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The Impact of Technology Transformation on Customer Satisfaction in Banking: A Case Study of State Bank of India

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ABSTRACT

Public banks are striving to remain competitive in the banking industry by adopting new technologies and strategies after digital transformation. This study focuses on the impact of digitalization on banking services and its relationship with customers, specifically in the State Bank of India (SBI). It examines the advantages and disadvantages of digital banking services and explores ways to enhance these services for greater customer satisfaction through a qualitative case study approach. Our findings suggest that digital transformation offers numerous benefits, including improved business processes, cost reduction, and enhanced customer experience. To fully leverage these advantages, banks should adopt a customer-centric approach and focus on developing innovative products and services tailored to their customers' unique needs. Digital platforms provide a safe, secure, and convenient means for banks to build strong client relationships. However, a major challenge for banks is formulating a cost-effective digital strategy while implementing new technologies. Collaborating with financial technology (FinTech) companies can help reduce initial investment costs and overcome this hurdle. Public banks are embarking on a new digital transformation journey, integrating organizational values and culture with modern digital strategies. This study underscores the significance of digitalization in public banking and provides recommendations for staying relevant and competitive in the digital era. The research contributes to a better understanding of customer experiences and how advanced technology can enhance service delivery.

***Keywords**: State Bank of India, Digitalization, Customer Satisfaction, Banking Services, Financial Technology.*

Introduction

Technology adoption in the banking sector has been a significant trend in India, with digital transformation reshaping how banks operate and interact with customers. In recent years, the rise of financial technology (FinTech) companies has intensified competition, particularly for public banks. To stay competitive and enhance service delivery, public banks in India have embarked on a digital transformation journey, fundamentally changing customer interactions and banking experience.

The rapid advancements in artificial intelligence, mobile banking applications, and block chain technology have played a crucial role in this transformation. Public banks are leveraging these innovations to improve customer satisfaction, streamline operations, and provide seamless banking services.

This study examines the role of digitalization in public banks, with a particular focus on the State Bank of India (SBI). It explores the impact of digital onboarding—a process that enables customers to open accounts and access banking services entirely online—on customer experience. By eliminating the need for physical paperwork and branch visits, digital onboarding has made banking more convenient and accessible.

Beyond highlighting the significance of digital transformation, this study emphasizes a customer-centric approach, analyzing how digital initiatives enhance customer convenience, satisfaction, and overall banking experience.

Statement of Problem

The adoption of technology has led to a significant transformation in the Indian banking sector, with data being digitized to streamline processes, enhance transparency, and provide alternative methods for accessing financial information. Digital transformation in banking has reduced operational costs, enabled faster transactions, and attracted small investors to centralized digital platforms.

Digitalization presents an opportunity to enhance customer satisfaction and loyalty, fostering long-term relationships and driving profitability. However, the successful adoption of technology in financial institutions is a complex process, requiring collaboration between technology companies and banks to ensure seamless implementation and improved banking experiences.

Technology-driven banking has increased customer convenience and reduced costs for banks. As a result, digital transformation plays a crucial role in performance measurement, strategic planning, and the future growth of public banks. Given the evolving demands of the banking sector, this study aims to analyze the impact of digital transformation on customer experience and satisfaction, particularly in the context of public banks.

Review of Literature

Kaur et al. (2021) examined customer satisfaction with digital banking services, focusing on the impact of risk factors on consumer trust and adoption. Their study highlighted that perceived security risks influence customers' willingness to use digital banking.

Haralayya (2021) explored how digital banking has replaced traditional banking methods, eliminating the need for physical transaction records and reducing processing time. The study emphasized how technological advancements have revolutionized India’s banking sector.

Another study by Kaur et al. (2021) analyzed how bank in-branch initiatives influence the transition from offline to online banking in India. Their findings suggested that customer engagement and support at physical branches play a crucial role in digital banking adoption.

