

EXPLORING MOBILE BANKING ADOPTION: A QUALITATIVE STUDY ON DIGITALIZATION IMPACT IN THE BANKING SECTOR.

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ABSTRACT

Purpose: This study aims to analyze the role of in-branch efforts by banks in facilitating the migration of customers from traditional branch banking to digital banking in India. It examines how various in-branch strategies influence customer adoption of digital banking services.

Methodology: A qualitative research approach was employed, utilizing in-depth semi-structured interviews with 10 senior bank executives from both public and private sector banks. The collected data was analyzed using qualitative content analysis techniques. Responses were categorized into four main themes through data reduction, display, and conclusion drawing by the N-VIVO software.

Major Findings: The study identifies four key factors that play a crucial role in encouraging customers to adopt digital banking: (1) in-branch communication with customers, (2) digital transformation of the branch, (3) customer-centric initiatives, and (4) the redefined roles of branch staff. Effective in-branch communication strategies and a seamless digital transformation within branches are essential in educating and reassuring customers about the benefits and security of digital banking. Furthermore, tailored customer-centric initiatives and the evolving responsibilities of branch staff significantly support the transition. The findings highlight the need for cultural and organizational changes within banks to enhance customer trust and confidence in digital banking.

Originality/Value: This study contributes to the existing literature by focusing on the often-overlooked role of in-branch efforts in driving digital banking adoption in India. Unlike previous studies that primarily examine technological advancements or customer perceptions, this research provides insights into how banks' internal strategies and structural transformations shape customer behavior. The findings have practical implications for bank executives and policymakers aiming to enhance digital banking penetration in emerging economies.

Keywords: Mobile banking, Digital adoption, Qualitative, Internet banking, Thematic analysis.

1. INTRODUCTION

The banking sector has undergone significant transformation over the past decade, driven by technological advancements, regulatory changes, and evolving customer expectations. Recent studies highlight the pivotal role of information in sustaining competitive advantage within this dynamic landscape (Demirguc-kunt et al, 2023). AS banks strive to enhance operational efficiency and customer satisfaction, the adoption of digital technologies has become indispensable (Vives, 2022). Qualitative research methods, particularly interviews, offer deep insights into the subjective experience and perceptions of bank managers, which are at the forefront of these innovations (yin, 2023). By analyzing the perspectives of these key stakeholders, this study aims to uncover the strategic and operational faced by banks in implementing innovative practices (Eisenhardt & Graebner, 2022). The literature on banking innovation underscores the importance of managerial insights in driving successful technological adoption and integration (Levine & Zervos, 2021). Bank managers possess a unique vantage point, balancing regulatory compliance with the need to stay ahead in a competitive market (Mester, 2021). Their experiences provide a valuable lens through which to understand the complexities and practicalities of innovation in banking (Berger, 2023). Recent qualitative studies have demonstrated the effectiveness of using interviews to explore nuanced themes in banking research (Guba & Lincoln, 2023). For instance, a study by Chaudhury (2023) revealed that managerial attitudes toward risk significantly influence the adoption of new financial technologies. Similarly, (Smith et al., 2022) found that the success of digital transformation initiatives largely depends on, managerial leadership and vision. In this research, the interviews with bank managers are meticulously transcribed to ensure accuracy and depth of analysis (Miles & Huberman, 2022). The transcription process is critical for capturing the rich, detailed narratives that qualitative research seeks to uncover (Creswell & Poth, 2022). By adhering to rigorous transcription and coding practices, this study aims to produce findings that are both reliable and insightful (Braun & Clarke, 2021). This trend is situated within the broader context of contemporary banking challenges, including regulatory pressure, cybersecurity threats, and shifting consumer behavior (Phillips, 2022). Understanding how bank managers navigate these challenges through innovative solutions provides a comprehensive view of the sector's evolution (stern & Makinen, 2023). This research contributes to the growing body of literature that seeks to bridge the gap between theoretical innovation models and practical implementation in the banking industry (Mishkin, 2023). By focusing on the lived experiences of bank managers, this study aims to enrich the existing literature with practical insights and recommendations for fostering innovation in banking (Patton, 2022).

Through a qualitative lens, the research delves into the complexities of managerial decision-making, offering a detailed account of how innovations are conceptualized, deployed, and refined within banking institutions (Denzin & Lincoln, 2022). In conclusion, this qualitative study leverages the expertise of bank managers to explore the multifaceted nature of banking innovation. Through in-depth interviews and meticulous transcription, it seeks to provide a nuanced understanding of the challenges and opportunities inherent in the sector's ongoing transformation (Gioia et al., 2022).

