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# The Effect of Digital Banking Services Quality on Customer Satisfaction Among Fintech Users in South-West, Nigeria

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**ABSTRACT:** This study examines the effect of digital banking services quality on customer satisfaction among fintech users in South West Nigeria. The study focuses on key digital banking services quality, including adaptability, reliability, affordability, security and efficiency and their influence on customer satisfaction. Adopting a quantitative research design, primary data were collected through structured questionnaires administered to 625 active fintech users, selected using simple random sampling techniques. The data were analyzed using descriptive statistics and Structural Equation Modeling (SEM) to determine the relationships among the study variables. The results reveal that digital banking services quality significantly and positively influences customer satisfaction, with adaptability, efficiency, reliability, and security emerging as key determinants. In contrast, affordability was found to have no significant effect on customer satisfaction. These results highlight that while improvements in service adaptability, operational efficiency, system reliability, and security enhance customer experiences, mere cost considerations or affordability do not strongly impact satisfaction. The study concludes that while digital banking services contributes substantially to customer satisfaction, its effectiveness is contingent on the reliability and quality of service delivery. It recommends that financial institutions should continuously develop user-friendly digital platforms, strengthen service recovery mechanisms, and implement proactive customer engagement strategies to enhance satisfaction and foster long-term customer loyalty.

**KEYWORDS:** Digital Banking Services, Customer Satisfaction, Mobile Banking, Fintech Users, South-West Nigeria.

## INTRODUCTION

The rapid evolution of digital technologies has transformed the global financial landscape, with digital banking emerging as a cornerstone of innovation in service delivery and customer engagement. This digital transformation has not only redefined operational models within the financial sector but also significantly influenced customer satisfaction levels, particularly in developing economies such as Nigeria (Giwa et al., 2025). As more industries integrate digital banking solutions into their operations, understanding the impact of these technologies on customer satisfaction becomes increasingly vital.

Digital banking refers to the digitization of all traditional banking activities that were historically available only to customers when physically inside a bank branch (Hakizimana et al., 2023). With the use of digital platforms such as mobile apps, internet banking, and automated teller machines (ATMs), financial service providers can deliver services more efficiently and responsively. In Nigeria, digital banking has gained widespread adoption due to increased mobile phone penetration, enhanced internet access, and a youthful, tech-savvy population (CBN, 2020). These advancements provide a unique opportunity for industries to streamline financial transactions, reduce service delivery time, and enhance the overall customer experience.

Customer satisfaction in the digital age is increasingly influenced by factors such as service reliability, affordability, security, efficiency, and adaptability of digital platforms (Demirel, 2022). As customers interact more with digital interfaces than with human representatives, their expectations regarding seamless experiences, privacy protection, and instant support have significantly heightened. Thus, the extent to which digital banking meets these expectations directly correlates with customer retention, loyalty, and overall satisfaction (Antony, 2024).

The South West region of Nigeria, comprising economically vibrant states such as Lagos, Oyo, and Ogun, represents a major hub for industrial and commercial activities. With a high concentration of both large and small enterprises, the region serves as an ideal setting for assessing how digital

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banking impacts customer satisfaction across multiple industries. Despite the increasing uptake of digital banking services, challenges such as infrastructural limitations, cybersecurity concerns, low digital literacy, and fluctuating internet connectivity continue to affect service delivery and user satisfaction (Nwagwu, 2020).

Given these dynamics, there is a growing need to critically evaluate the multifaceted relationship between digital banking and customer satisfaction within the Nigerian context. This study, therefore, investigates the effect of digital banking services quality on customer satisfaction among fintech users in South West Nigeria. Specifically, it explores five dimensions of digital banking (adaptability, reliability, affordability, security, and efficiency) and their respective impacts on customers' satisfaction of fintech users in the region. Accordingly, the research hypothesis is formulated as follows:

**$H_{01}$:** Digital banking services adaptability does not have any effect on customers' satisfaction among fintech users in South West, Nigeria.

**$H_{02}$:** Digital banking services reliability does not have any effect on customers' satisfaction among fintech users in South West, Nigeria.

**$H_{03}$:** Digital banking services affordability does not have any effect on customers' satisfaction among fintech users in South West, Nigeria.

**$H_{04}$:** Digital banking services security does not have any effect on customers' satisfaction among fintech users in South West, Nigeria.

**$H_{05}$:** Digital banking services efficiency does not have any effect on customer satisfaction among fintech users in South West, Nigeria.

## LITERATURE REVIEW

The literature review examines the relationship between digital banking service quality and customer satisfaction. These factors influence how fintech users in South West Nigeria leverage digital tools to enhance their experiences. This section explores conceptual, theoretical and empirical perspectives on how digital banking service quality drive customer satisfaction through perceived expectation, perceived value, and perceived quality.

### Digital Banking

Digital banking has revolutionized the global financial landscape over the past decade, shifting the focus of banks from customer acquisition to retention through enhanced service delivery and technological innovation (Yoganandham, 2024). With the rise of digital platforms (such as online banking, mobile banking, ATMs, and Point-of-Sale (POS) systems) banks now offer round-the-clock services that prioritize convenience, speed, and user experience. These technologies have not only improved operational efficiency but also challenged traditional banking models, enabling multichannel service delivery and driving financial inclusion, particularly in emerging markets like Nigeria (Money & Iyoha, 2025; William & Olabiyi, 2024). Innovations such as mobile and internet banking allow customers to manage finances remotely, while POS systems support cashless transactions and government policies aimed at modernizing national payment infrastructures.

Moreover, the evolution of digital banking has given rise to digital financing, where fintech companies leverage advanced technologies like artificial intelligence and big data to offer fast, affordable, and accessible financial services outside conventional banking frameworks. Platforms such as Paylater, Fairmoney, and QuickCheck exemplify this shift, offering personalized lending solutions at lower operational costs. This digital transformation is not only expanding access to credit for underserved populations but also enhancing customer engagement through data-driven insights and seamless user interfaces (Bello, 2024; Oturu et al., 2019). As digital channels continue to redefine customer interaction and financial service delivery, they are positioning themselves at the core of sustainable banking practices and inclusive economic growth.

### Digital Services Adaptability

Digital services adaptability refers to an organization's ability to adjust to ongoing technological changes. Unlike the pre-digital era, digital transformation is gradual and requires constant learning and adjustment (Ollig, 2022). While change can be difficult, especially for individuals who resist it, adaptability is essential for success in today's fast-evolving environment (Omowole et al., 2024). Technological advancements are transforming communication, social interaction, and daily life at an unprecedented pace (Egbulem et al., 2024; Agbeyangi et al., 2024).

### Digital Services Reliability

Digital services reliability refers to the probability that a platform functions without failure over a specified period in a given environment (Krupenev et al., 2023; Kuppam, 2024). Reliability involves consistent performance; ensuring services are delivered correctly and on time. In today's society, the internet is crucial for communication and critical functions, particularly in times of crisis (Yemelyanova et al., 2023). Reliability in digital platforms is measured by the combined dependability of the network and server (Yusuf et al., 2025). Cybersecurity risks, such as phishing and identity theft, highlight the importance of reliable digital services, as customers value reliability most when evaluating service quality (Ologun et al, 2025).

### Digital Services Affordability

Digital services affordability refers to the extent to which customers find digital platforms attractive due to lower transaction fees, preferential rates, and reduced costs compared to traditional methods (Moro-Visconti & Cesaretti, 2023; Addula, 2025). Customers are more likely to engage with platforms that offer cost savings, such as reduced transportation expenses and lower service fees for financial transactions (Agyei-Boapeah, 2022). Digital platforms not only lower costs but also save time, making them more appealing. As businesses integrate digital channels with evolving customer lifestyles, they can drive cost reductions, increase profitability, and ensure customer satisfaction through affordability and security (Anitha, 2024; Aithal, 2023).