Muhammad Ridhwan et al. (2021) investigated the digital transformation of the banking and finance sector. Their study found that the rise of mobile devices and the internet has significantly shifted banking operations from manual transactions to automation and digital processes.

Popova (2021) examined the role of financial technology (FinTech) in digital banking. The study analyzed how FinTech companies offer systematic financial transaction services compared to traditional banks, emphasizing their role in improving efficiency and accessibility.

Objectives

The objectives of this study are:

- To analyze the role of digitalization in enhancing the competitiveness of public banks.
- To examine the impact of the digital transformation process on customer experience.

Methodology

This study focuses on customer experiences with digital banking services in the State Bank of India (SBI), a leading public sector bank undergoing digital transformation. A case study approach is used to assess the impact of digital banking on customer satisfaction and to evaluate how digital transformation is reshaping banking services.

A qualitative research method is employed, using a structured questionnaire based survey to collect data. The survey aims to determine the role of digitalization and its effect on customer service quality at SBI. The findings will help assess the effectiveness of digital transformation in improving customer satisfaction and banking convenience.

Historical Perspectives of State Bank of India

The State Bank of India (SBI) is India's oldest and largest commercial bank. It was established in 1955 through the nationalization of the Imperial Bank of India. The Imperial Bank of India itself was formed in 1921 by merging three banks:

- Bank of Calcutta (established in 1806 by the East India Company)
- Bank of Bombay (established in 1840)
- Bank of Madras (established in 1843)

SBI was created by an Act of Parliament when the Reserve Bank of India (RBI) acquired a controlling stake in the Imperial Bank.

Core Banking Operations

- **Retail Banking:** Savings accounts, loans, credit facilities.
- **Corporate Banking:** Business loans, trade finance, treasury operations.
- **Investment Services:** Mutual funds, stock trading, financial advisory.
- **Digital Banking:** YONO app, internet banking, FinTech innovations.
- **Wealth Management:** Personalized investment solutions for HNIs (High Net-Worth Individuals).

Core Values & Corporate Responsibility

- **Customer Centric Approach:** Simplifying banking services for the masses.
- **Integrity & Ethics:** Transparency in financial dealings.
- **Professionalism & Innovation:** Leveraging technology for seamless banking.
- **Social Responsibility & Inclusiveness:** Financial literacy programs, rural banking initiatives.
- **Employment & Infrastructure:** SBI is one of India's largest employers, creating jobs in banking, IT, finance, and administration. Expansion of banking infrastructure, especially in rural and semi-urban areas.

SBI's Global & Domestic Presence

SBI operates in over 30+ countries, making it a key player in global banking and trade finance. Strategic partnerships with international banks and financial institutions. As of January 2025, SBI is India's largest banking and financial services organization and ranks 48th globally by total assets. It is also listed among Fortune 500 companies.

- **Branch Network:** Over 22,500 branches
- **ATM Network:** 63, 580 ATMs
- **Banking Correspondents (BC) Outlets:** 82,900
- **International Presence:** 241 offices in 29 countries

Headquarter

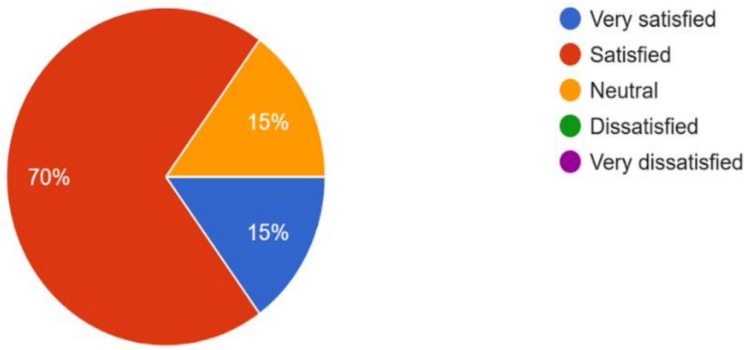
The headquarter of SBI is located in Mumbai (Maharashtra).