LITERATURE REVIEW

The existing collection of literature provides a comprehensive understanding of the technological shift in the banking industry.

The increasing number of publications on digital transformation in banking highlights the evolution of digital banking. This transformation encompasses organizational culture, digital technology, transformation methods, and banking services. A comprehensive strategy aids banks in understanding digital culture, innovation, data control, and customer insights (Khanchel, 2019). The shift from traditional to direct banking is driven by the need for accessibility, transparency, usability, cost reduction, and higher interest rates, appealing particularly to price-conscious, financially savvy, and tech-literate individuals (Filotto et al., 2021). Digital technologies like the internet, cloud computing, and big data are accelerating the standardization of financial services, including non-cash payments (Tran et al., 2023). Financial technology leverages blockchain, cognitive systems, big data analytics, robo-advisors, and robotic process automation (RPA) to facilitate digital transformation, potentially reducing costs and creating new product opportunities (Werth et al., 2020). Key aspects of digital transformation-innovation, service quality, and organizational learning a competitive edge, while communication networks in remote areas pose significant challenges (Laila and Kusumawardhani, 2020). Customers primarily use systems like the National Electronic Fund Transfer, debit and credit cards, and the Unified Payment Interface for digital payments (Kitsios et al., 2021). Recent Fintech innovations include Artificial Intelligence, machine learning, predictive behavior analytics, data-driven marketing, chatbots, and distributed ledger technologies (Sendjaja et al., 2022). AI and big data analytics are crucial for making banks more data-driven and customer-centric (Indriasari et al., 2019). The rise of digital banks and mobile banking apps emphasizes the importance of privacy and security. Technologies like data mining, AI, and blockchain are key to preventing cybercrime and data theft (wewege et al., 2020). Biometric technologies are increasingly

used to secure transactions by recognizing unique physical and behavioral traits, with authentication and validation being critical for security (Khanboubi et al., 2019). Blockchain-based payment systems offer fast, revocable transactions and cost-effective solutions for high-value goods, enhancing data privacy and security (Del Sarto et al., 2023). Banks face risks from not adapting to changing client needs and technological advances, making data security a top priority. Financial institutions continuously improve cybersecurity and regulatory measures to keep pace with technological and procedural advancements (Pramanik et al., 2019). These studies underscore the significance of digital transformation in the banking sector.

TAM AND DIGITAL BANKING ADOPTION

The Technology Acceptance Model (TAM) serves as a vital theoretical framework for understanding and predicting the adoption of digital banking services. Initially proposed by Davis in 1989, TAM shed light on how users accept and use new technologies, focusing on two essential constructs: PU, and PEOU. PU measures the extent to which an individual believes that a particular technology will enhance their performance, while PEOU assesses the ease of using the technology. In the realm of digital banking, PU and PEOU play a critical role in determining customer acceptance and adoption. Studies have shown that users are more likely to adopt digital banking solutions when they perceive them as beneficial and user-friendly (Venkatesh & Davis, 2000). Additionally, external factors such as trust and security, service quality, and social influence significantly shape these perceptions. For instance, the perceived security and trustworthiness of digital banking platforms are essential for user acceptance, as robust security measures and transparent policies build customer confidence (Gefen, Karahanna, & Straub, 2003). High-quality service, characterized by reliability, responsiveness, and efficiency, further enhances PU, fostering a positive perception of the technology's usefulness (Parasuraman, Zeithaml, & Malhotra, 2005). Social influence, including recommendations from peers and endorsements from social networks, can significantly impact an individual's PU and PEOU, as positive word-of-mouth and social validation encourage adoption (Venkatesh & Bala, 2008). The intention to use digital banking, influenced by PU and PEOU, is a strong predictor of actual usage behavior, guiding banks in crafting strategies to boost customer adoption (Davis, Bagozzi, & Warshaw, 1989). Case studies highlight TAM's application in various markets. In emerging economies, where mobile banking adoption is rising, PEOU often outweighs PU due to differing levels of technological literacy, prompting banks to design intuitive and simple interfaces (Aboelmaged & Gebba, 2013).