### Digital Services Security

Digital services security is vital as businesses manage sensitive information online. Cybersecurity threats, including data breaches, can severely impact customer trust and business continuity (Saeed et al., 2023; Omoseebi et al., 2024). A secure platform improves customer experience and retention, while protecting against financial and reputational harm (Oladele et al., 2024). With cybersecurity risks now prioritized over terrorism, businesses must ensure robust security to maintain consumer confidence and avoid operational disruptions (George et al, 2024).

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**Digital Services Efficiency**

Digital services efficiency refers to maximizing outputs while minimizing inputs, enhancing customer interactions by reducing steps and touchpoints (Li et al., 2020; Jensen et al., 2024). In the digital age, omnichannel service is essential, though some channels offer greater cost efficiency (Cai & Choi, 2023). Efficiency is measured by achieving specific business goals, like quick order confirmations and proactive updates (Gupta et al., 2023). Improvements in efficiency come from autonomy, responsibility, innovation, and information (Agasisti & Shibanova, 2023; Thuy, 2024).

## CUSTOMERS' SATISFACTION

Customer satisfaction is a crucial success factor for organizations, influencing market share and customer retention, as satisfied customers are more loyal, less price-sensitive, and less likely to switch to competitors (Kong et al., 2022; Noorsyah et al., 2024). Satisfied customers often make repeat purchases, spread positive word-of-mouth, and contribute to business growth (Azhari et al, 2023). Satisfaction is determined by comparing customers' expectations with the actual performance of a product or service (Suchanek et al, 2023). High satisfaction leads to customer loyalty and retention, benefiting organizations through increased profits and market share (Hussain et al., 2025). Satisfaction is influenced by perceived quality, value, and expectations and businesses that focus on meeting customer expectations enhance long-term success (Singh et al., 2023; Lepistö et al., 2024). The American Customer Satisfaction Index (ACSI) is a widely used model for measuring customer satisfaction across industries (Morgeson et al., 2023). Customers' satisfaction has three antecedents: Perceived quality, perceived value, and perceived expectations.

**Perceived Expectation**

Customer expectations, shaped by prior experiences, directly influence satisfaction (Chen et al., 2024). According to expectancy disconfirmation theory (Oliver, 1980), customers are satisfied when performance meets or exceeds expectations, and dissatisfied when performance falls short. In this study, customer expectations refer to the anticipated satisfaction from digital entrepreneurs' offerings in selected industries.

**Perceived Value**

Perceived value is the customer's assessment of a product based on the benefits received relative to the price paid (Srivastava et al., 2023). It involves a trade-off between quality and sacrifices like cost or risk (Sawitri & Hasin, 2022). Customers who perceive value for money is more satisfied, and this positive perception influences repeat purchases (Haverila & Twyford, 2022; Phan Tan & Le, 2023).

**Perceived Quality**

Perceived quality reflects how well a product or service meets customer expectations, focusing on reliability and customization. It directly influences customer satisfaction, with higher perceived quality leading to greater satisfaction. Service quality is considered a key factor in shaping satisfaction, as it affects both cognitive and emotional responses to the product or service (Lin et al., 2023; Qing et al., 2023).

## THEORETICAL FRAMEWORK

Richard L. Oliver's Disconfirmation Theory (1980), further extended by David K. Tse and Peter C. Wilton (1988), underpins this study. The theory posits that customer satisfaction arises from the evaluative comparison between customers' prior expectations and the actual performance of a product or service. According to the theory, satisfaction occurs when perceived performance meets or exceeds expectations (positive disconfirmation), whereas dissatisfaction arises when performance falls below expectations (negative disconfirmation). Recent studies reaffirm that expectation–performance comparison remains a fundamental mechanism in understanding satisfaction in digital service environments, including online platforms and technology-driven services (Ibrahim et al., 2025; Hessari, 2023). Thus, Disconfirmation Theory provides a robust framework for explaining how customers evaluate service experiences and form satisfaction judgments.

In the context of digital banking, Disconfirmation Theory suggests that customers develop expectations regarding attributes such as system reliability, security, convenience, responsiveness, and ease of use before engaging with digital banking platforms. When the performance of digital banking services aligns with or surpasses these expectations, customers are likely to be satisfied, leading to continued usage, trust, and positive word-of-mouth recommendations (Dwivedi et al., 2021). Conversely, failure of digital banking systems to meet customer expectations, due to technical failures, security concerns, or poor service delivery, can result in dissatisfaction and switching behavior.

**Empirical Studies**

Extant empirical literature provides substantial evidence on the nexus between digital banking service quality, and customer satisfaction across diverse fintech users' contexts.

Sesar et al. (2021) explored the impact of digital banking services on customer satisfaction using data from banking customers in Asia, employing cross-sectional survey design and factor analysis. The findings showed that perceived convenience, personalization, and perceived security significantly influenced digital banking customer satisfaction. The authors suggested that digital banks should focus on personalization and secure service delivery to maintain high satisfaction levels.

Shabani et al. (2022) examined the effect of banking service digitization on customer satisfaction and loyalty within the Banque Nationale d'Algérie. Utilizing survey data from 480 participants and structural modeling techniques, results indicated that digitization positively influenced both customer satisfaction and loyalty, with satisfaction serving as a key mediator. The study concluded that digitization strategies should be integrated with customer satisfaction frameworks to sustain loyalty.

Yusuf & Ologunwa (2024) investigated the relationship between digital banking adoption and customer satisfaction among customers of deposit money banks in South West Nigeria. Using descriptive and inferential statistics on data collected from 600 respondents, results revealed that mobile and

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internet banking adoption significantly increased customer satisfaction, with trust and convenience having the strongest effects. The authors recommended that banks prioritize user-centric digital services to improve satisfaction.

Olowofela, Lisoyi & Olaiya (2024) assessed the electronic banking service quality dimensions and their influence on customer satisfaction in Nigerian banks. Through analysis of survey data from 650 bank customers and regression analysis, the study found that reliability, responsiveness, and assurance were significant predictors of customer satisfaction. The researchers concluded that enhancing service quality dimensions would improve the overall customer experience in digital banking.

Adegbite & Akinola (2024) examined the effect of fintech service quality dimensions on customer satisfaction among mobile payment users in Nigeria. Using survey data collected from 520 fintech app users and analyzed through structural equation modeling (SEM), the study found that system reliability, transaction speed, perceived security, and ease of navigation had positive and statistically significant effects on customer satisfaction. The authors concluded that fintech firms should prioritize platform stability and data protection mechanisms to enhance user satisfaction and retention.

Adanlawo, Owolabi & Nkomo (2024) examined the influence of technological usage on customer service quality and customer satisfaction in the banking sector using survey data from 550 Nigerian customers. Findings from inferential analysis revealed that increased use of digital technology significantly improved perceived service quality and customer satisfaction. The study concluded that technological advancements in digital banking are crucial for enhancing customer satisfaction.

Okeke & Adeyemi (2025) assessed the relationship between digital financial innovation and customer satisfaction among users of fintech applications in Nigeria's urban centers. Utilizing data from 610 respondents and applying partial least squares structural equation modeling (PLS-SEM), results indicated that personalization features, real-time transaction notifications, and seamless integration with other financial platforms significantly predicted customer satisfaction. The researchers concluded that continuous innovation and user-centric digital design are critical drivers of sustained customer satisfaction in the fintech ecosystem.