Data Analysis and Findings

The data was collected of 40 respondents by using online and offline survey through a questionnaire and after analysis of the survey, it can be seen that respondents are 55% female and 45% of male. It is clear that users of digital banking's are under the age of 45, it is also clear that most respondents are employed and have the highest education qualification up to school level and most respondents have an income of less than 50000. All respondents have their bank account in SBI and are using mobile banking apps on a weekly basis. The majority of respondents belong to UP state and are influenced by their friends to use digital banking services. The findings are:

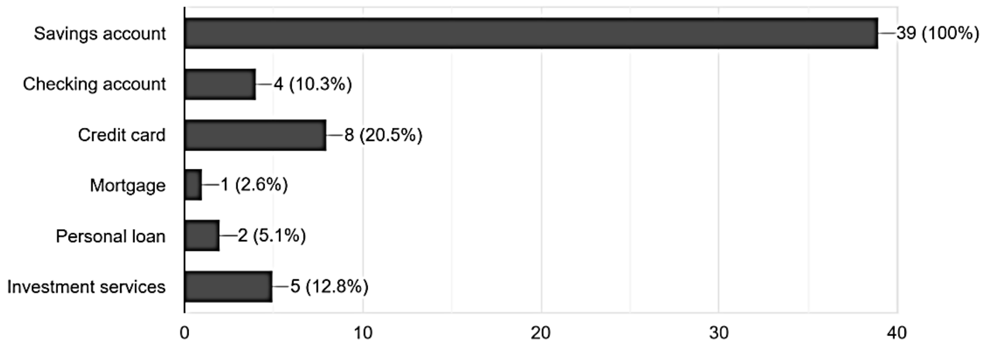
- **How satisfied are you with the overall service provided by the bank?**

It is analyzed by this survey that 70% of respondents are satisfied with the service provided by this bank.



- **What are the services you have used at the bank?**

It is clear by the survey that 100% of respondents have saving accounts in SBI but less than 50% of respondents are taking advantage of other services like checking accounts, personal loan, investment services etc.

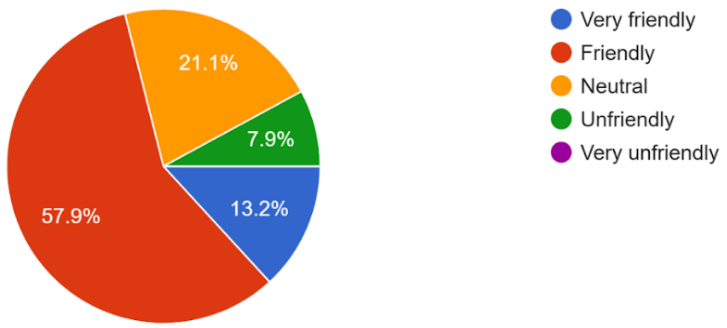


- **What is the primary reason for choosing SBI Bank?**

It is analyzed that about 20% of respondents have chosen SBI Bank due to its good services, 20% of respondents due to safety or security purposes. The largest band and majority of the population, more than 50% of respondents are using this Bank's services-due to its reputation, money safety service, lower bank rate, no need to branch visit except for account opening, good customer service, reliability, public sector undertaking bank, ATMs availability and nearby location are the more reasons to choose this Bank.

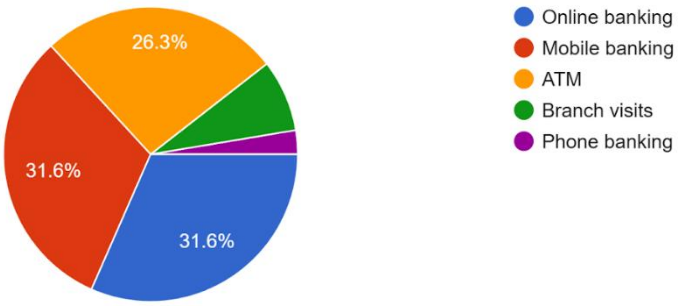
- **How would you rate friendliness of bank staff?**

According to more than 70% of respondents, the staff of SBI is friendly and they listen to their customers patiently and give them solutions immediately.



