

# A Study on the Impact of Digital Transformation in the Banking Sector on Customer's Experience

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**ABSTRACT-** The bank sector underwent enormous transformation with looming of digital technologies, fundamentally reshaping the delivery of financial services and experienced by customers. The current trends in digital banking are cloud computing, digitalization, real time payments, automation and like this. In India's banking sector, digital payment is predicted to increase to \$135.2 billion in 2023 and growing at a CAGR of 12.7% from 2020 to 2025. This paper aims to find the impact of digital transformation on customer experience within the banking industry. Furthermore, the paper analyses how digital transformation initiatives, such as mobile banking apps, peer-to-peer payments apps, AI-powered chatbots, and blockchain have revolutionized the way customers interact with banks. It explores the way technologies have enhanced the speed and efficiency of transaction, and account management processes, and enable personalised services tailored to individual customer's needs. This paper focuses on Tirunelveli district respondents who are the users of digital banking. The variables are service quality (website organisation, reliability, responsiveness, user friendly, personal need, efficiency) and relationship quality (digital commitment, digital trust, digital satisfaction, digital loyalty). The primary data was collected with a structured questionnaire from 350 respondents. Chi square analysis done with the help of SPSS software. This research helped in better understanding of the customer's experience in advanced technologies. The findings shows that there is no association between relationship quality and demographic factors. The service quality differs from each bank with respect to website organization, efficiency, personal need, reliability and user friendly.

**KEYWORDS-** Digital Commitment, Customer Experience, Digital Trust, Digital Satisfaction, Digital Transformation.

## I. INTRODUCTION

Technology infusion in banking is a popular technological adoption in India. The shift towards digital transformation in banking extends beyond a simple transition. The overarching concept of the strategy of digital transformation in the banking sector is a crucial evolution in how banks and financial institutions assess, engage with, and meet the needs of their customers. Digital transformation in banking entails incorporating digital technologies and innovative approaches

into the financial services industry to boost operational efficiency, elevating customer experiences, and adjusting to the dynamic changes in the market environment. The use of digital technology is a new method of improving a business operation, and customer experience, leading to better efficiency and lower costs for all customers. In the context of today's banking digital platforms, attention must be directed towards areas such as data privacy, customer satisfaction, technology usability, speed, efficiency, online security, and client trust.

## II. LITERATURE REVIEW

W. Porselvi's [1] paper discusses the impact of service quality in online banking and finds whether online transactions have been conducted error-free. Soundarya Jonnalagadda [2] developed a model based on various literature works that focuses on customer experience in the digital banking area that revealed that the confidence and trust of customers supersede the fear of digital banking. K.R. Karthik [3] examined the impact of digital focus on the banks' connection with their customers and found that still there need for awareness among customers to adopt digital banking. Shinta Winasis et. al. [4] found job stress has a detrimental impact on employee engagement. The impact of information and communication technology (ICT) is high on digital banking services and the same is discussed by Khanh-Duy Pham [5] in his study. On the other hand, Kumar et. Al [6] discusses how the use of digital banking promotes financial inclusion based on customer opinions. Shahini Singh et.al. [7] discusses in-depth insights into the factors of the TAM model on the adoption of digital banking. The managerial perspective of the digital banking transformation was studied by Florian Diener et. Al [8]. Elisa Indriasari et. Al [9] studied how the AI and big data analytics can be infused in the banking sector for better customer experience. Yahya Al Khassawneh [10] found the digital transformation brings in competitive edge to the banks and explored the future of this transformation in the banking sector.

## III. OBJECTIVES OF THE STUDY

This study aims to identify the impact of digital transformation on customer experience. It focuses on whether the service quality or the relationship quality truly impacts the digital transformation.

#### IV. METHODOLOGY

This study covers the population of Indian users of digital banking with a focus on Tirunelveli population who are adopting digital banking. 350 respondents digital banking service users are collected through purposive sampling (under non-probability sampling method). The variables are service quality (website organization, reliability, responsiveness, user-friendly, personal need, efficiency) and relationship quality (digital commitment, digital trust, digital satisfaction, digital loyalty). The data was analysed in SPSS (ver16) using chi-square analysis.

