



DISSERTATION PROPOSAL

THE DIGITAL BANKING TRANSFORMATION AND ITS IMPACT ON THE BANKING EXPERIENCES FOR CUSTOMERS

NAME: APURVA TARABADKAR

STUDENT ID: 2308780

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BACKGROUND

Technology change has greatly transformed many industries around the world. The banking sector, of course, is one sector that has been greatly influenced by the digital transformation trend. The concept of digital banking is the practice of using modern technologies to make available the services offered in the banking sector via electronic platforms. This change goes beyond the simple relocation of traditional banking activities into the digital space, it includes imagining the customer experience and operational efficiency, enhancing customer engagement, and accessibility of service. The history of the digital banking transformation has explained the drivers for this shift, its adoption in the banking sector, and its significant impact on customer experiences (Kaur et al., 2021).

Digital banking transformation is essentially the integration of innovative digital technologies into all aspects of banking operations, changing the whole face of how banks engage with their customers. Initially, digital banking used to be more of just online banking portals where one could check account balances or transfer funds. However, the advancement in the digitization of technology has seen banks evolve their service front to offer highly developed services such as mobile banking, instant loan applications, digital wallets, and AI-based customer support (Filotto et al., 2021).

The global landscape has driven this evolution. Customers today want seamless digital experiences across every aspect of life, whether it is shopping and entertainment, healthcare, or finance. The demand for convenience, ease of access, and personalized services has urged banks to transform their traditional operating models. Furthermore, the competitive nature of the financial sector has motivated banks to use digital transformation to retain and attract tech-savvy customers who prefer digital banking over traditional in-person interactions (Filotto et al., 2021).

The main reason why the shift towards digital banking has come about is because customer expectations nowadays are for faster and much more personalized service. Indeed, in traditional models, customers often had to put up with time-consuming processes relating to routine tasks, be it opening accounts, requesting loans, or getting resolved issues. Digital transformation simply reduces these inefficiencies in the form of routine automation, enhanced self-service options, and the fact that banks can offer a wide range of services for clients 24/7. Economic factors also decide the necessity of digital transformation. Reducing the cost of maintaining branches physically allows banks to maximize resource utilization. For example, when services go online, they

eradicate the cost of human labor, physical infrastructure, and administrative activities. This helps the banks focus on customer-centric innovations and recycle the savings back into the technology that makes a difference in the customers' experiences (Diener & Špaček, 2021).

RESEARCH PROBLEM

Digital technology has changed the course of traditional banking. There is a limited understanding of its impact on customer experience. Digital banking is based on delivering faster, easier, and more personalized services to customers. Yet it faces numerous challenges about access, security, and quality of service. Many customers are not satisfied with this service because of the digital environment's technological complications, absence of personal interaction, or privacy issues of the digital banking environment. The technological innovation push requires trust and easy and accessible usage, so how does digital banking transformation affect customer experiences in brief, both the facilitating positive impacts and potential barriers arising from this transformation process? This study addresses the research problem of evaluating the role of digital banking in enhancing or hindering customer satisfaction, to provide insights that could guide banks in refining their digital strategies for improved customer engagement and service delivery in the digital era.

AIM AND OBJECTIVES

Aim

The aim of the study will be “to focus on the digital banking transformation and its impact on the banking experiences for customers”

Objectives

- To discuss the concept of digital banking transformation in the modern world.
- To develop the need for digital transformation in the banking sector.
- To explore the impact of digital banking transformation on the customers.

RESEARH QUESTION

- RQ1: Define the concept of digital transformations in the recent era?
- RQ2: Explain the recent changes that have occurred in the digital banking sector?
- RQ3: What are the transformations in the digital banking sector for the customers?

SIGNIFICANCE OF THE STUDY

The importance of research in digital banking transformation and the impact on customer experiences relates to the possibility of making banks go for more efficient digital strategies that are in favor of improving customer satisfaction, trust, and access. In a highly digitized banking sector, customer views will be of key importance to the success and acceptance of new digital services. This study will be quite insightful in identifying customer needs, preferences, and concerns in a digital banking environment so that banks may have offerings tailored to meet specific areas that might prevent their engagement. First, the following are the major factors identified for this research, affecting the customer's satisfaction with a digital banking service: ease of use, personalization, security, and quality of service. On consideration of these factors, it is possible for banks to better align their digital offerings with customer expectations and retain existing customers while winning a new generation of tech-savvy customers. Further, the present findings can be used to ascertain the possible barriers that are likely to prevent certain groups of customers from embracing complete digital banking, such as privacy issues or technical inconveniences (Kaur et al., 2021).

LITERATURE REVIEW

As stated by Kaur et al., (2021), mainly, digitization in banks is motivated by more efficient performance, lower costs, and better customer service. Digital banking, helps a financial institution rationalize their business, reduce overheads, and make things move faster- each directly inspired by the digitally-first nature of their target consumers. Studies have revealed that existing customers are looking forward to seamless, convenient, and personalized services as if they receive them at Amazon in the area of e-commerce. Such expectations are compelling the banks to adopt technology such as AI, machine learning, mobile banking apps, and blockchain (Javaid, 2024).