- **What Banking channels do you frequently use?**

More than 30% of respondents are using online and mobile banking compared then branch widgets and phone banking.

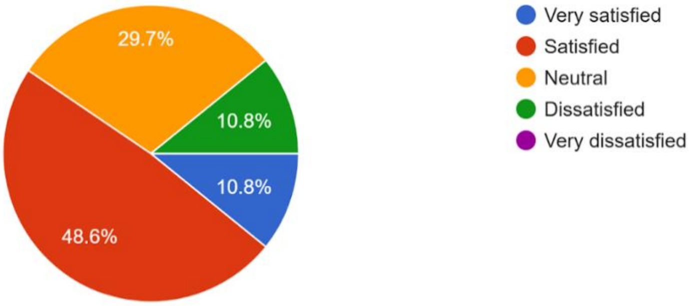


- **What improvements would you suggest to enhance your banking experience?**

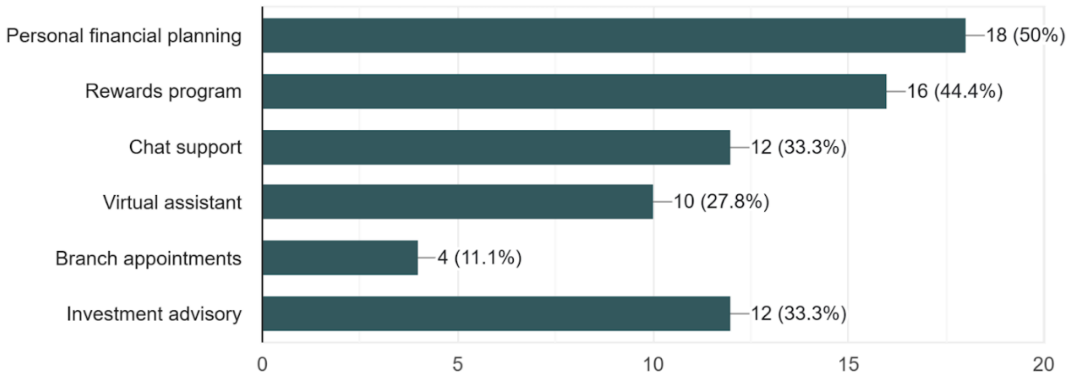
More than 70% of Respondents are requiring the improvement like increased speed of document work, more easier and handy service and reduce server error while making online payments, number of staff should be increased, services should be available at door, should not take service charge, should be reduced burden of employees of bank, behavior of staff should be more polite. Less than 30% of respondents are also recommended to make the service of the login and password process is easier and also gives suggestions to make them more literate about financial services.

- **How satisfied are you with interest rates offered by the bank?**

More than 50% of respondents are satisfied with interest rates but less than 20% of respondents are suggested to make interest rates if SBI some more lesser.



- **What additional services would you like the bank to introduce?**



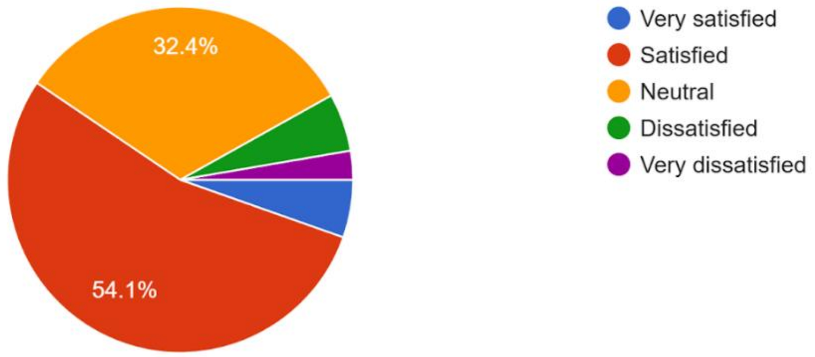
About 50% of respondents want to promote personal financial planning services. The rest of respondents or 40% suggested to promote the services in this sequence firstly personal financial planning, award program investment advisory, chat support, virtual assistant, branch appointments.