Abbas (2025) examined customer satisfaction as a mediator between fintech service quality and customer loyalty using structural equation modeling (SEM). The study utilized quantitative survey data collected from fintech users and analyzed the relationships among service quality dimensions, satisfaction, and loyalty. The findings revealed that fintech service quality had a significant positive effect on customer satisfaction, and satisfaction significantly mediated the relationship between service quality and loyalty. The study concluded that fintech firms must strengthen service quality attributes, particularly reliability, responsiveness, and security, to enhance satisfaction and long-term user retention.

Fauzi, Beik, and Munandar (2025) investigated the influence of knowledge, service quality, trust, and perceived value on customer satisfaction within the Sharia fintech context. Using survey data and multivariate statistical analysis, the study found that service quality and trust were the most significant predictors of customer satisfaction among fintech users. Perceived value also exerted a positive influence, though to a lesser degree. The authors concluded that fintech providers, particularly within Islamic financial systems, must emphasize trust-building mechanisms and transparent service delivery to sustain user satisfaction.

Aidarus and Abu (2026) explored the effect of fintech adoption on users' trust, satisfaction, and continuance intention in Islamic banking using quantitative survey data and structural modeling techniques. The results indicated that fintech usage significantly improved customer satisfaction, which in turn positively influenced continuance intention. Trust was found to be a critical antecedent of satisfaction. The study recommended that fintech-enabled banks integrate secure digital infrastructures and user-centered innovations to maintain high satisfaction and sustained platform usage.

## METHODOLOGY

The study employed a cross-sectional research design to analyze the impact of digital banking on customer satisfaction in in South West Nigeria. Data was collected from 625 active internet users across the six states in the region, based on a population of 36,875,196 residents as reported by the National Bureau of Statistics (2018). The data collection utilized an online survey tool, ensuring a diverse representation of respondents who are users of digital banking and commerce platforms. The survey included structured questionnaires designed to measure various constructs related to digital banking and customer satisfaction. The unit of analysis in this study is individual users of digital banking and commerce services in South West Nigeria, focusing on their experiences and perceptions as of the second quarter of 2018.

### Model Specification

The studies of Muslim Amin (2016), conducted in Malaysia**,** was adapted and modified to reflect the Nigerian financial environment. Structural Equation Modeling (SEM) was employed to analyze the relationship between Digital Banking and Customers' Satisfaction using a survey-based approach. In this model, customers' satisfaction was the outcome variable, while digital banking measured through service adaptability, reliability, affordability, security, and efficiency, served as predictor variables. Given the complexity of these relationships, Partial Least Squares (PLS) was chosen as the estimation method due to its suitability for non-normal datasets and its ability to test both theoretical and measurement models (Wold, 1982; Chin, 2010; Vinzi et al., 2010). The PLS approach includes two main components: the structural model (inner model), which examines relationships between latent variables, and the outer model, which represents multiple regression relationships between endogenous and exogenous variables. The original model is presented as follow:

$$\mathbf{Y = \beta 0 + \sum \beta X_1 + \sum \beta X_2 + \sum \beta X_3 + \epsilon} \quad \text{..... (1)}$$

Where:

Y and X are the endogenous and exogenous latent variables, respectively.

Y= Dependent Variable (Customers' Satisfaction)

X= Independent Latent Variables (Digital Banking Service Quality dimensions)

β = Path coefficients which measure the relationship among constructs.

$\epsilon$ = error term

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The outer (measurement) model applies a formative specification, capturing the latent constructs using multiple indicators. The modified latent variable models are expressed as follows:

**$DB_{SAD} = \beta 0 + \beta 1\ DB_{SAD1} + \beta 2\ DB_{SAD2} + \beta 3\ DB_{SAD3} + \beta 4\ DB_{SAD4} + \beta 5\ DB_{SAD5} + €$..... (1)**

**$DB_{SR} = \beta 0 + \beta 1\ DB_{SR1} + \beta 2\ DB_{SR2} + \beta 3\ DB_{SR3} + \beta 4\ DB_{SR4} + \beta 5\ DB_{SR\ 5} + €$..... (2)**

**$DB_{SA} = \beta 0 + \beta 1\ DB_{SA1} + \beta 2\ DB_{SA2} + \beta 3\ DB_{SA3} + \beta 4\ DB_{SA4} + \beta 5\ DB_{SA5} + €$ ..... (3)**

**$DB_{SS} = \beta 0 + \beta 1\ DB_{SS1} + \beta 2\ DB_{SS2} + \beta 3\ DB_{SS3} + \beta 4\ DB_{SS4} + \beta 5\ DB_{SS5} + €$ ..... (4)**

**$DB_{SE} = \beta 0 + \beta 1\ DB_{SE1} + \beta 2\ DB_{SE2} + \beta 3\ DB_{SE3} + \beta 4\ DB_{SE4} + \beta 5\ DB_{SE5} + €$ ..... (5)**

Where SAD=Services Adaptability, SR=Services Reliability, SA=Services Affordability, SS=Services Security, SE=Services Efficiency.

$DB_{SAD}$ = Digital Banking Services Adaptability variable (latent variable) and $DB_{SAD}$ 1-5 = Manifest Variables.

$DB_{SR}$ = Digital Banking Services Reliability variable (latent variable) and $DB_{SR}$ 1-5 = Manifest Variables.

$DB_{SA}$ = Digital Banking Services Affordability variable (latent variable) and $DB_{SA}$ 1-5 = Manifest Variables.

$DB_{SS}$ = Digital Banking Services Security variable (latent variable) and $DB_{SS}$ 1-5 = Manifest Variables.

$DB_{SE}$ = Digital Banking Services Efficiency variable (latent variable) and $DB_{SE}$ 1-5 = Manifest Variables.

**Model Estimation Techniques**

Structural Equation Modeling (SEM) using Partial Least Squares (PLS) path modeling was employed for data analysis due to its robustness in handling complex, multivariate datasets. Unlike first-generation SEM techniques like ANOVA and linear regression, which analyze single-layer relationships, second-generation methods such as LISREL and PLS allow for simultaneous examination of multiple interrelated constructs. PLS is particularly advantageous in modeling latent variables under conditions of non-normality, making it a preferred choice for researchers in behavioral sciences (Gefen et al., 2000; Lowry & Gaskin, 2014).

PLS operates similarly to multiple regressions by estimating $R^2$ values and t-values to test hypotheses. It applies the bootstrapping resampling approach to determine the significance of path coefficients. Unlike covariance-based SEM, which analyzes variance among observed variables, PLS minimizes residual variance in dependent variables, leading to more reliable model estimation (Kang, 2005; Nur'aini, 2010). Given these advantages, PLS was adopted in this study to validate the relationships between constructs effectively.

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**Data Presentation, Analysis and Discussion of Findings**

**Descriptive Result**

This section presented a brief profile of the sample of 625 digital banking users surveyed in the South West, Nigeria. It explained the general features of the respondents.