In contrast, in developed countries, where Internet banking is widespread, PU is a more significant determinant, with customers valuing efficiency and advanced functionalities (Pikkarainen, Karjaluoto, & Pahnla, 2004). The COVID-19 pandemic has further accelerated the adoption of digital banking, with heightened PU as customers sought safe, convenient alternatives to physical banking (Zhao et al., 2021). This period underscored the relevance of the model, as banks that quickly adapted their digital offerings saw increased used adoption. Insights from TAM emphasize the importance of enhancing PU and PEOU to drive digital baking adoption, guiding banks in aligning their strategies with customer expectations and technological advancements.

DATA METHODOLOGY

The research design for this study is qualitative, focusing on exploring the in-depth perspectives and experiences of participants related to mobile banking adoption. Qualitative methods are particularly suited for understanding complex phenomena and providing rich, detailed insights.

SAMPLE/DATA SELECTION

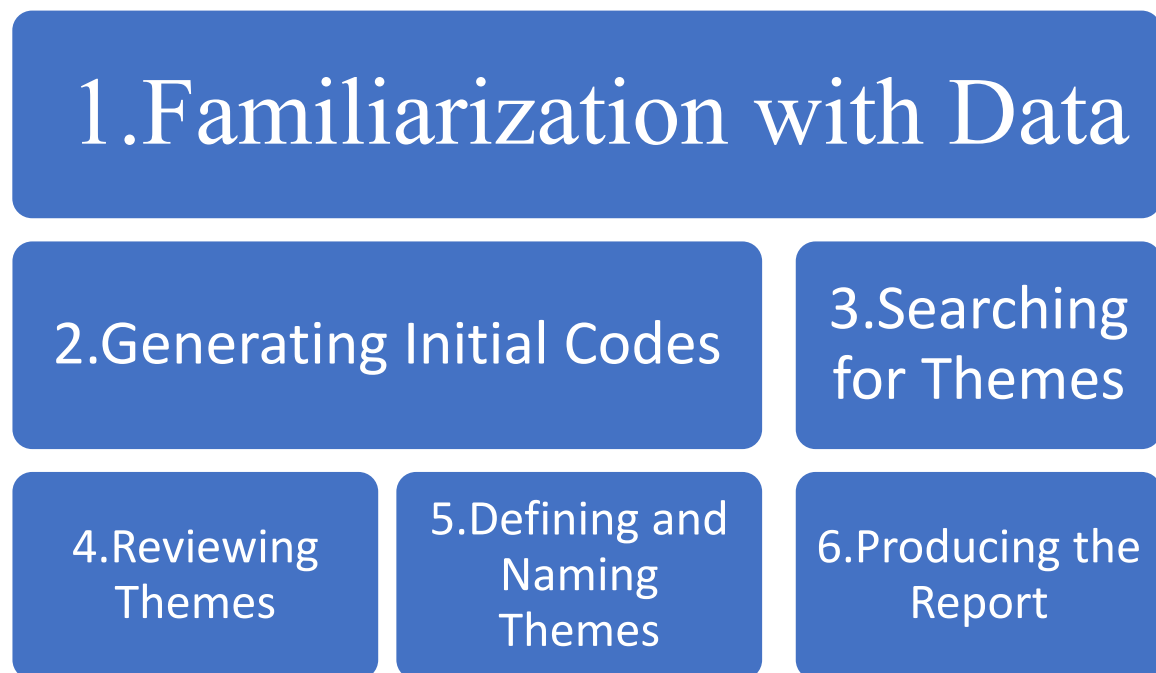
Participants are selected based on specific criteria relevant to the research question, such as their experience with banking services or their role in the banking sector towards digital banking adoption. A sample of 10 participants will be targeted to ensure a diverse range of perspectives. This number may be adjusted based on data saturation. Interview guidelines based on the research guide are set/developed based on the research questions for the Semi-structured interviews to allow for in-depth exploration while providing some structure to the conversation. Face to face Interviews will be conducted with the bank managers. The interview answer will be audio recorded and transcript in Word format where the transcript will be reviewed for accuracy. All data is stored securely in NVIVO, ensuring confidentially and compliance with ethical standards. Open coding will be used to break down the data into discrete parts and identify initial themes and patterns. These initial themes will be further refined and integrated to form a coherent narrative that addresses the research questions.

DATA COLLECTION

The present study utilized an exploratory research design, collecting data through interviews with 10 bank employees from public and private sector banks. The targeted banks included State Bank Of India (SBI), Punjab National Bank (PNB), Bank of Baroda(BOB), Canara Bank, ICICI Bank Ltd, HDFC Bank Ltd, Axis Bank Ltd, Kotak Mahindra Bank, IndusInd Bank, YES Bank, all located in the Delhi NCR region.