- **Is there anything specific about the Bank's customer service?**

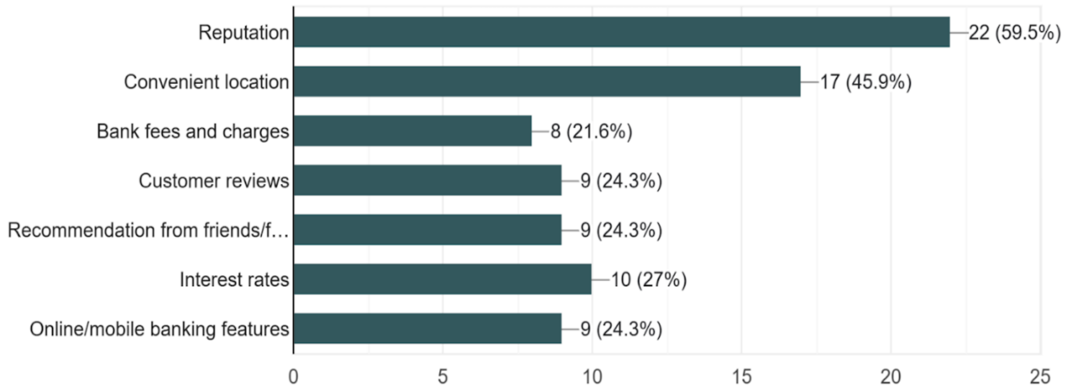
It is suggested by 70% of respondents, to improve the bank's customer service by using more politeness of Bank's employees and should behave more nicely to the customers and facilitate friendly conversation. On the other side, 10% of respondents are satisfied with customer service.

- **How satisfied are you with the banks complaint resolution process?**

More than 50% of the respondents are satisfied with the banks complaint resolution process but about 10% of respondents have suggested to make easier or fast Bank's customer resolution process. According to them, the bank takes much time to solve the complaints.



- **What factors influenced your decision to choose SBI Bank?**



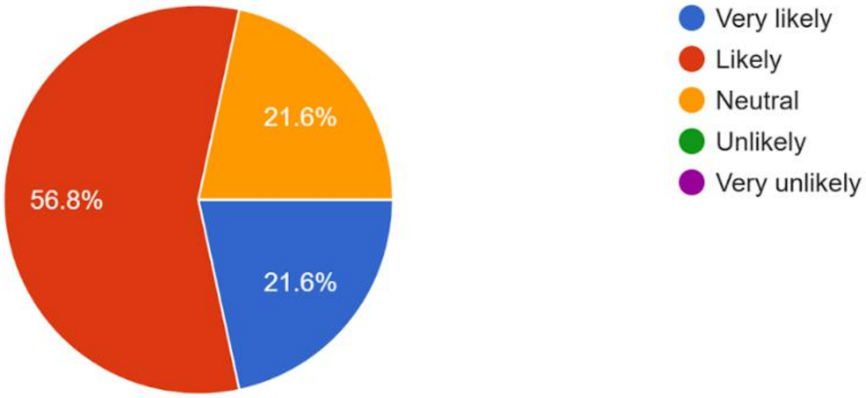
SBI bank is chosen by about 60% respondents due to its reputation and convenient location, low Bank fees and charges, good customer services, low interest rates and about 50% of respondents have chosen SBI because of recommendation from friends and family and due to good online and mobile banking features also.

