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Digital Banking and the New Customer Mindset : Evidence from Private Sector Bank Users in Ajmer Division

Abstract : Digital banking has shifted from being an optional service to an integral part of the financial ecosystem in India. However, the new customer mindset goes beyond just usage to encompass trust, speed, quality of the app, handling of grievances, and ability to merge the digital and the humane. This paper attempts to analyze the shift using the example of the users of private sector banks in Ajmer Division, Rajasthan from a secondary-data and literature-based perspective. It uses the recent peer-reviewed studies, official statistics of banking and digital payments, and evidence pertaining to banking and connections in the region. This paper finds that Ajmer is an interesting mixed case. There is a strong presence of private banks and mobile coverage, however, the case also exemplifies the digital divide in India between rural and urban customers. Customers are now used to mobile dominated banking, instant payment systems, systems that minimize the onboarding and service friction, etc. Customers are also very much aware of failed transactions, delayers grievance redress, complexity that is hidden, and privacy issues. This study finds that private banks in Ajmer will not be able to build digital loyalty unless they integrate safety, clear information, Local language, and a strong "phygital" service model, instead of relying on purely digital model convenience.

Keywords : digital banking, customer mindset, private sector banks, Ajmer Division, mobile banking, UPI, trust, financial inclusion

1. Introduction : The last decade has resulted in dramatic transformations to banking systems throughout India. Introduction of devices such as the smartphone, data communications technology, and biometric and Aadhaar linked banking services has changed how and when customers expect services and how they perceive banking as a service. The Indian banking system and digital payment services have integrated to a level where, in May

2026 alone, the Unified Payments Interface processed over 23 billion transactions with a total monetary value of over 29 trillion rupees. The Digital Payments Index of the Reserve Bank of India (RBI) increased from 153.47 to 445.50 from March 2019 to March 2024, and the Financial Inclusion Index improved to 64.2 in 2024. This further demonstrates that digital banking have transcended peripheral services to become an integral part of the banking system in India. (NPCI 2026; RBI 2025; Cornelli et al. 2024; PwC India 2024)

However, with the shift in mindset from passive banking to a more active and demanding banking behavior, there is no guarantee of customer satisfaction. Expectations have changed from mere banking to instantaneous money transfers, systems with seamless and simple user interfaces, real-time transaction notifications, and service request fulfillment. Dissatisfaction is experienced when customers are forced to visit branches and/or service processes are confusing and unclear. Satisfaction is perceived to be more readily fulfilled in divisions where the digital divide is more pronounced, such as in the Ajmer Division of India. Digital banking within the context of India has set new customer satisfaction benchmarks. (EY 2026; Kaur et al. 2021; Bhatnagar and Rajesh 2024).

2. Review of Literature : Recent studies suggest that the adoption of digital banking in India includes behavioral and technological components. Singh and Srivastava surveyed 420 online banking users and found that ease of use, perceived and mobile self-security, social presence, and customer guidance mold the overall intention toward mobile banking (Singh and Srivastava, 2020). Chauhan, Yadav, and Choudhary, analyzing 721 user responses, found that the adoption of e-banking is explained by perceived risk, innovativeness, and the availability of security information, in addition to the traditional UTAUT2 framework (Chauhan et al., 2022). Tiwari, Tiwari, and Gupta, also found that the adoption of mobile banking in India is influenced by perceived usefulness, perceived ease of use, customer awareness, perceived risk, and perceived trust (Tiwari et al., 2021). From these studies, it can be concluded that in most cases, adoption is not a given, and in order to adopt a service, customers must feel capable, informed, and safe.