#### V. DATA ANALYSIS AND FINDINGS

The data was analyzed using SPSS (V16) Software and the findings are

- It can be seen that respondents are mostly male. It is identified that users of digital banking are comes under the age of 25.
- It is seen that most of the respondents have the highest education qualification up to the school level.
- The analysis reveals that most of the respondents are working employees. The majority of the respondents have an income of less than 50,000.
- Most of the respondents have their bank accounts in SBI. The respondents use more of mobile banking apps on weekly basis.
- The majority of the respondents were influence by their friends to use digital banking services.

Table 1: Chi-square Analysis between Gender and Digital Customers Relationship

	Value	Sig .value	Result
<b>Digital Commitment</b>			
Dependability on digital banking services	3.005	0.557	Null Hypothesis is accepted
I think, if digital service is stopped by bank, it becomes difficult to transfer	7.75	0.101	Null Hypothesis is accepted
online commitment makes easy to manage my account	0.79	0.999	Null Hypothesis is accepted
If digital services are not provided it make more challenges for me to make transaction	1.163	0.884	Null Hypothesis is accepted
<b>Digital Trust</b>			
Believe digital bank services	8.631	0.71	Null Hypothesis is accepted
I trust the digitalised services by providing my Personal information to bank	4.092	0.394	Null Hypothesis is accepted
I feel safe in taking digital services of the bank	2.659	0.616	Null Hypothesis is accepted
My bank having high integrity in digital services	1.588	0.662	Null Hypothesis is accepted
<b>Digital Satisfaction</b>			
I satisfy with my digital banking for transaction and other purpose	6.051	0.195	Null Hypothesis is accepted
I feel digital banking satisfied my needs	1.541	0.819	Null Hypothesis is accepted
I think digital banking achieve my expectation	13.956	0.007	Null Hypothesis is rejected
I feel delighted to use digital banking	5.922	0.205	Null Hypothesis is accepted
Offering of services exceed my expectation	11.162	0.025	Null Hypothesis is rejected
The convenience of using mobile banking and other services offered are satisfied	7.702	0.103	Null Hypothesis is accepted
<b>Digital Loyalty</b>			
I will share my opinion about digital banking of my bank to others	5.405	0.248	Null Hypothesis is accepted

I prefer using digital banking of my bank compared to other banks	3.84	0.428	Null Hypothesis is accepted
I will change to other bank if they provide more digital services.	5.442	0.245	Null Hypothesis is accepted
<b>Source: Primary data processed by SPSS (V16)</b>			

Table 2: Chi-square Analysis between Banks and Customers Service Quality

	Value	Sig. Value	Results
<b>Web - Site Organisation</b>			
I agree with online website services provided by my bank	51.903	0.014	Null Hypothesis is rejected
I think website is creative and attracts the attention for me	72.826	0.000	Null Hypothesis is rejected
Well organised appearance of digital user interface	31.505	0.491	Null Hypothesis is accepted
Bank website is user-friendly and has simple use mechanism	27.98	0.67	Null Hypothesis is accepted
I am positive that banks don't share my personal details for other purposes	30.883	0.523	Null Hypothesis is accepted
Bank website assures timely and accurate delivery of services	36.993	0.249	Null Hypothesis is accepted
<b>Reliability</b>			
Digital banking transactions are error-free	46.542	0.047	Null Hypothesis is rejected
I think my digital banking have an adequate security system	47.431	0.039	Null Hypothesis is rejected
Digital banking should provide correct first-time service	41.075	0.131	Null Hypothesis is accepted
I feel digital banking should provide timely services as guaranteed	36.039	0.285	Null Hypothesis is accepted
My Digital banking services allow me to accessing it from anywhere	33.761	0.382	Null Hypothesis is accepted
<b>Responsiveness</b>			
I think digital banking gives prompt services for me	25.311	0.389	Null Hypothesis is accepted
I believe that digital banking server is available to respond to customer requests.	42.951	0.094	Null Hypothesis is accepted
Digital banking must communicate the time of performing the services	24.711	0.422	Null Hypothesis is accepted
Bank call centre employees gives prompt and responsible services for me	41.700	0.117	Null Hypothesis is accepted
<b>User Friendly</b>			
I feel Digital banking Services is user-friendly	51.430	0.016	Null Hypothesis is rejected
The Navigation on digital banking services is easy for me	34.649	0.343	Null Hypothesis is accepted
New services are launched and quickly perform	31.547	0.489	Null Hypothesis is accepted