- **Is there any specific area where you think the bank can improve its services?**

According to 50% respondents, bank can improve services by introducing more investment schemes which are suitable for middle class customers because the middle class is the base of our economy and should improve their branches in rural areas by giving information about SBI services by making them literate about its services in rural areas. On the other side According to 30% of respondents, it is also suggested that some specific areas like online fraud, customer service improvement, fast complaint resolution, and branch should be improved.

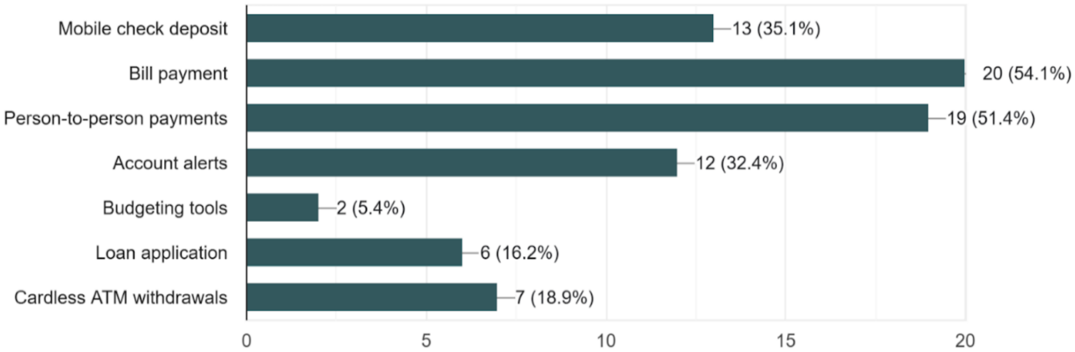
- **How do you recommend SBI bank to others?**

More than 75% of respondents are likely to recommend SBI bank to others because of its reputation, online service and customer satisfaction.



- **What are the digital banking features you find most useful?**

According to 50% of respondents, bill payment and person to person payments are the most useful services of digital banking features. Mobile check deposit, account alerts, budgeting tools, loan application, card less ATM withdrawal are also useful for 40% respondents.