According to Filotto et al., (2021), Digital banking transformation is highly lauded through customer ease, accessibility, and personalization. In the first place, digital banking platforms enable customers to use their banking services anytime and anywhere and without necessarily visiting the traditional branches. Claessens et al. posit that mobile applications of banks give customers unlimited access at any time 24/7 to facilitate transactions, account management, and much more, with a consequent saving in time and reduced operational friction. Another benefit is the personalization of services. Using AI and data analytics, banks gain insights into customers' preferences, spending habits, and financial goals and, thus, can propose tailored product recommendations and personalized financial advice (Manser Payne et al., 2021).

As stated by Diener & Špaček, (2021), Digital banking further increases the confidence of customers by the latest security measures. Technologies such as biometrics, two-factor authentication, and encryption help to secure customer interaction and protect data. It makes digital banking the most secure ever made. Security is the major point of trust among customers since fears over privacy online data increase day after day. Although the benefits are clear, introducing digital banking transformation to certain customer segments poses greater problems. From the literature, it is noted that the main issue relates to the technological complexity experienced by some customers, especially those who are less familiar with digital tools (Prabhu & Aithal, 2023). Older adults and also people with a very low literacy level in terms of computers and the internet are therefore not able to use most online banking systems. Banks face challenges of inclusiveness and accessibility by making full use of technology to bring all customers together (Diener & Špaček, 2021).

METHODOLOGY

RESEARCH DESIGN

Qualitative research methods are applied in the present study to deepen insight into the experiences of bank customers with digital banking. It is appropriate to use qualitative methodologies for understanding complicated and nuanced views of customers that may capture subjective experiences and personal insights. Qualitative research is, therefore likely to be appropriate for the study as digital transformation impacts how the customers are likely to experience banking - diversity in needs, expectations, and challenges that exist with customers would not readily be captured through quantitative methodology. It would mean conducting semi-structured interviews with the active users of the online banking of the bank. This way, subjects get a chance to explicate detailed information about their usage in greater depth while simultaneously providing the researcher the ability to probe specific themes by changing the questions according to the received responses. By keeping the voices of customers at the center, research can capture this best on how the change in digital banking imparts the effects of transformation upon customer satisfaction, involvement, and perceived trust in digital offerings (Wewege et al., 2020).

RESEARCH PHILOSOPHY

This study is based on the interpretivist philosophy. The approach puts forward that human behavior needs to be understood from the viewpoint of the subjects experiencing it. It is a different perspective from positivism, which seeks objective truth through measurable data and focuses instead on subjective interpretation and the meanings that individuals ascribe to their experiences. In the case of digital banking, the personal viewpoints that customers have of the digital transformation are likely unique and informed by factors such as age, digital literacy, or security concerns. This study is suitable for interpretivism methodology as it gives the necessary depth to unveil how experiences among different customers of digital banking vary and what contributes to such experiences. The research will allow deeper insights into the advantages and disadvantages of digital banking for richer understanding by allowing the voice and interpretation of its customers. This philosophy also promotes a holistic approach to the customer experience since digital banking relationships are not strictly transactional and can be impacted by personal beliefs, previous experience, and what is expected of the individual (Wewege et al., 2020).

RESEARCH APPROACH

The research uses an inductive approach, which involves analyzing particular observations from the customer experience with digital banking to generate broader themes and patterns. Inductive reasoning moves from specific insights to more general conclusions, thereby allowing theories and frameworks to emerge organically from the data rather than being imposed beforehand. This approach will be most suitable for a study on the transformation in digital banking, where changes in technology are rapid and pre-existing theories may not fully capture customer dynamics within the current scenario. As such, through direct interaction with customers' experiences, the study attempts to identify the emerging trends and factors that have led to customer satisfaction, dissatisfaction, or hesitation in adopting digital banking. An inductive method, therefore supports the research purpose to reveal insights that are developed based on the experiences within the real world that will then be applied to practical improvement in the services related to digital banking (Kitsios et al., 2021).

DATA COLLECTION

Primary data would be collected through semi-structured interviews with digitally active banking customers. Semi-structured interviews would allow for combining the structure that supports a participant to concentrate their attention on the research question yet leaving it open enough through prepared questions that the sharing of more elaborate and detailed experiences by the participant could take place (Naeem & Ozuem, 2021). Every interview should take around 30-45 minutes, and the participants must be picked up from a more generalized perspective so that a wide variety of customer views might be captured. Several aspects of digital banking will be discussed about usability, convenience, security, personalization, and areas of potential frustration or improvement. Questions were developed in a manner to elicit insights into how participants' experiences with banks have been affected both positively and negatively by the digital transformation. Using a qualitative data collection method, the study can capture rich, very detailed information that reveals the complexity of customer experiences with digital banking.