**Table 1: Respondents by response rate**

| | Frequency | Percentage |
|---|---|---|
| **Respondents who use digital banking only (a)** (Zedvance, Paylater, Fairmoney, Palmcredit, Branch, etc) | 191 | 30.56 |
| **Respondents who use others (b)** (Digital Banking and Digital Commerce) | 364 | 58.24 |
| **Summation of users of Digital Banking (a + b)** | 555 | 88.8 |

**Source: Authors' Computation, (2026)**

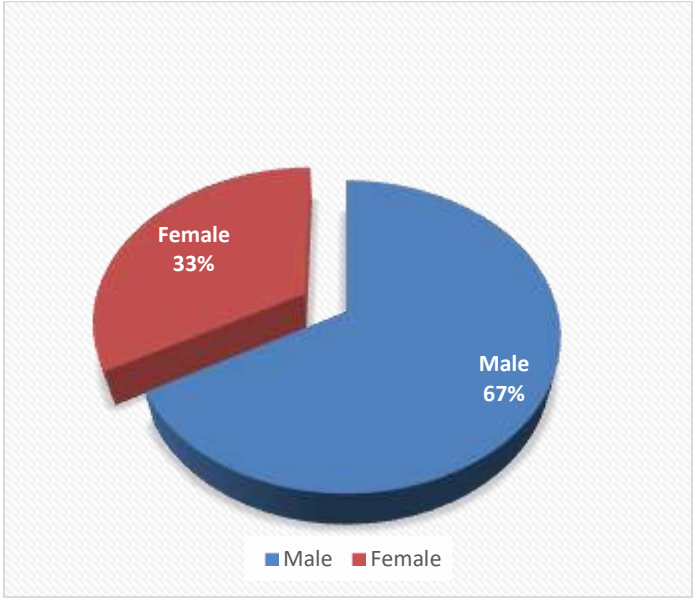



**Figure 1: Respondents by gender**
**Source: Authors' Illustration, (2026)**

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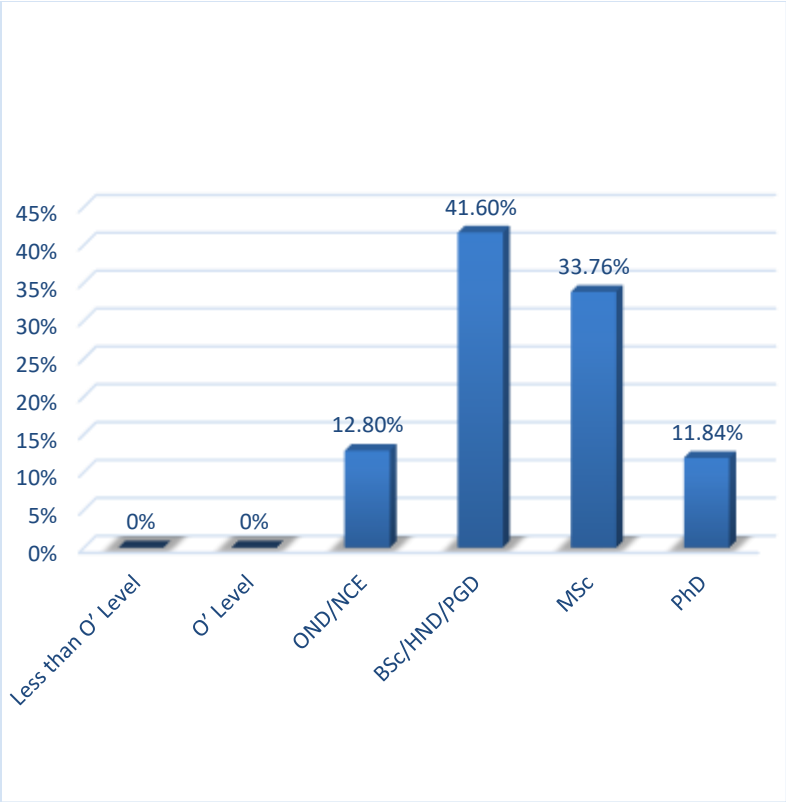



**Figure 2: Percentage distribution of educational background**
**Source: Authors' Illustration, (2026)**

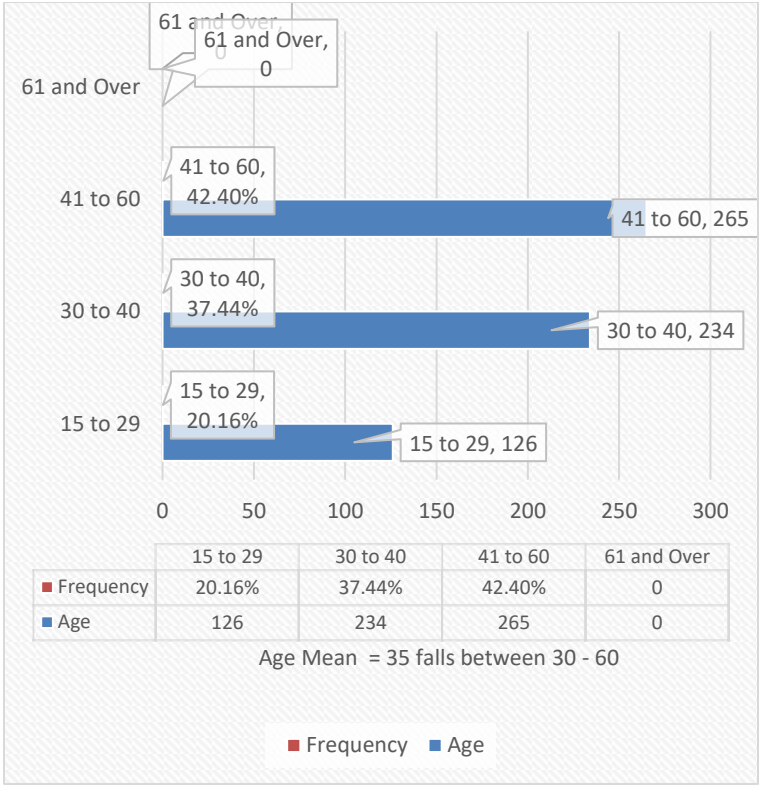



**Figure 3: Respondents by Age**
**Source: Authors' Illustration, (2026)**

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The result presented in Table 1 reveals that 191 respondents exclusively used digital banking, accounting for 30.56% of the total, reinforcing Marous' (2019) findings that the banking sector leads digital engagement across four industries. Figure 1 show that gender distribution was notably skewed, with two-thirds of respondents being male and only one-third female, suggesting a significant gender disparity in digital banking and commerce usage in South West Nigeria. This aligns with Dixon et al. (2014), who found that men tend to utilize internet services more extensively, especially for tasks demanding higher technical proficiency. Furthermore, Correa (2010) emphasized that digital engagement requires confidence and digital literacy, which are developed through continuous learning.

Figure 2 highlights that the majority of respondents using the digital platform possess a university degree or higher diploma (41.60%), followed by those with master's degrees (33.76%), with no participation from individuals below the OND/NCE educational level. This indicates that users are predominantly well-educated and make informed decisions regarding digital platform adoption. These findings align with Mann et al. (2016), who argued that individuals with lower educational attainment are less likely to benefit from technology, reinforcing the presence of a digital divide and knowledge gap, as noted by Udeze and Oko (2013). Furthermore, Ismail (2017) emphasizes the generational differences in technological engagement, driven by a pursuit of progress, flexibility, and digital alignment. Complementing this, Figure 3 reveals that most respondents fall within the 41–60 age range, followed by the 30–40 groups, with the fewest in the 15–29 bracket. This suggests that middle-aged individuals, likely characterized by both professional experience and adaptability, are the primary users, highlighting the sector's emerging relevance and the readiness of this demographic to embrace digital transformation.

