



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

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A STUDY ON ADOPTING OF DIGITAL IDENTITY VERIFICATION (E-KYC) IN FINANCIAL TRANSACTIONS IN MADURAI CITY

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Abstract

This research paper, titled "A Study on the Competency of e-KYC for Financial Transactions in Madurai," presents research into individuals' levels of understanding and experiences with e-KYC services. With the increase in digital banking, e-KYC services provide an additional method to verify a customer's identity through a quick and effective process, without having to rely on paper documentation for identity verification. This research project is collecting data that will allow for an assessment of how much individuals currently use e-KYC; examine the impact of e-KYC on the quality of banking services provided, customer satisfaction with their banks, and socio-economic improvements that result from e-KYC services. There were 150 participants in the study; data were collected with a structured questionnaire (primary data), with journals

and reports (secondary data) being used as supporting material. Data analysis was completed by calculating percentages from the questions answered on the questionnaire

Keywords: Digital Identity Verification, e-KYC, Financial Transactions, Digital Banking, UPI Services, Customer Satisfaction, Financial Inclusion, Service Quality, Data Security, Madurai City.

1. Introduction

Governments and relevant authorities in many nations have promoted and enforced bank implementation of e-KYC solutions. This aims to fight money laundering, identity theft, and terrorist financial transactions. Despite many advantages, implementing e-KYC in financial transactions faces several challenges. These include client information issues and technology risks. The adoption of e-KYC may depend on the technology and digital literacy



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available in the market. Therefore, it is important to recognize the key factors that drive e-KYC acceptance. The significance and aim of this research study are to examine factors that influence the adoption of e-KYC in financial transactions. The proposed research shall examine various benefits and issues that are linked to e-KYC implementation processes.

2. Statement of the Problem

The emergence of Digital Identity Verification (e-KYC) is rapidly growing in popularity physically among financial services organizations as a way of streamlining customer on boarding, eliminating excessive paperwork, and minimizing fraud. The traditional Know Your Customer (KYC) process requires customers to be present at a financial institution, which makes the KYC process time-consuming, expensive, and inconvenient for customers, causing delays in completing financial transactions. E-KYC represents a way to speed up the process of verifying customers' identities while providing better security, lower operational costs, and greater efficiency. The emergence of Digital Identity Verification (e-KYC) is rapidly growing in popularity among financial services organizations as a way of streamlining customer on boarding, eliminating excessive paperwork, and minimizing fraud.

3. Objectives of the Study

- The study looks at how financial service providers use E-KYC for online financial transactions.
- It examines consumer acceptance, usage, difficulties, and perceived advantages of E-KYC, including convenience, cost savings, time savings, and security.
- Additionally, the study considers consumer awareness, satisfaction, reducing fraud, and the contribution of E-KYC to improving both safety and efficiency in financial transactions.

4. Research Methodology

4.1 Research Design

The prime participants of the study are banks, NBFCs, and online payment companies utilizing e-KYC for customer acquisition and transaction authentication and validation. In the study, the points that are considered as parameters are user awareness, user convenience, trust factor, security of the data, regulatory requirements, and cost-effectiveness of e-KYC

4.2 Nature of the Study

This study is based on both descriptive and analytical research. Descriptive research allows researchers to gain insight into the current state of e-KYC adoption in financial transactions, including awareness levels, usage patterns, and customer perceptions of e-



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KYC adoption. This study provides an overview of how financial institutions use e-KYC to on board new customers and verify customer transactions.

4.3 Sources of Data

Primary data collection is based on feedback received from customers about current trends in e-KYC from experience of e-KYC. The secondary sources such as peer-reviewed research articles and relevant data from government and financial institutions, offers sufficient evidence of the current trends and advancements in e-KYC adoption over recent years.

4.4 Sample Size

A sampling of 150 people was used to conduct this study. The sample represents a variety of ages, education levels, occupational types, and income brackets.

4.5 Sampling Technique

Convenience sampling was used to select respondents based on their availability and willingness to participate.