One bank manager from each bank was selected using purposive sampling and interviewed using a semi-structured questionnaire method. The respondents, chosen for their knowledge and expertise, provided valuable insights through their responses, facilitating the collection of critical points and an depth understanding of various aspects of green banking. The theoretical insights that emerged from these interviews increased the likelihood of expansion based on emergent theories (Baker, 2022). Given the limited research on green banking in India, a sample of ten for in-depth interviews was deemed sufficient (Carson et al., 2001). The interview which were recorded and transcribed, lasted an average of 50 minutes, ranging from 30 to 90 minutes. Conducted face-to-face interviews were organized into tables with relevant headings to structure the data. This approach highlighted distinctive opinions and separated them from the customary perspectives shared. Repetitive and interpreted logic contributed to strong hypothesis development. Using in-text references intertwined with relevant literature, the connection between factual documentation and emerging theory was established (Amaratunga et al., 2002).

THEMATIC ANALYSIS:



Interview Interpretation

<i>Theme 1: In-Branch Communication with Customer</i> <ul style="list-style-type: none">• Communication strategies• Customer education• Personalized interaction• Informal sessions• Promotional materials• Digital banking benefits• Security reassurance	<i>Theme 2: Digital Transformation of branch</i> <ul style="list-style-type: none">• Digital Integration• Digital tools• Digital kiosks• Online banking assistance• Branch modernization• Digital transactions• Seamless migration
<i>Theme 3: Customer-centric Initiatives</i> <ul style="list-style-type: none">• Customer-centric• Tailored Initiatives• Personalized services• Training Sessions• User-friendly interfaces• Customer satisfaction	<i>Theme 4: Redefined Roles of Branch Staff</i> <ul style="list-style-type: none">• Redefined roles• Employee training• Customer Assistance• Digital services• New Competencies• Digital-first banking

THEME 1: IN-BRANCH COMMUNICATION WITH CUSTOMER

In-branch communication with the customers plays a pivotal role in facilitating digital banking. Personalized interactions and informal sessions are crucial for, customer education, helping to explain the benefits of digital banking in a relatable manner. Promotional materials supplement these efforts by providing tangible takeaways that reinforce key messages. Security reassurance is also emphasized, addressing the customer's concerns about digital transactions. Through these strategies, banks can effectively educate and reassure customers, fostering a smoother migration from traditional branch banking to digital platforms.

THEME 2: DIGITAL TRANSFORMATION OF BRANCH

The digital transformation of bank branches is essential for seamless migration to digital banking. Digital integration involves incorporating advanced digital tools and kiosks within branches to facilitate transactions

and services. Online banking assistance is provided to guide customers through new digital processes. Branch modernization ensures the infrastructure supports these digital advancements, promoting efficient and secure digital transactions. By investing in such technologies, banks enable a seamless transition from traditional to digital banking, enhancing customer experience and operational efficiency.

THEME 3: CUSTOMER-CENTRIC INITIATIVES

Customer-centric initiatives are essential in facilitating the adoption of digital banking. By implementing tailored initiatives are personalized services, banks address individual customer needs and preferences. Tailored sessions are provided to enhance customer understanding and confidence in using digital tools. User-friendly interfaces are developed to ensure a seamless and intuitive banking experience. These customer-focused efforts not only improve satisfaction but also encourage a smoother transition from traditional to digital banking, ultimately fostering greater trust and engagement with digital banking platforms.

THEME 4: REDEFINED ROLES OF BRANCH STAFF

The redefined roles of branch staff are critical in the transition to digital-first banking. Comprehensive employee training equips staff with new competencies necessary for supporting digital services. Enhanced customer assistance focuses on guiding clients through digital banking processes, addressing their concerns, and ensuring a smooth user experience. These new roles emphasize the importance of adaptability and continuous learning, enabling branch staff to effectively facilitate the adoption of digital banking. By prioritizing these competencies, bans ensure their teams are well prepared to meet the evolving demands of a digital-first banking environment.