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**Table 2: Respondents by Employment, Income, and Frequency of Platform Usage**

| OCCUPATION | FREQUENCY OF USAGE | Less than N 10,000.00 | N 10,000.00 - N 49,999.00 | N 50 000.00 - N 99,999.00 | N 100,000.00 - N 149,999.00 | N 150,000.00 - N 199,999.00 | N 200,000.00 - N 249,999.00 | N 250,000,00 - N 299,999.00 | Greater Than N 299,999.00 | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Un-employed | Never | - | - | - | - | - | - | - | - | 0 | |
| | Rarely | 17 | - | - | - | - | - | - | - | 17 | |
| | Sometimes | - | 13 | - | - | - | - | - | - | 13 | |
| | Very Often | - | 17 | - | - | - | - | - | - | 17 | |
| | Always | 18 | - | - | - | - | - | - | - | 18 | |
| | **Total** | **35** | **30** | **0** | **0** | **0** | **0** | **0** | **0** | **65** | **10.40%** |
| Self Employed | Never | - | - | - | - | - | - | - | - | 0 | |
| | Rarely | - | - | - | - | - | - | - | - | 0 | |
| | Sometimes | - | - | 19 | - | - | - | - | - | 19 | |
| | Very Often | - | - | 32 | 16 | - | 20 | 14 | - | 82 | |
| | Always | - | 16 | 18 | - | - | 12 | 32 | - | 78 | |
| | **Total** | **0** | **16** | **69** | **16** | **0** | **32** | **46** | **0** | **179** | **28.64%** |
| Private | Never | - | - | - | - | - | - | - | - | 0 | |
| | Rarely | - | - | - | - | - | - | - | - | 0 | |
| | Sometimes | - | - | - | - | 17 | - | - | - | 17 | |
| | Very Often | - | 35 | 17 | 15 | - | - | 11 | 14 | 92 | |
| | Always | - | - | 11 | 15 | - | - | 16 | 55 | 97 | |
| | **Total** | **0** | **35** | **28** | **30** | **17** | **0** | **27** | **69** | **206** | **32.96%** |
| Government | Never | - | - | - | - | - | - | - | - | 0 | |
| | Rarely | - | - | - | - | - | - | - | - | 0 | |
| | Sometimes | - | - | 15 | - | - | 17 | - | - | 32 | |
| | Very Often | - | - | 43 | 13 | 32 | 16 | - | - | 104 | |
| | Always | - | - | 24 | - | 15 | - | - | - | 39 | |
| | **Total** | **0** | **0** | **82** | **13** | **47** | **33** | **0** | **0** | **175** | **28%** |
| **Sum Total** | | **35** | **81** | **179** | **59** | **64** | **65** | **73** | **69** | **625** | 100% |

**Source: Authors' Computation, (2026)**

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The respondent's employment, income, and frequency of platform usage are presented in Table 2. The respondents in the private sector are more active than any other employment group with a total of 206 participants (32.96%). The result depicted that participants earning from N50,000.00 upward participate more on the digital platform than those earning lower. This aligned with Bagdonienė and Zemblytė (2009) findings that different demographic factors such as income makes customers inclined toward online shopping and young professional with a high-income group are directly related with online buying. Furthermore, Gupta (2015) argued that income plays a major role to purchase online products; people with high income do more online shopping as compared to those with less income. Higher-income earners prefer to purchase online than offline as it gives more convenience.

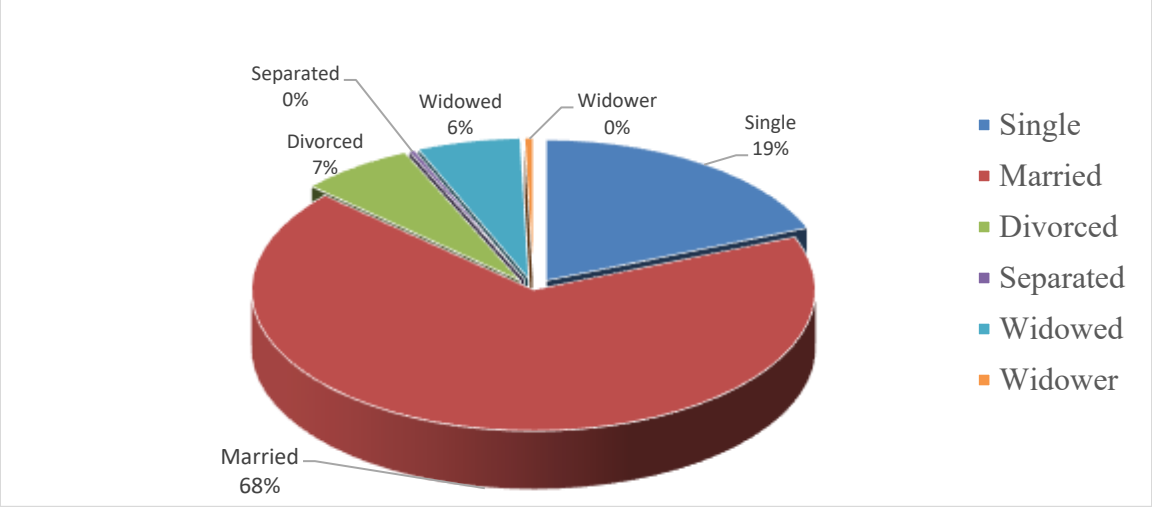



**Figure 2: Respondents by Marital status**
**Source: Authors' Illustration, (2026)**

Figure 4 indicated that two-third of the respondents are married. The blissfulness of marriage calls for payment of bills and the need for the home supplier. Hence married people are more likely to access digital platforms to attend to various family needs and more men are likely to live in a married situation than females (Dunga, 2020).

**Table 3: Respondents Length of Digital Platform Usage**

| | | Frequency | Percentage |
|---|---|---|---|
| **Usage period** | Less than 1 Year | 17 | 2.72 |
| | 2 Year - 3 Years | 99 | 15.84 |
| | 4 Years - 6 Years | 236 | 37.76 |
| | Above 6 Years | 273 | 43.68 |

**Source: Authors' Computation, (2026)**

Table 3 showed that the majority of the respondents have been using the digital platforms for more than 6 years while the least respondents used it for less than 1 year. Thus, most of the respondents are more likely to be informed on digital banking and customers' satisfaction.

**Table 4: Measure of Central Tendencies**

| **Dependent Variables (Customers' Satisfaction)** | **Mean** | **Median** | **Mode** | **Std. Deviation** | **Variance** | **Min.** | **Max.** |
|---|---|---|---|---|---|---|---|
| Perceived Expectation Banking | 3.9982 | 4.2500 | 4.75 | .81155 | .659 | 2.00 | 4.75 |
| Perceive Value Banking | 4.1090 | 4.2500 | 4.75 | .83542 | .698 | 2.00 | 5.00 |
| Perceive Quality Banking | 4.0306 | 4.2500 | 4.50 | .74922 | .561 | 2.00 | 5.00 |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Independent Variables (Digital Banking)** | | | | | | | |
| Digital Banking Services Adaptability | 3.68 | 3.50 | 4.00 | .666 | .443 | 1.00 | 5.00 |
| Digital Banking Services Reliability | 4.02 | 4.00 | 4.00 | .764 | .584 | 2.00 | 5.00 |
| Digital Banking Services Affordability | 3.7473 | 4.0000 | 4.50 | .76930 | .592 | 2.00 | 5.00 |
| Digital Banking Services Security | . 3.0386 | 3.2500 | 3.25 | .55923 | .313 | 2.00 | 4.25 |
| Digital Banking Services Efficiency | 4.0716 | 4.2500 | 4.75 | .73091 | .534 | 2.00 | 4.75 |
| **Mediating Variables** | | | | | | | |
| Awareness of Services | 4.0828 | 4.2500 | 4.25 | .62222 | .387 | 2.00 | 5.00 |
| Personal Innovativeness | 3.9219 | 4.0000 | 4.00 | .70983 | .504 | 2.00 | 4.75 |

**Source: Authors' Computation, (2026) Note: Where multiple modes exist, the smallest value is shown.**

Table 4 presents the mean and standard deviation values for the dependent, independent, and mediating variables related to banking services. Among the dependent variables, the perceived value of banking service recorded the highest mean (4.11), which was lower than its median and mode, indicating a negatively skewed distribution (Giancristofaro et al., 2020), with a standard deviation just below 0.84, suggesting moderate dispersion of responses. The lowest standard deviation within this group was for perceived quality, under 0.75, reflecting tighter clustering of responses around the mean (Shan, 2020). For the independent variables, service efficiency in banking had the highest mean (4.072), also reflecting a negatively skewed distribution, while service affordability showed the highest variability (standard deviation just below 0.77). Service security had the lowest standard deviation (under 0.56), indicating a strong consensus among respondents. Regarding the mediating variables, awareness of service had the highest mean (4.0828), again with a negatively skewed distribution. The greatest variability was observed in personal innovativeness (standard deviation of 0.71), while awareness of service had the lowest (0.62), showing closely clustered responses. Overall, while the measures of central tendency offer useful descriptive insights, their relevance to deeper analytical interpretations remains limited (Warhurst, 2007).

