



IDENTIFYING THE FACTOR AFFECTING CONSUMER SATISFACTION IN SPECIAL REFERENCE WITH DIGITALIZATION OF BANKING SERVICES: A CONCEPTUAL FRAMEWORK

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ABSTRACT:

The world is changing at a very fast pace. We can see all around us that digitalization has emerged as a drastic change in the economy. It has become the necessity of every sector of the economy to accept the digitalization changes. The banking sector is one of the important sectors of the economy that must also accept the digitalization of banking activities. Digitalization has brought various changes in the functioning of the banking sector. Now a days it is quite visible that the various banking services are a click away for the clients and with this facility without having a need to visit the bank and without wasting the time one could enjoy the banking facility. As every coin has two sides similarly this advancement of banking sector also enjoys both positive and negative aspects. As this digitalization has provided the ease to the clients which helps them in saving the time and efforts it has also resulted into the threat of cyber-crime, lack of unemployment etc. Through this paper the researcher aims at analyzing the customer satisfaction regarding the digitalization process undertaken by the banking sector. The paper is based on the secondary data which is collected from the articles published in various journals, magazines, and newspapers.

KEYWORDS:

DIGITALIZATION, BANKING SECTOR, UNEMPLOYMENT, WORK-LIFE BALANCE, CUSTOMER SATISFACTION, CYBER-CRIME.

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INTRODUCTION

Digitalization is the talk of the town. Every sector of the economy is shifting from the traditional method of working to digital functioning. The banking sector as an important sector of the economy had also moved towards digitalization in place of the traditional and manual working system. The digitalization of banking activities acted as an important tool for the public as it resulted in the ease of operations for the banking customers. The banking sector had adopted various digital tools and techniques to provide a comfortable and secure zone to customers and perform various banking activities from their place of living itself. This facility provided by the banking sector was of great help to the individuals as well as to the economy. With the help of digitalization, the customers are able to avail the banking services as and when needed.

It is seen that a greater number of customers have started using the digital services provided by the banking sector. Not only it saves time and provides convenience to the customer as it is operative 24*7 and it enables the customer to operate from their place. These all features have enabled more and more use of the digital services of the banking sector in the current scenario. Digital transformation plays a great role in dealing with the problems of the customers and helps in performing the

free flow of activities.

CONCEPT OF DIGITALIZATION

Digitalization has become a buzzword in the economy. Each sector of the economy is making hard efforts and huge investments in converting their traditional way of carrying out business activities into digital form.

WHAT IS DIGITALISATION?

Digitalization is the process in which digital technologies are used in order to provide a changed business model for generating new revenue and value-producing opportunities.

The concept of digitalization has gained importance in recent years. And thus, the process of digitalization is adopted by the banking sectors in order to fasten their services to the customers. In the past few years, the banking sector has made various innovations in order to provide more and more customer services at less time and cost.

The digital transformation in the banking sector are required at the various stages of the banking activities and banks are making efforts in this respect in a few of areas digitalization is achieved by the banking sector. The different areas where digitalization is adopted and where

the efforts are to be made to enhance the digitalization is well explained with the help of the diagram below:

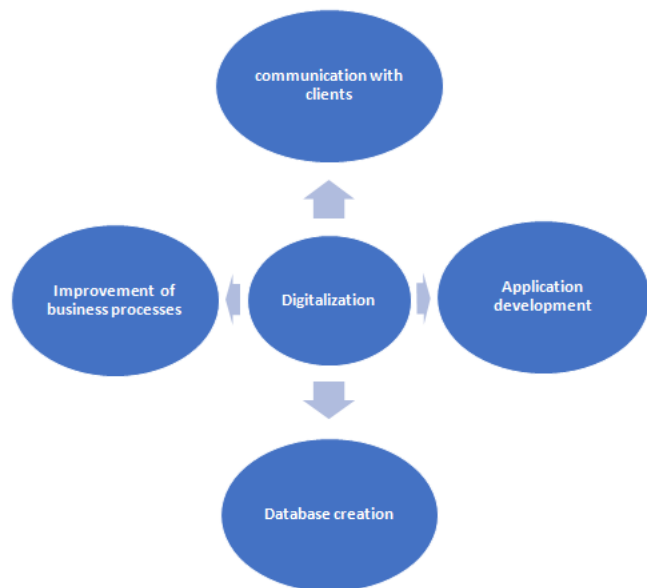


FIG. 1 AREAS OF BANKING SECTOR WHERE DIGITALIZATION TECHNOLOGIES ARE APPLICABLE

In order to improve the working of the banking sector various technological advancements are undertaken by the banking sector. The digital banking services provided in order to provide better services to the banking customers are as follows:

DIGITAL PRODUCT SERVICES

Digital banking services	Utility
1. Obtain bank statements	View and download your bank statements for any specified period.
2. Transfer of Funds	With alternatives such as NEFT, RTGS, and IMPS available, the need to issue cheques and DDs has been eradicated.
3. Mobile banking	Mobile banking is digital banking through an application optimized for smartphones and tablets.
4. Cash withdrawals	ATMs facilitate cash withdrawals at any point in time. Moreover, ATMs are widely present in every locality.
5. Bill payments	Auto-debit feature for bill payments lets a user setup monthly debits in favor of regular utility payment.
6. Finance	Invest, raise loans, open fixed deposit accounts – all through digital banking. De-mat accounts can be linked to your bank accounts to provide a seamless flow of funds so you can invest promptly.
7. Manage cheques	Intervene in the cheque clearing process using digital banking to stop the cheque if the need arises.
8. Monitor transaction records	Banks send transaction alerts to the linked mobile number or email addresses. Transactions are updated almost as soon as executed. Digital banking also lets you monitor account balances or outstanding at the click of a button.

Source: Tavaga Research

Recent Trends in Banking Sector: From the past few years a drastic change in the banking services is been seen. The new innovations made by the banking sectors for the purpose of providing better customer services are the main reason behind these changes. The major changes which are widely accepted by the bank customers and the banks as well are as follows:

1. ATM: Automatic teller machine is the most widely used tool in the banking sector. This technique was introduced with the objective to provide easy access to banking customers. With the help of this tool, the customers can withdraw money from

anywhere and that too at any time. As these are operated 24*7. (Deshpande, B.)

2. Plastic Cards: Banks are issuing cards to the customers. The cards can be a debit cards, credit cards or smart cards. These cards enable the customers to purchase things and to fulfil their demands even at that time when the customer is having a shortage of funds. (Meena, R.)
3. Internet Banking: Nowadays the web is the most popular medium used by the banking sector. This tool is used by the bank in order to accept payments from the customers in form of instalments due from them, or it is used for any other type of payments to and from the customers. (Meena, R.)
4. Electronic Clearing Service: This technique is used by the banking sector for the purpose of making bulk payments to retail customers. The basic purpose of this facility is to make a huge number of payments to the companies and government. (Deshpande, B.)
5. Electronic Fund Transfer: This tool is used in the banking sector in order to facilitate third-party transactions. When the banking customer has to make any payment to any other party other than the bank then the customer may make the payment by requesting it to the bank. (Deshpande, B.)

These are some of the important techniques of digital banking which are used by the banking sector as well as by the customer. These services are used in order to facilitate easy and quick payments. By adopting these technologies customers can make payments as well as receive payment to and from anywhere at any time, this feature saves the time of the customers as well as provide a convenient working style to the bank employees.

Strength	Weakness
<ul style="list-style-type: none"> • Access at any time; • Saves a lot of time; • Faster transaction with lower costs; • Convenience for customers; • Competitive advantage for economies of scale; • Provides better convenience and greater efficiency 	<ul style="list-style-type: none"> • Security issues in digital mode; • Sensitivity to the global economy; • The use of Internet banking depends on the availability of the Internet; • Can only target specific customers

Opportunities	Threats
<ul style="list-style-type: none"> • Raising awareness of the benefits of digital banking among people; • Integration of domestic banks with foreign markets; • Better development in areas such as risk management and CRM; • Developing a modern it base to avoid system failures and provide an efficient and secure platform for online transactions 	<ul style="list-style-type: none"> • Any security-related issues or news may pose a threat; • Tough competition; • Global economic instability; • Lack of effective rules; • Lack of customer loyalty

FIG.2 SWOT ANALYSIS OF DIGITALIZATION IN THE BANKING SECTOR

Source: Oleg Litvishko

CUSTOMER SATISFACTION:

Customers are treated as God in every business and thus their satisfaction is of utmost importance for the success of any business. The satisfaction is measured with the level of happiness of customer while using various services and products of the company. Customer satisfaction is defined as the emotional or cognitive response. (Giese, J. L., & Cote, J. A. (2000).) Every business man in order to plan for sustainability think for the long-term profits of the business. The business can achieve the long -term profits with the help of the satisfied customer who turns into the loyal customer of the business. The customer satisfaction brings loyalty amongst the customer and this results into the permanent customer which helps in earning profits in the longer time frame. (Chen, Liu, Sheu, and Yang 2012). It is quite evident that if the customer is satisfied with any business, then the chances of complains for the products and services of that business is reduced to a great extent. (Ahmad, Ihtiyar, Jing, & Osman, 2012; Michel & Meuter, 2008). Consumer satisfaction can be measured based on single factor or it can be checked on basis of various factors impacting the customers satisfaction level. (Yi, Y. (1990).