The remaining studies focus on trust and the use of the service. Kumar et al, found, from a survey of 253 young Indian users, that behavioral intention is affected by performance expectancy, effort expectancy, social influence, and perceived financial cost. Perceived trust and perceived risk are said to moderate the intention to use and the actual use of the system (Kumar et al., 2023). Bhatnagar and Rajesh state that perceived enjoyment, e-service quality, information quality, and e-convenience are the main factors that shape the online customer experience of Indian Gen Y and Gen Z digital banking users. These factors also have an impact on e-trust, e-loyalty, and the intention to use the service continuously (Bhatnagar and Rajesh, 2024). Understanding this new customer mindset is particularly important because winning over the customer now means assuring repeated use of the banking application.

The last segment illustrates that some measure of physical support is still necessary. Kaur et al. maintain that in India the transition from branch banking to fully digital channels is still largely dependant on support and advisory services within a bank branch. They also cite some of the structural and cultural impediments to the rapid adoption of digital banking that are particularly apparent when there is a lack of sufficient support at the customer service level (Kaur et al., 2021). This situation is compounded in the mixed banking environments. Mohapatra, Moirangthem, and Vishwakarma, while studying rural consumers with Jan Dhan accounts, found that performance expectancy, effort expectancy, social influence, and perceived risk have a bearing on the intention to use mobile banking (Mohapatra et al., 2020). What this clearly suggests is that digital banking is not an anathema to the residents of semi-urban and rural areas, but that they are inclined to adopt it under the conditions of reassurance, perceived utility, and social influence.

These findings are consistent with macro-level studies. The World Bank's brief on

India shows that while 78% of adults in India had access to bank accounts in 2021, 35% of these accounts remained inactive. The brief also identifies a rural-urban disparity in the use of accounts for digital payments. 40% of adults in urban areas used accounts for digital payments, as compared to 30% of adults in rural areas (Klapper et al., 2022). Saroy et al. noted that the adoption of digital payments has improved the cost efficiency of banks in India, and therefore banks have the incentive to continue funding these channels (Saroy et al., 2023). UPI is the main digital payment rail in India. By November 2024, BIS called UPI the leading payment system with over 15 billion transactions a month, while PwC reported that in the fiscal year 2023-2024, UPI accounted for more than 80% of India's retail digital payment transactions (Cornelli et al., 2024; PwC India, 2024). Based on this literature, the dominant customer behavior has evolved from seeking convenience to a focus on trust, in addition to the support of branches and service quality.

3. Research Methodology : This paper incorporates an exploratory and analytical framework based on secondary data. No primary data collection was conducted for this paper. Instead, the information foundation incorporates recent peer-reviewed literature on India's digital banking and official data from the Reserve Bank of India, NPCI, the World Bank, the Ministry of Communications, and the State Level Bankers' Committee, Rajasthan. This methodology is appropriate for the title as it focuses on understanding a shifting customer mindset, and there is recent reliable evidence on adoption, payment, and connectivity data, as well as region-specific branch data. (RBI, 2025; NPCI, 2026; Ministry of Communications, 2023; SLBC Rajasthan, 2023)

The analytical framework is straightforward. First, national and India specific studies were analyzed to determine the dominant factors of digital banking behavior: ease of use, trust, risk, convenience, and the overall satisfaction with support and service quality. Second, these factors were contextualized for the Ajmer Division using district level coverage and regional branch presence, especially of private and small finance banks. Third, this paper interpreted the meaning of these patterns for the users of private sector banks in the Ajmer Division. This methodology is contextual and not predictive. Its strength is in the use of recent verified evidence without the need to create local survey estimates. Its weakness is also clear: it cannot claim causal findings from fresh field studies in Ajmer. Even so, it provides a grounded and realistic interpretation of customer behavior in a region of India where digital banking is expanding within a broader national transition. (Kaur et al., 2021; Kumar et al., 2023; Bhatnagr and Rajesh, 2024)