**Table 5: Indicator Contribution to Independent Variables (Measurement Model - Outer Loadings)**

| **Independent Variable** | Indicator | Outer Loading | Contribution Interpretation |
|---|---|---|---|
| Digital Banking Service Adaptability | SA19 | 0.823 | Strong |
| | SA49 | 0.917 | Very Strong |
| | SA53 | 0.882 | Very Strong |
| | SA43 | 0.865 | Very Strong |
| Digital Banking Service Reliability | SR15 | 0.845 | Strong |
| | SR23 | 0.873 | Very Strong |
| | SR39 | 0.889 | Very Strong |
| | SR45 | 0.871 | Very Strong |
| Digital Banking Service Affordability | SA15 | 0.763 | Acceptable |
| | SA29 | 0.875 | Very Strong |
| | SA39 | 0.861 | Very Strong |
| | SA43 | 0.895 | Very Strong |
| Digital Banking Service Security | SS19 | 0.820 | Strong |
| | SS29 | 0.878 | Very Strong |
| | SS39 | 0.841 | Very Strong |
| | SS42 | 0.854 | Very Strong |
| Digital Banking Service Efficiency | SE15 | 0.823 | Strong |
| | SE29 | 0.867 | Very Strong |
| | SE39 | 0.851 | Very Strong |
| | SE42 | 0.884 | Very Strong |

**Source: Authors' Computation (2026).**

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Table 5 reports the outer loadings for the five independent constructs: Adaptability, Reliability, Affordability, Security, and Efficiency. All indicators meet or exceed the 0.70 benchmark**,** indicating acceptable to very strong measurement reliability.

Loadings range from 0.823 to 0.917, with SA49 (0.917) contributing most strongly. This suggests that adaptability is measured with high precision and reflects customers' perception of system flexibility and responsiveness. Indicators (0.845–0.889) demonstrate strong contributions. Reliability appears consistently well-captured, indicating customers place substantial emphasis on service dependability and system consistency.

Although most indicators are very strong (0.861–0.895), SA15 (0.763) is comparatively lower but still acceptable. This suggests affordability is adequately measured; however, relative variability in indicator strength may reflect heterogeneous perceptions of pricing fairness. All indicators (0.820–0.878) show strong contributions, confirming that security perceptions are reliably operationalized and salient in customers' evaluation of digital banking services. Efficiency indicators (0.823–0.884) also demonstrate strong measurement properties, suggesting customers consistently evaluate system speed, convenience, and transaction processing effectiveness.

**Table 6: Contribution of Components of the Dependent Variable (Customer Satisfaction)**

| Dependent Variable | Component | Indicator | Outer Loading | Contribution Strength |
|---|---|---|---|---|
| **Customer Satisfaction** | Perceived Value | PV13 | 0.910 | Very Strong |
| | | PV23 | 0.877 | Very Strong |
| | | PV33 | 0.899 | Very Strong |
| | | PV48 | 0.868 | Very Strong |
| **Customer Satisfaction** | Perceived Quality | PQ15 | 0.867 | Very Strong |
| | | PQ28 | 0.852 | Very Strong |
| | | PQ35 | 0.876 | Very Strong |
| | | PQ45 | 0.864 | Very Strong |
| **Customer Satisfaction** | Perceived Expectation | PE15 | 0.909 | Very Strong |
| | | PE23 | 0.892 | Very Strong |
| | | PE29 | 0.887 | Very Strong |
| | | PE48 | 0.871 | Very Strong |

**Source: Authors' Computation (2026).**

Table 6 presents the outer loadings of the indicators measuring the three dimensions of Customer Satisfaction**:** Perceived Value, Perceived Quality, and Perceived Expectation. All indicator loadings range from 0.852 to 0.910**,** exceeding the recommended threshold of 0.70 for reflective measurement models. This confirms strong indicator reliability and adequate convergent validity.

The indicators (PV13 = 0.910; PV23 = 0.877; PV33 = 0.899; PV48 = 0.868) exhibit very strong loadings. PV13 demonstrates the highest contribution, suggesting that this item most strongly captures customers' perception of value derived from digital banking services. The consistently high loadings indicate that perceived value is a robust dimension of customer satisfaction.

All quality indicators (0.852–0.876) load strongly on the construct. Although slightly lower than perceived value and expectation, they remain well above acceptable thresholds. This indicates that customers' evaluation of service performance and functional quality significantly explains overall satisfaction. Perceived expectation shows very strong loadings (0.871–0.909), with PE15 (0.909) being the strongest contributor.

**Reliability and Validity Measures**

This study employed reliability and validity measures to ensure the robustness of its reflective constructs. Composite Reliability ranged from 0.85 to 0.98, exceeding the threshold of 0.70 recommended by Hair et al. (2006), thereby confirming a high level of internal consistency. For individual indicator reliability, outer loadings of reflective construct indicators ranged between 0.74 and 0.96 for first-order constructs and 0.52 to 0.89 for second-order constructs, surpassing the recommended cut-off levels of 0.70 and 0.50 respectively (Hair et al., 2010). Indicators with loadings below the acceptable range, specifically SS4B (0.465) and PQ1B (0.664) were excluded from further analysis. Convergent Validity, evaluated using Average Variance Extracted (AVE), revealed values ranging from 0.59 to 0.93, well above the 0.50 threshold, confirming that all constructs exhibit strong convergent validity. Finally, Discriminant Validity was assessed using the Fornell-Larcker criterion and cross-loadings. As shown in Table 7, the square root of each construct's AVE exceeded its correlations with other constructs, thereby validating discriminant validity across the models.

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**Table 7: Fornell-Larcker Criterion**

| | Awareness of the Services | Digital Banking Services Adaptability | Digital Banking Services Affordability | Digital Banking Services Efficiency | Digital Banking Services Reliability | Digital Banking Services Security | Perceived Expectation | Perceived Quality | Perceived Value | Personal Innovativeness |
|---|---|---|---|---|---|---|---|---|---|---|
| Awareness of the Services | **0.9** | | | | | | | | | |
| Digital Banking Services Adaptability | 0.481 | **0.9** | | | | | | | | |
| Digital Banking Services Affordability | 0.593 | 0.658 | **0.87** | | | | | | | |
| Digital Banking Services Efficiency | 0.581 | 0.527 | 0.791 | **0.948** | | | | | | |
| Digital Banking Services Reliability | 0.557 | 0.678 | 0.758 | 0.715 | **0.879** | | | | | |
| Digital Banking Services Security | 0.373 | 0.495 | 0.433 | 0.461 | 0.616 | **0.951** | | | | |
| Perceived Expectation | 0.615 | 0.692 | 0.669 | 0.685 | 0.713 | 0.667 | **0.899** | | | |
| Perceived Quality | 0.613 | 0.582 | 0.633 | 0.73 | 0.745 | 0.522 | 0.772 | **0.964** | | |
| Perceived Value | 0.633 | 0.655 | 0.736 | 0.742 | 0.783 | 0.558 | 0.89 | 0.864 | **0.964** | |
| Personal Innovativeness | 0.686 | 0.262 | 0.414 | 0.424 | 0.421 | 0.382 | 0.443 | 0.455 | 0.468 | **0.766** |

**Source: Authors' Computation (2026)**

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In Table 7, the diagonal elements represent the square root of the Average Variance Extracted (AVE) for each construct. For adequate discriminant validity, these diagonal values must exceed the inter-construct correlations, which were confirmed in this study. The Fornell-Larcker criterion results indicate that the square root of the AVE for each construct is greater than its highest correlation with any other construct in the model, thus supporting the discriminant validity of the constructs. Additionally, cross-loadings were examined, and it was found that all data met the criteria, further confirming the robustness of the discriminant validity across the model.