I think my Digital banking services do not hang while using.	49.078	0.027	Null Hypothesis is rejected
I will recommend others to use digital services	39.173	0.179	Null Hypothesis is accepted
<b>Personal Need</b>			
I feel safe when making digital transactions	28.924	0.623	Null Hypothesis is accepted
Digital banking meets my personal needs	47.298	0.040	Null Hypothesis is rejected
Digital banking provides personalised information and services/products	39.162	0.179	Null Hypothesis is accepted
Bank understand my digital needs	57.864	0.003	Null Hypothesis is rejected
<b>Efficiency</b>			
Easy to access digital bank services anytime	53.463	0.010	Null Hypothesis is rejected
Digital banking can completely make my transaction quickly	33.356	0.401	Null Hypothesis is accepted
Digital banking helps me quickly finish the tasks	30.944	0.520	Null Hypothesis is accepted
Using digital banking services has increased my productivity	40.955	0.132	Null Hypothesis is accepted
<b>Source: Primary data processed by SPSS (V16)</b>			

Cronbach’s Alpha is **0.943**. This means data comes under the excellent internal consistency. So that data and questionnaire are reliable. The table 1 shows that digital commitment, digital trust and digital loyalty has no association between gender because it is more than 0.05 significant level. It can be because of more male respondents compared to female respondents. Digital satisfaction has association with gender because customers’ expectations has been met by banks. Responsiveness has no association with bank. It shows that all the banks are correctly and equally responding to the customer needs.

It can be seen from table 2 that Website organisation, Reliability, Efficiency, Personal need, User friendly has association with bank because it is less than 0.05 significant level. It means that there is a difference between services provided by each bank. Bank needs to improve these aspects to bring in competitive edge.

## VI. RECOMMENDATIONS

Bank should focus more on the responsiveness factor to attract new customers and existing customers. Banks should refine their digital processes further, reducing paperwork and bureaucracy to offer seamless, frictionless experiences. Implementing technologies of blockchain for carrying the transactions instantaneously and securely can further enhance speed and efficiency. Banks should invest in customer education and support services, offering tutorials, workshops, and personalized assistance to help customers navigate digital platforms effectively.

## VII. CONCLUSION

In conclusion, the impact of digital transformation in banking sector on customers experience give a positive impact. Digital transformation has significantly enhanced convenience for banking customers with providing online and mobile banking services. This study has concluded that users are highly depend on digital banking for making transaction or for other purpose. Now a days young people are using digital banking platform for their daily usage compared to other age group of the respondents. Banks should focus on digital banking to provide a prompt service to their customers. They should focus on security to gain more customer trust so that it can save a valuable time for both customers and employees.

## VIII. SCOPE OF FURTHER RESEARCH

This study only focuses on customers experience in digital transformation but for further research the study can be focus on bank employee who transformed into digital. Most of the respondents are aware about digital services and most of them are using mobile banking, peer to peer payment compared to others. For further identification, focus on digital wallet, investment services apps. This study only focused on bank sector only, there are many sectors who are transformed to digital their experience will be changed. For broader research on digital transformation, we need to focus on all sectors.

## CONFLICTS OF INTEREST

The authors declare that they have no conflicts of interest.

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