FINDINGS AND CONCLUSION

Themes	Keywords	Frequency	Weightage (%)
<i>In-Branch Communication with Customer</i>	➤ Personalized interaction	15	25
	➤ Informal sessions	10	17
	➤ Customer education	9	11
	➤ Digital banking benefits	7	5
	➤ Promotional materials	4	3
	➤ Security reassurance	3	2

<i>Digital Transformation of branch</i>	➤ Digital Integration-	8	13
	➤ Branch modernization	7	8
	➤ Digital transactions	7	8
	➤ Seamless migration	5	3
	➤ Digital tools	4	2
<i>Customer-centric Initiatives</i>	➤ Customer-centric	10	17
	➤ Tailored Initiatives	8	13
	➤ Personalized services	6	10
	➤ Training Sessions	5	8
	➤ User-friendly interfaces	2	1
	➤ Customer satisfaction		
<i>Redefined Roles of Branch Staff</i>	• Redefined roles	12	20
	• Employee training	10	17
	• Customer Assistance	8	13
	• Digital services	7	8
	• New Competencies	5	3

CONCLUSION

The study concludes that comprehensive in-branch efforts are vital for the successful migration of customers from traditional branch banking to digital banking in India. Effective in-branch communication strategies are essential for educating and reassuring customers about digital banking benefits and security. The seamless integration of digital tools within branches, along with tailored customer-centric initiatives, significantly enhances customer experience and encourages digital adoption. Adoption, the redefined roles of branch staff, supported by robust training programs, ensure that employees are well-equipped to guide customers through this transition. The findings underscore the necessity for integrated cultural and organizational changes with banks to foster customer confidence and trust in digital banking. Such efforts are crucial for improving the acceptance and widespread use of digital banking services in India. By prioritizing these comprehensive strategies, banks can better support their customers in embracing the digital future of banking.

LIMITATIONS AND FUTURE SCOPE OF THE STUDY

The study's small size limits generalizability and represents a narrow range of perspectives, potentially leading to bias and reduced statistical power. Limited interview questions restrict the depth and breadth of insights, possibly overlooking nuanced views and comprehensive understanding. Future research could expand the sample for better representativeness, include more diverse questions for deeper exploration, and employ longitudinal or mixed-method approaches to enhance robustness. Cross-cultural and comparative studies, alongside technological integration, could further enrich the findings and provide a more holistic view of the investigated phenomena.

INTERVIEW PROTOCOL

Introduction	Introduce the interview by explaining the research focus and assure participants of confidentiality.	Adoption of digital banking channels in an emerging economy: exploring the role of in-branch efforts, Simran Jit Kaur, Liaqat Ali, M. Kabir Hassan, Md Al-Emran, Journal of Financial Services Marketing (2021),107-121.
	Emphasize the importance of bankers' insights in shaping the industry.	
Integration of digital banking adoption	Discuss the motivation behind integrating Internet banking services into banking operations.	Jones, L., et al. (2020). Trust in mobile banking: A literature review. Journal of Financial Services Marketing, 25(1), 19-32.
	Explore how digitalization contributes to the bank's innovation strategy.	

Digital Services	Discuss the current digital services offered by the bank and any recent innovations.	Chen, K., & Wang, Z. (2018). An empirical study of factors influencing e-wallet acceptance in China. International Journal of Information Management, 38(1), 290-298.
	Explore the motivation behind incorporating e-wallet services and the perceived benefits.	
Challenges and Opportunities	Inquire about challenges faced by the bank in promoting digitalization adoption.	Venkatesh, V., et al. (2000). A theoretical extension of the technology acceptance model: Four longitudinal field studies. Management Science, 46(2), 186-204. DOI: [DOI Number]
	Discuss any opportunities identified by the bank in the context of innovative banking practices.	
	Discuss identified opportunities and strategies for overcoming challenges.	
Customer Feedback and Adaptation	Discuss how customer preferences and concerns influence the bank's approach to digital offerings.	Kim, Y., & Lee, J. (2017). Why smartphone users hesitate to use mobile payment services: Focusing on perceived risk and trust. Service Business, 11(1), 203-229. DOI: [DOI Number]
	Explore how customer feedback on digital services influences the bank's strategies.	

	Explore the feedback received from customers regarding digital services.	Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. MIS Quarterly, 13(3), 319-340. DOI: [DOI Number]
	Discuss the bank's adaptation based on customer preferences and concerns (Kim & Lee, 2017).	
Collaboration with Regulators	Inquire about the bank's collaboration with regulators in ensuring compliance with innovative banking regulations.	Venkatesh, V., et al. (2003). A theoretical extension of the technology acceptance model: Four longitudinal field studies. Management Science, 46(2), 186-204. DOI: [DOI Number]
	Discuss the bank's perspective on the regulatory environment and its impact on digital services.	
	Discuss the challenges and benefits of aligning with regulatory requirements.	

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