**Model Estimation (Evaluation Model)**

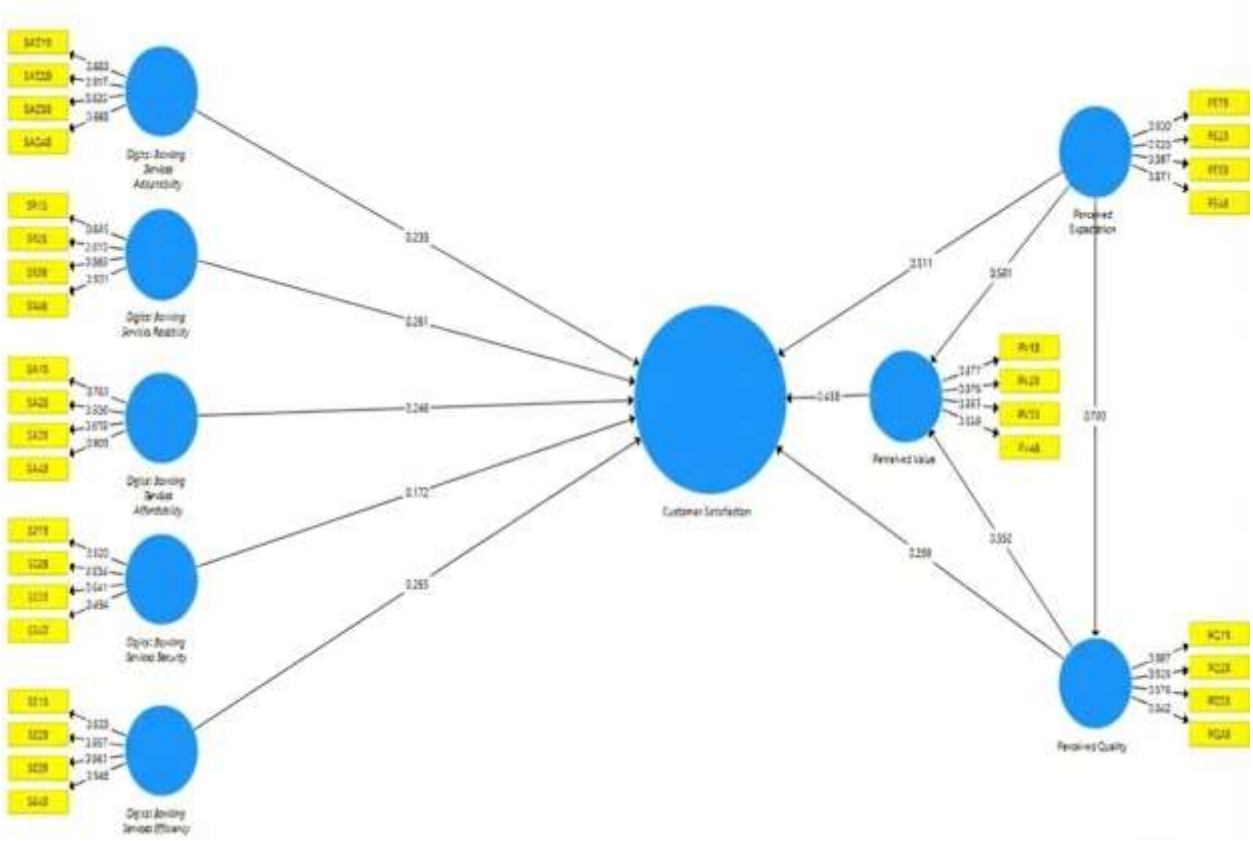


**Figure 5: PLS Path Model after PLS Algorithm calculation.**

Outer Loadings values for indicators of reflective constructs of the digital banking variable are shown in Figure 5. This shows the value of the items on each of the digital banking variable constructs.

**Table 5: Relevance and Significance of Path Coefficient**

| Construct Relations | Digital Banking Model 1 Path Coefficient | P Values |
|---|---|---|
| Digital Banking Services Adaptability -> Customers' Satisfaction | 0.213 | 0.000 |
| Digital Banking Services Affordability -> Customers' Satisfaction | 0.023 | 0.663 |
| Digital Banking Services Efficiency -> Customers' Satisfaction | 0.361 | 0.000 |
| Digital Banking Services Reliability -> Customers' Satisfaction | 0.265 | 0.000 |
| Digital Banking Services Security -> Customers' Satisfaction | 0.171 | 0.000 |

**Source: Authors' Computation, (2026)**

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Table 7 showed that all the paths are significant except Digital Banking Services Affordability -> Customers' Satisfaction. Digital Banking Services Efficiency (SE-B) has the largest path coefficient (0.361) followed by Digital Banking Services Reliability (SR-B) (0.265), Digital Banking Services Adaptability (SAD-B) (0.213), Digital Banking Services Security (SS-B) (0.171) and Digital Banking Services Affordability (SA-B) (0.023). This implies that the digital banking users are influenced by service efficiency and out of all the five variables they are only less worried about service affordability because it is being observed that all paths are significant except Digital Banking Services Affordability -> Customers' Satisfaction.

**Table 6: Coefficient of Determination (R Square)**

| Model | Endogenous Latent Variable | $R^2$ | Conclusion according to Chin (1998). | Conclusion according to TAM Study |
|---|---|---|---|---|
| Model 1 | Customers' Satisfaction | 0.750 | High | High |

**Source: Authors' Computation, (2026)**

Table 8 presents the $R^2$ value for the endogenous variable (digital banking), indicating that the combined effect of all independent variables in Model 1 explains 75.0% of the variation in customer satisfaction, the dependent variable. Given that an $R^2$ value of 75% is considered close to the upper range, this suggests that the model demonstrates a high level of explanatory power. According to Chain (1998), $R^2$ values above 0.67 are considered high, indicating that the structural models developed in this study have strong predictive relevance. This finding highlights the robustness and effectiveness of the model in explaining customer satisfaction in the context of digital banking.

**Table 7: Result of Effect Size (f2) Coefficient**

| Variables | Digital Banking<br>Customers' Satisfaction | Conclusion |
|---|---|---|
| Services Adaptability | 0.085 | **small effect size** |
| Services Affordability | 0.001 | **no effect size** |
| Services Efficiency | 0.175 | **medium effect size** |
| Services Reliability | 0.080 | **small effect size** |
| Services Security | 0.070 | **small effect size** |

**Source: Authors' Computation, (2026)**

Table 9 indicates that the effects observed in this study are categorized as "no effect," "small," and "medium" effects. It can be concluded that the exogenous construct excluded from the model does not have a substantial impact on the endogenous constructs. According to Cohen (1988), effect sizes above 0.35 are considered large, values ranging from 0.15 to 0.35 are medium, values between 0.02 and 0.15 are small, and values below 0.02 are considered to have no effect. The findings suggest that the omitted exogenous latent variable does not significantly influence the model's outcomes, with the majority of effects being small to medium in size.

