

THE IMPACT OF DIGITAL BANKING ON CUSTOMER SATISFACTION AND LOYALTY IN COMMERCIAL BANKS: A SYSTEMATIC LITERATURE REVIEW

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Abstract

This literature review paper aimed to examine the influence of digital banking on customer satisfaction and loyalty in commercial banks through a systematic literature review.

The researcher conducted a comprehensive search of electronic databases and applied inclusion and exclusion criteria to select the most suitable articles. The eligibility criteria included studies published between 2006 and 2022, focused on digital banking, service quality, customer satisfaction, and customer loyalty, and used qualitative, quantitative, and mixed-methods research conducted in any country worldwide. Data analysis involved examining statistical findings from individual studies using Microsoft Excel, and the study analyzed 146 papers published in the field.

The results showed an increase in the number of papers published each year, with a focus on topics such as customer satisfaction, customer loyalty, and customer unswerving behavior. The majority of authors used descriptive research designs, while empirical studies were used the least. Male authors had the most articles published, while female authors had the least. Pakistan and Nigeria published the highest number of articles.

The findings give insights for commercial banks to enhance their digital banking services to enhance customer satisfaction and loyalty.

Keywords: *statistical analysis, qualitative research, quantitative research, mixed-methods research, empirical studies, male author, female author, research design*

INTRODUCTION

The banking industry underwent significant changes in recent years, with digitalization becoming a major trend. Digital banking has become increasingly popular, offering customers the ability to perform financial transactions at their convenience and from anywhere in the world. However, the influence of digital banking on customer's satisfaction and loyalty towards commercial banks remained unclear.

This systematic literature review aimed to examine the influence of digital banking on customer satisfaction and loyalty towards commercial banks. The review examined existing literature on the subject, including empirical studies, theoretical frameworks, and case studies. The key factors that influenced customer's satisfaction and loyalty towards digital banking, such as usability, trust, convenience, and customer service, were explored in the review.

The review also examined the challenges associated with the adoption of digital banking in commercial banks, such as regulatory compliance, technological limitations, security issues, illiteracy, internet disruption, and resistance to change.

Overall, this study provided valuable insights into the benefits and challenges of digital banking and its impact on customer's perception and attitudes towards commercial banks. The findings of this review will be useful for commercial banks looking to improve their digital banking services and enhance customer satisfaction, as well as for researchers seeking to further explore the topic.

The main aim of this study was to explore the impact of digital banking on customer satisfaction and loyalty in commercial banks through a systematic literature review.

Specific objectives:

1. To distinguish the key factors that influence customer satisfaction and loyalty towards digital banking, such as usability, security, trust, convenience, and customer service.
2. To analyze the connection between digital banking and customer satisfaction and loyalty in commercial banks.
3. To explore the challenges associated with the adoption of digital banking in commercial banks, including regulatory compliance, technological limitations, and resistance to change.

4. To provide recommendations for commercial banks seeking to enhance their digital banking services and enhance customer satisfaction and loyalty based on the findings of this review.

LITERATURE REVIEW

Pareek, (2020) focused on educated and employed women aged between 25 to 45 years residing in the Bhilwara area. The study revealed that 86% of employees in the study area used online banking services. The high acceptance of online banking services was attributed to their ease of use, dynamism, efficient emergency services, and low cost. Customers also trust that online banking services eliminate discrimination against bank customers. However, the use of e-banking services has some drawbacks such as large volume and customer trust in relevance, such as checks.

In a study conducted by Hadid *et al.*, (2020) found that reliability, managers, responsiveness, and security have a significant impact on customer satisfaction ($P\text{-value}=0.05$). To ensure that the digital banking services provided by banks meet the necessary standard, the regulatory body responsible for regulatory rules in Malaysia provides general guidelines and recommendations for banks in the country. This study gives valuable insights into the factors that influence customer satisfaction and can guide banks in their efforts to improve their digital banking services.

Goi, (2014) highlighted the significant impact of social media on banks, particularly in terms of communication, promotion, publishing, and engagement. Malaysia, local commercial banks use social media platforms to interact with their customers.

Nguyen, (2021) conducted a case study a commercial bank in Mekong delta, Vietnam and revealed the factors that affect employee engagement and organizational loyalty. The study identified the following factors in descending order of significance that impact the employee retention rate of existing customers: earnings, work characteristics, work environment, colleagues, and management.

The location, quality of service, and financial performance of a bank significantly impact the attitudes of its clients in all aspects. When profits or interest rates do not exceed those of other banks, customers tend to switch. Similarly, customers react similarly to inadequate service quality, as well as to banks with only a single branch or branches located far from city center (Pirzada *et al.*, 2014).