4. Digital Banking and New Customer Mindset in Ajmer : Studying digital banking in Ajmer Division has its benefits due to the combination of urban service center's, market towns, educational mobility, pilgrimage traffic, and the surrounding rural areas. While the digital infrastructure at the district level is fairly developed, it is not complete. According to the Ministry of Communications, as of March 2022, Ajmer district had mobile coverage in 1,103 of the 1,128 villages, leaving 25 villages uncovered. State-wise, at the level of Rajasthan in India, there were 45.03 million Internet subscribers, with 55.82 subscribers per 100 population, in September 2022. Considering rural Rajasthan, the number of subscribers was 36.01, whereas in urban areas it was 110.60. This disparity is relevant in Ajmer because this type of access and disparity shapes customer mentality in such regions. There is a notable difference in behavior between a user who is digitally ready and one who is digitally dependent but is still digitally fragile. (Ministry of Communications, 2023; Klapper et al., 2022).

The banking map further explains the importance of private sector customers in the region. Data from the SLBC Rajasthan branch show a notable presence of private sector banks like Axis Bank, ICICI Bank, HDFC Bank, IDFC FIRST Bank, IndusInd Bank, Yes Bank, RBL Bank, and IDBI Bank, in not just Ajmer city, but also Kishangarh, Beawar, Pushkar, Nasirabad, Vijainagar, Sedariya, Bandanwara, and other semi-urban and rural areas. Private sector Small Finance Banks like AU and Equitas also have a presence in the district. The branch network indicates that private sector banking in Ajmer is not solely focused on the metropolitan area, but rather on a multi-locational service area. The "new customer" is not just the young urban user of the app. It is shopkeepers, people in salaried jobs, students, travelers, small business people, and bank app users in the semi urban area. (SLBC Rajasthan, 2023)

The new customer outlook holds four characteristics in this environment. One is mobile first. There is an expectation for money transfers, bill payments, balance checks, card controls, and service requests all available on the same screen. The second is the expectation for speed. The case with UPI is that instant notification and the ability to make payments around the clock has become the new standard. The third is the expectation for trust. While customers are now more willing to make transactions online, they are increasingly attentive to system errors, failed payments, alerts for fraudulent activity, and the processes for recovery. The RBI's Integrated Ombudsman framework is a clear example of the central role grievance redressal has assumed in the context of digital finance. The fourth is the desire for physical and digital interaction rather than for a branchless system. While customers are increasingly desirous of the digital system, they are still more inclined to having a branch or staff contact point when they are making high value decisions, resolving a dispute or for system onboarding. This is especially relevant to Ajmer's mixed user base. (NPCI, 2026; RBI, 2025; EY, 2026; Kaur et al., 2021)

5. Data Analysis and Results : The first outcome of this research indicates that users of private banks in Ajmer likely function in a highly disparate digital ecosystem with pockets of high opportunity. On the positive side, there is strong mobile network coverage at the village level, and there is a wide network of bank branches with payment rails that support digital transactions. However, contrary to our posited assumption, evidence from India indicates that bank account ownership fails to spur greater use of digital services. The World Bank noted that, in 2021, 35% of bank accounts in India were dormant, and rural account owners engaged in digital transactions to a much lesser extent than their urban counterparts. In the context of Ajmer, this means that private banks should focus on issues beyond access. The real concern is the active and repeated use of services and the confidence to do so. (Klapper et al., 2022; Ministry of Communications, 2023; SLBC Rajasthan, 2023)

Customer convenience is the second outcome, and it shows that meeting customer expectations is no longer a competitive advantage. The scale of UPI transactions, combined with the RBI indicators on payment digitization, and studies focused on the existing landscape show that convenience and speed are minimum expectations. Singh and Srivastava, Kumar et al., and Chauhan et al. confirm that the factors that matter for use are the ease of use, safety, social presence, expectation of performance, and assistance. This indicates that the private banks in Ajmer cannot afford to provide only a banking app. Customers expect more and compare the stability of a bank's app, the closure of customer complaints, the friction involved in the login process, the recovery of failed transactions, the bank's charge policy, and how easy and friendly the app is to use. In an advanced digital ecosystem, the spread of a poor customer experience is rapid. (Singh and Srivastava, 2020; Kumar et al., 2023; Chauhan et al., 2022; NPCI, 2026)