**Table 8: Blindfolding procedure result - $Q^2$ value.**

| | Construct Cross validated Redundancy |
|---|---|
| **Endogenous Latent Variable** | **Digital Banking** |
| Customers' Satisfaction | **0.731** |

**Source: Authors' Computation, (2026)**

The $Q^2$ values greater than zero for a reflective endogenous latent variable indicate that the path model has predictive relevance for the construct (Hair et al., 2014). In this study, the blindfolding procedure was performed with an omission distance (D) value of 7, and the resulting $Q^2$ values, as shown in Table 10, were greater than zero. This confirms that the path model's predictive relevance is high. Therefore, it can be concluded that the models exhibit strong predictive relevance, particularly for the endogenous latent variable of customer satisfaction, as supported by Garson (2016).

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**Table 11: Hypotheses Testing Result**

| Hypotheses | Digital Banking | | |
|---|---|---|---|
| | **Path Coefficient** | **P Values** | **Decision on Hypothesis** |
| $H_{01}$: **Digital Banking adaptability does not significantly affect customers' satisfaction** | 0.213 | 0.000 | Not Accepted |
| $H_{02}$: **Digital Banking affordability does not significantly affect customers' satisfaction** | 0.265 | 0.000 | Not Accepted |
| $H_{03}$: **Digital Banking reliability does not significantly affect customers' satisfaction** | 0.023 | 0.663 | Accepted |
| $H_{04}$: **Digital Banking security does not significantly affect customers' satisfaction** | 0.171 | 0.000 | Not Accepted |
| $H_{05}$: **Digital Banking efficiency does not significantly affect customers' satisfaction** | 0.361 | 0.000 | Not Accepted |

**Source: Authors' Research, (2026)**

Table 11 presents the results of hypothesis testing. Null hypotheses 1, 2, 4, and 5 are statistically significant at $p < 0.05$, and therefore, they are rejected, while null hypothesis 3 is not significant and is accepted. The direct influences of digital banking adaptability, reliability, security, and efficiency on customer satisfaction were found to be significant. Among these, digital banking efficiency had the strongest impact (0.361), followed by digital banking reliability (0.265), digital banking adaptability (0.213), and digital banking security (0.171). However, digital banking affordability was found to be statistically insignificant in influencing customer satisfaction.

**Table 12: MGA Analysis result - R Square values**

| | **Respondents' locations** | **$R^2$ (Lagos)** | **$R^2$ (Ogun)** | **$R^2$ (Ondo)** | **$R^2$ (Osun)** | **$R^2$ (Oyo)** |
|---|---|---|---|---|---|---|
| Digital Banking Model 1 | Customers' Satisfaction | 0.768 | 0.726 | 0.903 | 0.966 | 0.896 |

**Source: Authors' Computation, (2026)**

Table 12 presents the results of the Multi-Group Analysis (MGA) based on respondents' locations, divided into five subgroups: Osun, Ondo, Oyo, Lagos, and Ogun. While "Ekiti" was included as a potential group in the questionnaire, its limited participant number excluded it from the MGA analysis. The MGA results reveal that there are notable differences in customer satisfaction across the states. The $R^2$ values for the data regression models by state are as follows: Osun (96.6%), Ondo (90.3%), Oyo (89.6%), Lagos (76.8%), and Ogun (72.6%). These values indicate that the regression models fit the data well in each state, with Osun showing the highest explanatory power and Ogun the lowest, though still significant. This suggests regional variations in customer satisfaction levels, with Osun exhibiting the strongest model fit.

**DISCUSSION OF FINDINGS**

Digital banking services adaptability showed a significant positive relationship with customer satisfaction, with a path coefficient of 0.213 at $p < 0.05$. This supports the idea that digital banking adaptability is critical for customer satisfaction in the South West Nigerian context, aligning with previous research that emphasizes the importance of adaptability in business success. Entrepreneurs must focus on adaptability to meet customer expectations and ensure continued satisfaction, as customer service fluidity improves when platforms are easy to use (Jazli, 2017).

Digital banking services reliability showed a path coefficient of 0.023, which was not statistically significant ($p = 0.663$), indicating that reliability does not directly influence customer satisfaction in South West, Nigeria, as expected. This contrasts with previous studies that highlighted the importance of reliability in customer satisfaction (Johnson & Nilsson, 2000; Ma, 2012; Khan & Fasih, 2014). Despite this, digital banking should focus on ensuring reliable services that meet customer expectations, as consistent, timely, and accurate service delivery is crucial for customer satisfaction (Vasić et al., 2019).

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Digital banking services affordability recorded the highest path coefficient value of 0.361, demonstrating a significant positive relationship with customers' satisfaction ($p < 0.05$). This result indicates that affordability is a key factor influencing customer satisfaction in digital banking, especially in South West Nigeria. The study supports the idea that digital banking should prioritize affordability to retain customers, as it impacts their perception of service quality and satisfaction (Muluka, 2015; Sujatha, 2018).

Digital banking services security has a significant and positive impact on customer satisfaction, with a path coefficient value of 0.265, indicating that secure digital platforms enhance customer trust and satisfaction. This finding aligns with previous studies (Raman & Annamalai, 2011; Rizan et al., 2015), which highlight that security is crucial for consumers to feel safe when transacting online. As such, digital banking in South West Nigeria should prioritize security to build customer confidence and improve satisfaction. The result also supports disconfirmation theory, as increased security features can lead to higher customer satisfaction by meeting or exceeding customer expectations (Berger et al., 1993).

Digital banking services efficiency has a significant positive impact on customer satisfaction, with a path coefficient value of 0.361, indicating that efficient digital banking services enhance customers' satisfaction. This supports previous studies (Rekilä, 2013; Barlan-Espino, 2017; Bacetic & Persson, 2018) that emphasize the importance of efficiency in entrepreneurship. Digital banking should prioritize operational efficiency to satisfy and retain customers, while also attracting new ones. This aligns with the disconfirmation theory, which suggests that a higher ratio of outputs to inputs (reflecting greater efficiency) leads to higher customer satisfaction and profitability for firms (Shital, 2019).

## CONCLUSION AND RECOMMENDATIONS

The study concludes that digital banking services significantly influences customer satisfaction in selected industries in South West Nigeria. Key dimensions such as service adaptability, reliability, security, and efficiency are positively correlated with customer satisfaction, while affordability was found to have no significant impact. The results highlight the importance of meeting customer expectations through reliable and efficient digital banking services, reinforcing the relevance of disconfirmation theory in understanding customer satisfaction. The Study Recommends that:

i. Digital banking services providers should focus on improving the adaptability of their services to meet evolving customer needs. This can be achieved through regular updates to digital platforms and incorporating user feedback to enhance the user experience.

ii. Financial institutions must prioritize the reliability of their digital services by ensuring consistent performance and minimizing downtime. Implementing robust IT infrastructure and regular maintenance checks can enhance service reliability and customer trust.

iii. Given the significant impact of security on customer satisfaction, banks should invest in advanced cybersecurity measures to protect customer data. Regular security audits and transparent communication about security protocols can help boost customer confidence.

iv. Financial institutions should streamline their digital services to enhance efficiency. This includes reducing transaction times and simplifying processes to create a more user-friendly experience. Training staff to assist customers effectively can also contribute to overall service efficiency.

v. While affordability did not show a significant impact on customer satisfaction, it remains an essential factor for customer retention. Banks and other financial institutions should evaluate their pricing strategies to ensure they remain competitive while providing value to customers.

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