DATA ANALYSIS

A graphical representation method will be used to represent data for visual interpretation of findings from the qualitative data. Interview responses will be coded and categorized based on thematic analysis into themes like ease of use, security concerns, trust, and personalization. These themes will be graphically represented in bar charts, pie charts, or thematic maps to represent clear

and organized findings. It will be able to do immediate visual interpretation of results, the graphs will be a better means of interpreting them. It will facilitate easy identification of the more rampant problems or patterns in data (Stalmachova et al., 2021). For example, bar charts can show the frequency of certain themes, and pie charts show percentages of customers who express particular feelings. This visual approach makes it easy to present the qualitative data in an accessible and understandable format while being supportive of the inductive approach of the study due to its ability to unfold emerging trends and significant insights on a concise basis.

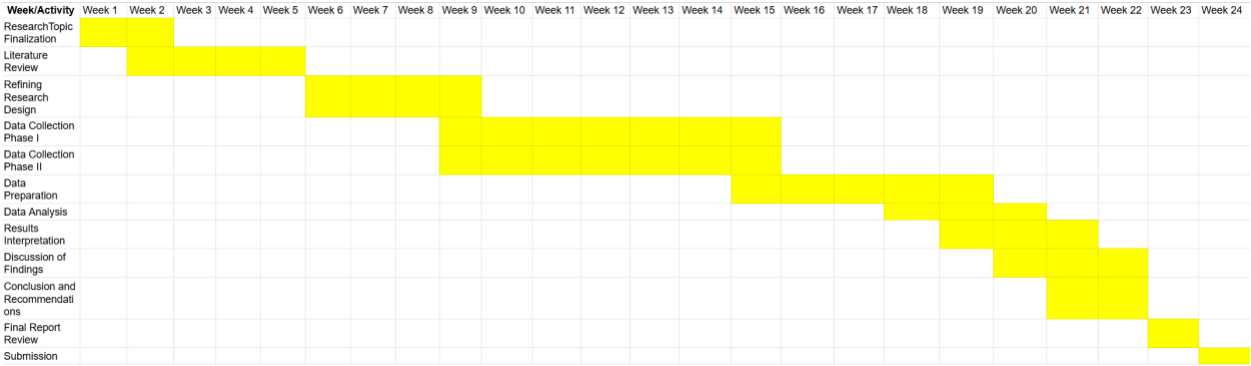
LIMITATIONS

This research design has various advantages, but there are also several significant limitations. First, the sample size is small because qualitative studies require fewer participants than quantitative ones. This will limit generalizing findings to a greater population since insights gathered are likely to reflect specific experiences that may not apply to all digital banking customers. Qualitative research is subjective by nature. Interpretive methods use participant views, and participant views are subject to individual bias, expectations, or a unique situation in that regard.

ETHICAL CONSIDERATIONS

Ethical considerations play a prominent role in carrying out the research, particularly when there is a requirement for original data from the human subject. This research will consider ethical standards, as there will be informed consent from all the participants. Before conducting the survey, information sheets will be provided to each participant detailing the purposes of the research, allowing them to withdraw at any point in time, and that their data will not be disclosed, but made anonymous. Such a mechanism creates a conducive environment with trust, hence the volunteers can open their experiences.

TIMELINE



CONCLUSION

After carrying out this research, major points regarding a shift in the dynamics banking industry are unraveled owing to such change. How digital transformation is restructuring the processes of the banking industry? How the interest, as well as the experiences about banking services for a client, will face hurdles on account of this kind of transformation was evaluated during the present research. In summary, from an in-depth examination and review of related literature of the current findings and results in various studies, the corresponding findings/ conclusions drawn have been tabulated. The digital banking transformation has improved customer convenience in 24/7 access with no need to visit branches. Customers appreciate the speed and flexibility of digital banks, especially through mobile bank applications that allow them at their convenience to manage accounts. In addition, by using AI and data analysis, personalization of financial services has increased customer activity. Tailored financial advice, personalized product recommendations, and proactive service have the known effects of boosting customer satisfaction. However, the studies highlighted some concerns. Even though digital banking is helpful to many, to others, particularly the old and least literate digitally, they become a limitation. Of course, security issues come at the top, yet there has been an intensification of measures in digital security over the recent years. There are customers, still, with fears associated with the security of information in the virtual world that make them lack full-time trust in digital banking.

Overall, the research brings out the fact that although digital banking transformation offers such great conveniences in terms of personalization, it is also associated with accessibility and security issues. The banks must make digital services more inclusive and ensure greater security measures while promoting hybrid models to encompass the best of both worlds of digital and traditional banking services for broader customer adoption. The banking industry needs to balance innovation and customer-centric approaches in building confidence and satisfaction in a fast-changing digital environment.

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