Trust is the third outcome, and it shows that the use of digital banking is fundamentally linked to the user's confidence in the system. Tiwari et al. and Kumar et al. find that risk and trust perceptions impact adoption behavior in India. Bhatnagr and Rajesh find that e-trust and e-loyalty are intermediary factors in the intention to use Indian digital banks continuously. This is particularly relevant to private sector bank consumers in Ajmer, as the region has an emerging digital user base that includes consumers who are practical and not excessively tech-oriented. Users will utilize an app if it functions effectively and consistently. Users will abandon it or reduce use if the app creates uncertainty. The mindset is not “digital at any expense.” It has become “digital if trustworthy.” (Tiwari et al., 2021; Kumar et al., 2023; Bhatnagr and Rajesh, 2024)

The fourth finding is that the bank branch retains its importance, but in a new context. Kaur et al. find that support in the branch is essential to transferring the customer preference from branch-based to bank-based services. Mohapatra et al. add that in segments where financial inclusion is achieved, but where confidence is low, social impact and perceived usefulness dominate. In Ajmer, where private banks are in all urban, semi-urban, and rural locations, that means the branch is no longer a place for purely banking transactions. It is a place to build customers’ trust in the bank’s digital services. Customers may not come often, but the branch staff’s quality support during their visit may encourage the customers to pursue their digital banking. (Kaur et al., 2021; Mohapatra et al., 2020; EY, 2026)

6. Discussion : The new customer mentality in Ajmer Division indicates a shift from availability towards accountability. Competing banks used to only have to offer different digital services. That time has mostly passed. Now, users in the private sector assume that digital banking systems function seamlessly. Judgement of the systems really begins after they have been adopted. Customers evaluate the banking systems based on the ease of use, instantaneous transactions, the clarity of alerts, the accessibility of customer support, and whether the bank solves the problem if an issue occurs. For that reason, your bank’s services cannot just be the most convenient to ensure customer loyalty. Increasingly, customers are differentiating services based on trust, the quality and speed of information, and the time taken to resolve issues. (EY, 2026; Bhatnagr and Rajesh, 2024)

For private banks, this is also strategically relevant. Digital services, as Saroy et al. show, enable banks to cut costs, but the customer-side success hinges on service design, and bank staff are not off the hook. Ajmer’s findings suggest that private banks should not rely solely on either the digital or the branch banking model. They should combine the two. Use of the local language, assisted onboarding, fraud prevention design, and clear grievance redressal mechanisms can help convert infrequent users to frequent users. In a region with various levels of digital readiness, the model that ‘wins’ is trusted digital banking with readily available human support, not banking that is solely digital. (Saroy et al., 2023; Kaur et al., 2021; RBI, 2025)

7. Conclusion : This study focused on digital banking and the emerging customer thinking among private banking users in Ajmer Division. Based on the available information, Ajmer is at a crucial location with a developing digital infrastructure, a decent number of private banks, and a growing modern digital payment system of India. Concurrently, it embodies the existing gap in the use of digital banking within India. The newer customer perspective observed is not simply about a preference for using technology. To some degree, they are influenced by the outcomes. Accordingly, they value speed, security, and simplicity, and are willing to use digital banking. However, they expect banks to mitigate the friction and uncertainty. (NPCI, 2026; Klapper et al, 2022; Ministry of Communications, 2023)

For private sector banks in Ajmer, this means the digital banking strategy should go beyond simply the scaling up of services. The focus should be on banking activation, continuity, and trust. This means the use of digital services, support, and service assurance. Frustration from feature overload and gap in service will only be resolved by the combination of digital and physical services banking (human layer). This is the mindset that is defined in this paper. It is already visible, and it will most likely be the thinking that defines customer loyalty in the next phase of banking in India. (Kumar et al, 2023; Bhatnagar and Rajesh, 2024; EY, 2026; Kaur et al, 2021)

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