4.6 Statistical Tools Used

Statistical tools are used to analyse the collected data and obtain accurate results. Mean and standard deviation are used to study customer satisfaction, ease of use, and security perception of E-KYC

5. Data Analysis and Interpretation

There were 150 respondents to this study, which took place in Madurai. The purpose of this research was to assess whether or not people use digital identities when conducting financial transactions (i.e., e-KYC). The results indicate that most participants (the lowest number was 1) were between 21 and 30 years old. Thus, younger adults are the primary users. Over 90% of all respondents used UPI (Unified Payments Interface) and mobile banking. 80% of the 150 respondents used e-KYC, using the Aadhaar OTP method. Thus, many people prefer using an easier way to verify themselves through digital means. Most of the 150 respondents believe that E-KYC is faster, reduces paperwork, and is more efficient than traditional KYC processes.

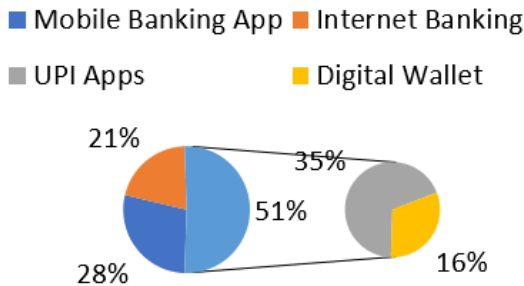
Major Problems Faced by the Respondents.

Issue	Frequency	Percentage
Technical Error	14	9%
OTP Failure	10	7%
Network Problem	8	5%
Privacy Concern	6	4%

Source: Secondary data

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Diagram: 6.1



Source: Secondary data

Result and Dissociation

The survey provided details on common problems associated with e-KYC for 150 people in Madurai. The highest percentage of users reported problems related to technical errors (9%). Other types of problems included OTP failures (7%), network issues (5%), and privacy concerns (4%). While many respondents did not have major problems with e-KYC, this suggests that e-KYC is frequently successful; minimal improvements to the technology may make e-KYC better.

6. Results and Discussion

6.1 Usage Pattern

survey participants reporting having used Digital Financial Services (either UPI Apps or Mobile Banking Apps) for 1 to 3 years now; therefore, digital banking services appear to continue growing rapidly.

6.2 Service Quality

Positive service quality ratings were reported from the e-KYC usage among 150 respondents in Madurai. Most of the respondents believe that the e-KYC option provides quicker access and minimizes the requirements for physical documentation compared to traditional systems.

6.3 Customer Satisfaction

The results of 150 surveyed consumers from Madurai indicate a high level of satisfaction with e-KYC service delivery. E-KYC offers convenience, speed, and less paperwork, leading to significant customer satisfaction

7. Findings and Suggestions

7.1 Findings

- Undergraduate education and working in a job were common characteristics for most of the respondents
- In addition, 88 percent of the people who participated in the research study are aware of digital banking services, with 80 percent of the individuals having already accessed and completed their financial transactions through the e-KYC process.
- UPI-based applications are by far the most popular method for making digital payments. The preferred method for completing an e-KYC is

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using an Aadhaar one-time password (OTP).

- Respondents feel as though e-KYCs are faster than traditional KYCs and will decrease the amount of paperwork that is needed.

7.2 Suggestions

- To significantly reduce OTP (one-time password) failures and other delivery issues, financial institutions should enhance their electronic infrastructure.
- Implementing stronger data security protocols will help build customer confidence.
- There should be adequate outreach to seniors to assist them in adopting new digital technologies.
- First-time users of e-KYC should be provided with information and assistance. Acknowledge that customers experience significant verification challenges due to poor network connectivity

8. Conclusion

The research conducted in Madurai involved 150 participants and their use of electronic Know-Your-Customer (e-KYC) methods for financing (banking). A majority of respondents were familiar with the digital banking services available to them, and most said they prefer e-KYC methods to traditional Know Your Customer (KYC) methods. The respondents felt that e-KYC is faster than KYC

methods, saves time, is paperless, and is more efficient than KYC methods. In addition to some minor issues (technical/network problems), most participants expressed confidence in this method of financing; they believed that their data is secure and that there is a reduced likelihood of fraud, thereby enhancing their trust in e-KYC users.

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