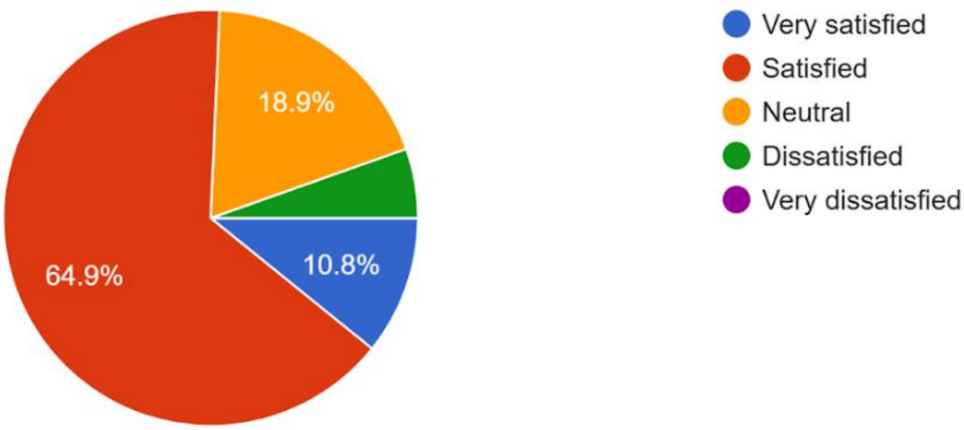


- **How did you first learn about this Bank?**

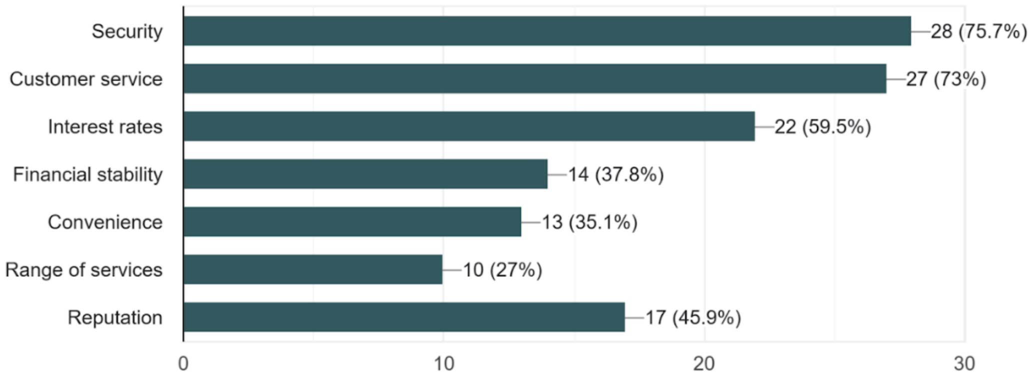
More than 60% of respondents taught about this bank from their family, friends, TV, as a salary account, educational advertisement, as a scholarship account also.

- **How satisfied are you with the banks online banking platform?**

It is analyzed by the survey that more than 70% of respondents are satisfied with Bank's online banking platform.



- **Which are the factors you consider important when choosing a bank?**



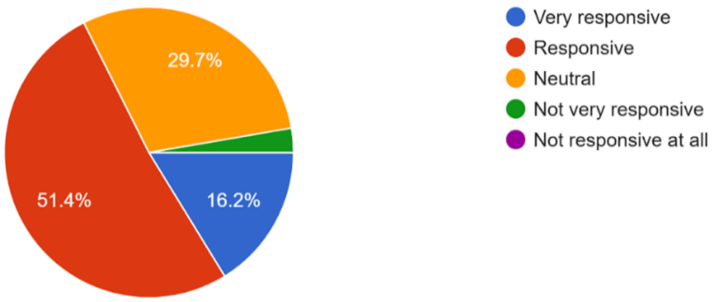
After analysis of Survey it is found that security, customer service and interest rate are the most important features among the 75% respondents while choosing a bank. Financial stability, convenience, range of services, and reputation are also the features to choose SBI for more than 30% of respondents.

- **If you have experienced any issues with the bank, please provide details to help us understanding the situation better.**

There are some issues which are suggested by more than 60% of respondents. According to them, service of bank in rural areas is not so good, it should be improved and people are not literate about the services and schemes of SBI. Another issue is about password reset service. This service should be easier.

- **How responsive do you find the bank's customer support?**

According to less than 70% of respondents, Bank's customer support is responsive.



- **Do you have any additional comments or suggestions to share with us?**

When we analyses the survey we find that more than 50% of respondents wants to suggest that bank can improve by introducing more investment schemes which are suitable for middle class customers, they should improve the interest rate as well the bank doesn't support the customer in anyway when the customer experience on an online fraud, they must help their customers in the best possible way.

Conclusion

This research highlights that SBI has emerged as the largest public sector bank in India, leading the way in AI adoption and digitalization. Its YONO app is one of the best in the banking industry, offering a user-friendly and customer-centric experience, frequently used by a vast majority of SBI customers.

While SBI has made significant strides in digital banking, connectivity issues remain a challenge though these are often linked to broader telecom infrastructure rather than the bank itself. Despite such challenges, the digitalization process has led to a notable increase in SBI’s profitability and business growth over the past few years.

To further enhance its services, personal training for staff is crucial. Strengthening customer relationships, improving banking services, and increasing operational efficiency will help SBI achieve higher customer satisfaction.

The study finds that users now heavily rely on digital banking for transactions and other financial activities, with younger users leading this shift.

Moving forward, banks should prioritize digital banking improvements, ensuring better security measures to gain customer trust. A strong focus on security, efficiency, and seamless services will save valuable time for both customers and employees, ultimately strengthening SBI’s position in the industry.

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