According to the assessment, online control precisely with the aid of the financial institution might be accepted. In any case, ethnic groups consider that human contact is more critical to the relationship among customers and banks. Though, individuals select web-based finance managers to save opportunities, move away from cash storage, withdrawal queues, and without difficulty review requirements on financial institution pages. Most people prefer the Google Pay use for cash change. Satisfied customers are crucial part of dependable performance at the heart of internet banking (Thilagaraj, Manohar and Karthik, 2021).

According to George, (2015), consumer happiness for snapdeal.com in India and lazada.com in Thailand is directly correlated with accessibility, privacy, customer value, trust, and attitude. The perception of value by Thai customers and satisfaction of Indian customers both depended heavily on trust. Satisfaction is correlated with each variable. The contentment of Thais and Indians relates to most characteristics. However, while trust and India are strongly correlated, privacy is not particularly positively correlated for India.

Relationship marketing, which had previously been considered a strong indicator of customer loyalty, was found to have only a weakly positive link with customer loyalty. This is because the practice of product customization is uncommon in the market, and different banks use identical forgetting-to-know-customer practice. As a result, relationship marketing appears to be similar at all banks, and customer may not be able to switch service providers based on this factor alone. However, customer relationship management is still crucial for satisfy customers in similar product and price industries (Kaguri, 2016).

According to Alsaggaf, (2017), the level of excitement and emotional response significantly impacts the quality of service. Objective norms also have significant effects on the intentions and feelings of customers. Additionally, both directly and indirectly, emotional responses have significant ramifications for customer intent. The overall findings of this study demonstrate that customer attitudes and emotional reactions to happiness and excitement were mediators between quality-of-services influences on e-WOM and switching intent.

According to Akintaro and Shonubi, (2019), a bank's corporate governance traits have a favorable impact on its financial performance. As a result, enhancing these attributes will also positively impact a bank's return on capital. The Board of Director's and Audit committee's composition are key factors that contribute to corporate governance and, thus, influence a bank's financial

performance.

REVIEW METHODOLOGY

3.1. RESEARCH PROTOCOL

The researcher conducted a comprehensive search of electronic databases to identify relevant articles for the investigation. The next step involved applying inclusion and exclusion criteria to distinguish between different groups of published articles. The results were then presented after a thorough analysis, and appropriate works were selected based on the research questions.

3.2. RESEARCH QUESTIONS

Q1. What are the effective methods implemented by commercial banks to increase customer satisfaction and loyalty?

Q2. Is there a connection between service quality, customer satisfaction, and customer loyalty in commercial banks?

Q3. How is the development of digital banking technology impacting customer satisfaction and loyalty in commercial banks?

Q4. What is the optimal frequency for commercial banks to improve digital banking in order to enhance customer satisfaction and loyalty?

3.3. DATA SOURCES

To conduct the systematic literature review, the researcher used several electronic databases, such as Google Scholar (<https://scholar.google.com.pk>), shodhganga.inflibnet.ac.in, and Research gate, to search for relevant research publications. The next stage involved applying inclusion and exclusion criteria to select the most suitable articles.

3.4. ELIGIBILITY CRITERIA

3.4.1. INCLUSION CRITERIA

As part of the review methodology, the following were the eligibility criteria: (1) studies published between 2006 and 2022 in Shodhganga, Research Gate, and Google Scholar (2) Focused on digital banking, service quality, customer satisfaction, and customer loyalty (3) Considered authors of both sexes and employed qualitative, quantitative, and mixed-methods research conducted in any country worldwide (4) Examined a variety of factors, such as service level, customer satisfaction, and customer loyalty, at commercial banks.