The competition in the Banking sector is increasing day by day, in order to survive in the competitive era, it becomes necessary for the banking sector to provide various services to the customers. In this connection the banking sector has introduced the digitalization in banking sector. The digitalization in banking sector bought a revolution in the banking sector and has provided an ease and convenience to its customers. The customer satisfaction can be measured on these available grounds of services the banking sector is offering to their clients.

1. Uninterrupted Existence of Banking Sector:

The digitalization of the banking services helped the banking sector to keep the uninterrupted existence of the banks. As all the services of the banks was performed online and the customers were receiving all the services at their home so this helped in maintaining the continuity of the

banking activities. (Rumiyati, R., and yafarudin, A.) As of now we can see that customers do not have to stand in long queues for getting various banking services. All these services are now one click away from customers. This increases the customer satisfaction of the clients. (Joshi, D., & Parihar, S. (2017).)

- 2. Employee Engagement:** The digitalization of the banking services helped in reducing employee engagement. This was attained because every work was done with the help of the technologies and hence the manual work was reduced and this resulted in reduced employee engagement. (Church, A. H., & Ezama, S. (2020).) Least employee engagement results into the lesser contact of customers and clients and hence this reduces the case of delayed settlement of client request and this in turn results into lesser conflicts between the banking staff and customers. Hence, it helps in increasing the satisfaction of the clients. Even this factor gained importance at the time of covid pandemic where social distancing was the core concern of every organization.so digitalization of banking services led to fulfil this basic requirement at the time of covid. (Demirgüç-Kunt, A., Pedraza, A., & Ruiz-Ortega, C. (2021))
- 3. Digitalization and Employment:** The digitalization of the banking services proved to be the negative factor for the employment cases of the banking employees. Due to the massive use of technologies, the use of non-technical human beings was reduced and this acted as the major cause of unemployment in the banking sector. (Meena, M. M. R., & Parimalarani, G). But on the contrary the requirement of technical staff has increased; this helps in generating the employment of the technical persons. With result of this customer satisfaction increases. Thus, this results into the improved service quality of the banking sector. Daga, R., Nawir, F., & Pratiwi, D. (2021).
- 4. Quick Transfer of Money:** In today’s era we can see that the fund transfer has become easier and fast as compare to the traditional banking setup. This leads into the satisfaction amongst the customers as they can do any transaction at any place and hence do not have to face the problems of time-consuming and complex transfer of funds. (Woods and Segal, 2018). As per this feature the customers/clients are not suppose to carry bulk amount of cash with them and thus it reduces the fake currency threats to the customers. (Harchekar, J. S. (2018).)
- 5. Mobile Banking and E-Banking:** It is quite evident from this facility of the banking sector, that customers can access their banking accounts from their mobiles or electronically from

anywhere and thus this helps the customers to check and keep an eye on their accounts with the helps of their mobile device. And this saves their time and efforts of frequent visit to their bank. When customer do not have to visit the banking sector again and again then he/she may devote more time to their office/business/profession this increases the level of satisfaction amongst the customers. (Devkota, 2021)

6. **Debit card and Credit card services:** The debit card and credit card services are very popular in the banking sector. The credit card facility of banking sector enables the customer to borrow the money from their banks and they may return the money within 45 days without any interest and if the time period exceeds from 45 days, then the bank charges the interest from the customers. This facility of the banking sector acts as a short-term loan to the customers. With the help of this facility the customer does not have to delay any of their work due to the shortage of the funds. This boosts the satisfaction amongst the customers.

CONCLUSION:

Thus, through this conceptual paper researcher just wants to throw the light on the various digitalization services started by the banking sector and how these services lead to the increased satisfaction level of the banking customer. With the help of the paper we can find out various factors of digitalized services which helps the banking sector to create a loyal and satisfied customer base in the market which in turn helps in achieving the sustainability of the banking sector in this competitive era.

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