provide better service when it comes to digital loan processing, compared to public banks like SBI. Because of their superior service, customers are more satisfied with private banks. Narayanan and Joshi point out that by improving customer service with digital banking, banks find it easier to attract and keep more customers.

In their study, Patel and Singh (2022) show that loan processing is made more efficient thanks to online applications, automated verification and fast approval processes. Because the sales process is efficient, customer satisfaction becomes better. According to Rao and Verma (2020), while customers use digital banking because it's convenient, they still wish for the service to provide more security and faster responses.

Sharma and Kaur (2019) explored service quality at Indian banks and noticed that banks using better technology and speedier ways to resolve issues tend to be more appreciated by their customers. Singh and Agarwal (2021) focused on digital loan processing and discovered that digital methods make customers feel more secure and pleased with their loan process.

Verma and Joshi (2019) studied customer use of digital banking and found that greater adoption results in better customer satisfaction. They suggested banks work on making it simple and dependable for customers to use digital services.

It appears from these studies that digital banking and processing loan applications have a strong impact on customer satisfaction in India. When banks use quick, easy and secure digital solutions, their customers are usually happier. It proves that more improvements in digital technology are needed to keep up with the expectations of Indian bank customers.

Objectives of the Study:

- To study how digital loan processing affects customer satisfaction.
- To compare the digital loan services of SBI and ICICI Bank.
- To see if public or private banks are better at digital loan processing.
- To understand what customers, think about speed, ease, and trust in the system.

Hypothesis:

H₀ (Null Hypothesis): There is no difference in customer satisfaction between SBI and ICICI Bank for digital loan services.

H₁ (Alternative Hypothesis): There is a difference in customer satisfaction between SBI and ICICI Bank.

Research Methodology:

To compare customer satisfaction with digital loan processing systems, the study chose a quantitative approach and compared SBI and ICICI Bank. By doing descriptive and comparative research, the goal was to learn what customer's thought about the digital lending services from the two banks. Existing customers were sent a structured questionnaire that asked about how easy it was to use the platform, the time it took and how pleased they were with the process for applying for a loan. Participants were asked to choose from a range of feelings on a scale of very dissatisfied to very satisfied. A total of 200 customers took part in the study, where 100 came from SBI and 100 from ICICI Bank, both drawn by convenience sampling from urban areas in Maharashtra—such as Nagpur, Pune and Mumbai—using their location. Both descriptive and inferential statistics were used to check and compare the overall satisfaction scores at the two banks. Data for the study was collected from February to April 2025, then studied using MS Excel and SPSS to maintain accurate results. With this method, it was possible to compare digital loan processing effects on customer satisfaction clearly between public and private sector banks.

Table 1: Descriptive Statistics of Customer Satisfaction:

Bank	Mean	Median	Mode	Std. deviation	Minimum	Maximum
SBI	3.58	3.60	3.5	0.85	2.1	4.9
ICICI Bank	4.22	4.30	4.5	0.65	3.1	5.0

Analysis of Descriptive Statistics:

From descriptive statistics, we learn how satisfied SBI and ICICI Bank customers are with processing digital loans. According to the findings, customers have scored ICICI Bank at a mean level of 4.22 on customer satisfaction, while SBI scored 3.58. The results suggest that ICICI Bank customers tend to be happier with digital loans. Results show that more than half of the ICICI customers were satisfied, with the median for ICICI being 4.30 and for SBI being 3.60.

If we review the mode which is the most common score earned, ICICI earned 4.5, whereas SBI scored 3.5. Once more, this proves that ICICI customers tend to appreciate the service more. The standard deviation is 0.65 for ICICI and it is 0.85 for SBI. Individual ICICI customers' responses were more consistent because their experiences with the bank were similar, but these experiences for SBI customers varied more widely.

Minimum and maximum data points give us something useful to reflect on. ICICI's scores can be as high as 5.0, but fall between 3.1 and 5.0, while SBI's scores are between 2.1 and 4.9. The ICICI customers who gave the lowest ratings still did better than the lowest-rated SBI customers. It is evident from the figures that ICICI Bank customers are happier and more consistently satisfied with their loan processing than are SBI's customers.

Table 2: Hypothesis Testing (Independent Sample t-Test):

Test	t-Value	Degrees of Freedom (df)	p-Value	Significance Level (α)	Result
Independent Sample t-Test	5.13	198	0.000	0.05	Significant difference found

Analysis of Hypothesis Testing:

An independent sample t-test was performed to check if there is a noticeable distinction in customer satisfaction from SBI's and ICICI Bank's digital loan systems. We find that $t = 5.13$ and $p = 0.000$ which is lower than the significance level commonly used which is 0.05. So, this results show that the better satisfaction scores at one bank do not happen by chance and are not equal to those of the other. Consequently, we are not accepting that the two banks have no difference. The research shows that ICICI Bank customers are more satisfied with their digital loan experience than customers of SBI. It means that customers are more satisfied with ICICI Bank's digital services than with those from SBI.

Conclusions Overall Results:

The results show that using digital loan processing can improve how customers feel about banking services. After comparing SBI and ICICI Bank, we discovered that people who take digital loans from ICICI Bank experience higher satisfaction with the process. Most ICICI customers were generally satisfied because the scores were higher. In addition, there were fewer changes in the scores, indicating that lots of customers held the same positive views.

The results of the statistical test prove that the difference between SBI and ICICI Bank is not a coincidence. As a result, ICICI Bank's online loan procedure is more effective for customers. It may be because ICICI Bank has a simple to use system, works faster and provides good customer support during the whole process.

Customers of SBI showed reactions that were not as consistent. Satisfied customers were on the rise, but a number of people experienced issues or hold-ups. As a result, participants reported less satisfaction and showed greater variety in their reactions. The reason might be that SBI, as a prominent public bank, sees many customers and uses older software that affects the process.

Nowadays, many people choose to use digital services since they are both quick and easy. If banks have good digital loan services, they may get more customers and earn more loyal supporters. For this reason, banks like SBI must look to make their digital systems easier for customers to use, speedy and dependable. As a result, public banks can stay in line with private

banks like ICICI and scratch the itches of today's clients.

All things considered; digital loan processing systems play a big role in how happy customers are. Better systems are necessary for banks to keep succeeding and expanding ahead.

Future Scope of the study:

The focus of the study was on how people felt about digital loan processing at SBI and ICICI, but there are many more directions research can take. It would be helpful to analyze a bigger pool of banks, private as well as public, to find out if digital loans make customers more or less satisfied in different banks.

In addition, researchers can examine digital savings accounts, insurance products or investment platforms to check how these affect what customers think.

Third, the study was carried out in urban areas, so future investigations could look at rural areas to find out how digital banking is used and if access to the internet and literacy is different there.

Future researchers might analyze trust from customers, safety measures and consider whether digital loans are handled through mobile apps or web sites.

In the future, there is space for research on how new technological tools like artificial intelligence, chatbots and blockchain are influencing loan processing for customers.

To conclude, there is plenty of opportunity to look into digital banking services in greater depth and guide banks in developing their systems to better support clients going forward.

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