3.4.2. EXCLUSION CRITERIA

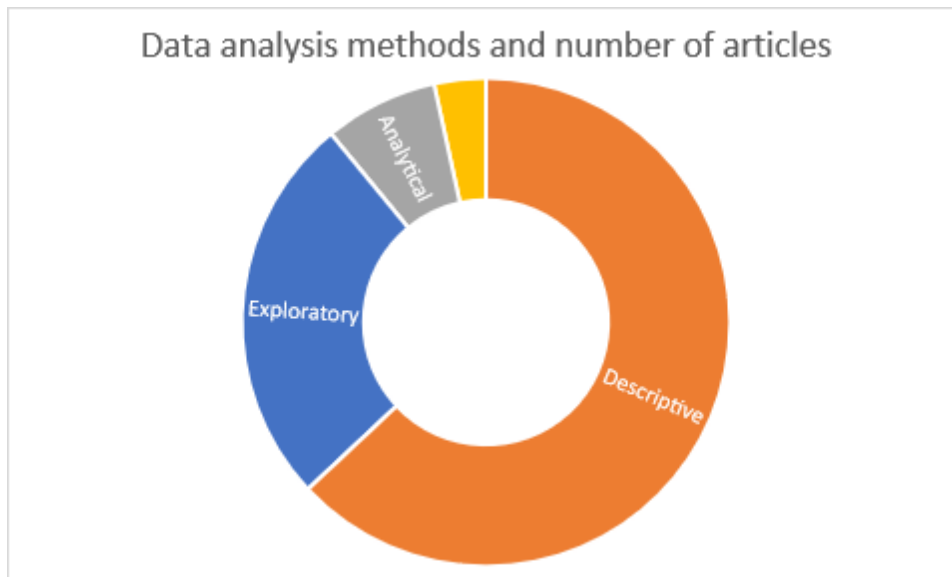
To ensure the relevance of the study, the following exclusion criteria were applied: (1) papers that were comprehensive literature reviews, theoretical analysis, conceptual papers, or relied solely on secondary data sources such as government reports and online sources; (2) studies published prior to 2006; (3) papers published in languages other than English; and (4) studies that were not peer-reviewed. Additionally, research studies that were conducted by the same authors and focused on the same research topic were also excluded to avoid duplication of findings.

3.5 Data analysis

Under this systematic literature review paper, data analysis involved the examination of statistical findings from individual studies. The statistical data was analyzed using Microsoft Excel. The Excel spreadsheet application was used to create flow charts and graphs to visually represent the results of the statistical analysis.

DISCUSSION

A) Types of study by Data analysis and Articles Publication Year (2006-2022)



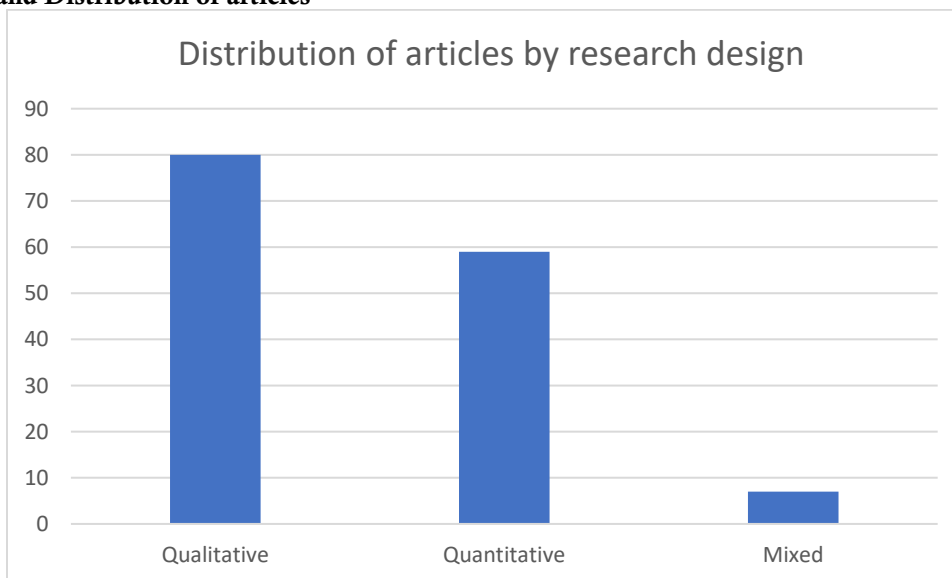
This study focuses on four research methods: exploratory, descriptive, analytical, and empirical, as illustrated in Figure 1. The research aims to analyze the prevalence of these methods by examining 146 papers.

The findings indicate that 92 articles (approximately 63%) adopted a descriptive method, which was the most frequently used approach. Approximately 26% of the papers, or 38 articles, used an exploratory method, while the analytical method was used in only 11 articles (approximately 7.5%).

The lowest recorded approach was the empirical method, which was used in only five articles (approximately 3.5%). These results suggest that the descriptive method is the preferred research approach in the field of study analyzed, while empirical research is less common.

The findings also highlight the need for researchers to consider alternative research methods and their potential benefits for gaining insights into research questions. Further research could explore the reasons for the dominance of descriptive research in this field and investigate the potential benefits of incorporating other research methods

B. Research design and Distribution of articles



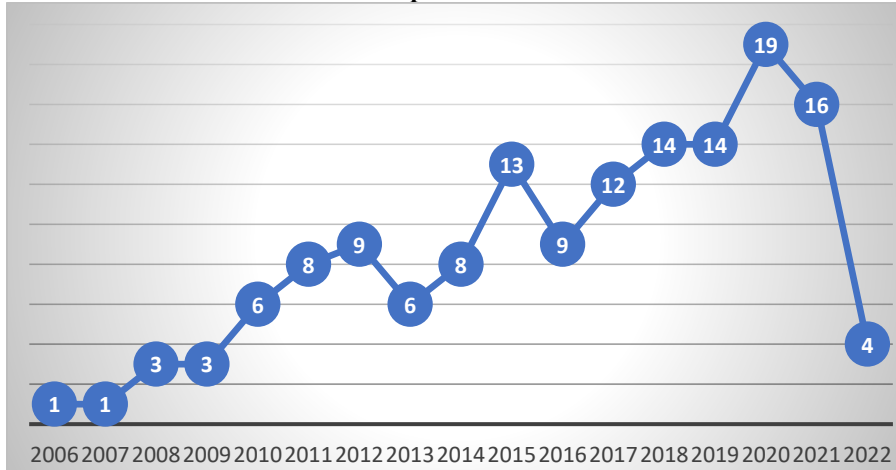
The authors' use of three research designs, namely qualitative, quantitative, and mixed methods, as illustrated in Figure 2. The authors used these methods to gather data over the previous 16 years. The findings reveal that the qualitative research design method was the most frequently used approach, with 80 papers (approximately 55%) using this method to gather data. The second most used method was the quantitative design, employed in 59 articles (approximately 40%). In contrast, only seven articles (approximately 5%) used a mixed research design, indicating its least popularity among the three approaches.

These findings indicate the dominance of qualitative research in the field of study examined by the authors. The widespread use

of qualitative research suggests that researchers in this field value its ability to provide rich and detailed data on complex phenomena. However, the limited use of mixed research methods suggests that researchers may be less familiar with the potential benefits of combining qualitative and quantitative approaches.

Overall, the findings of this study provide insights into the prevailing research approaches used in the field of study examined and underscore the need for researchers to consider the advantages of different research methods when designing their studies.

C. Number of articles and Year of publication

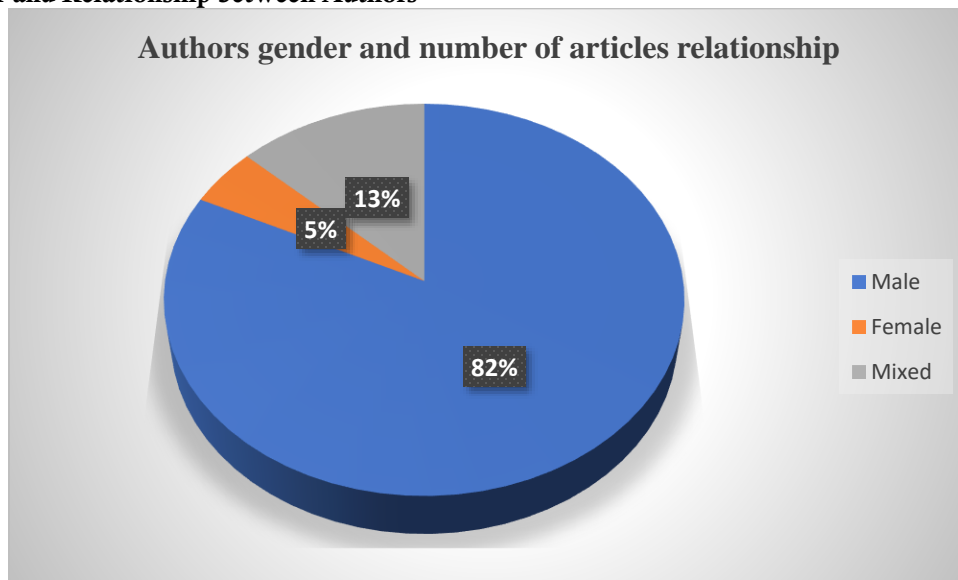


Number of articles
Year of publication

This research study explored the relationship between digital banking, customer satisfaction, loyalty, and unwaveringness in commercial banks, as illustrated in Figure 3. The study analyzed 146 publications on digital banking, service quality, satisfaction, loyalty, and unwavering customer behaviour in commercial banks between 2006 and 2022.

The results indicate that the highest number of papers were published in 2022 and 2021, with 19 and 16 articles, respectively. In contrast, the total number of articles published in 2008 was only three. The number of articles published between 2009 and 2012 varied between 3 and 9, with little change from year to year. In 2013 and 2014, there were 6 and 8 articles published, respectively, and 13 and 9 papers were published in 2015 and 2016, respectively.

D) Authors' Gender and Relationship between Authors

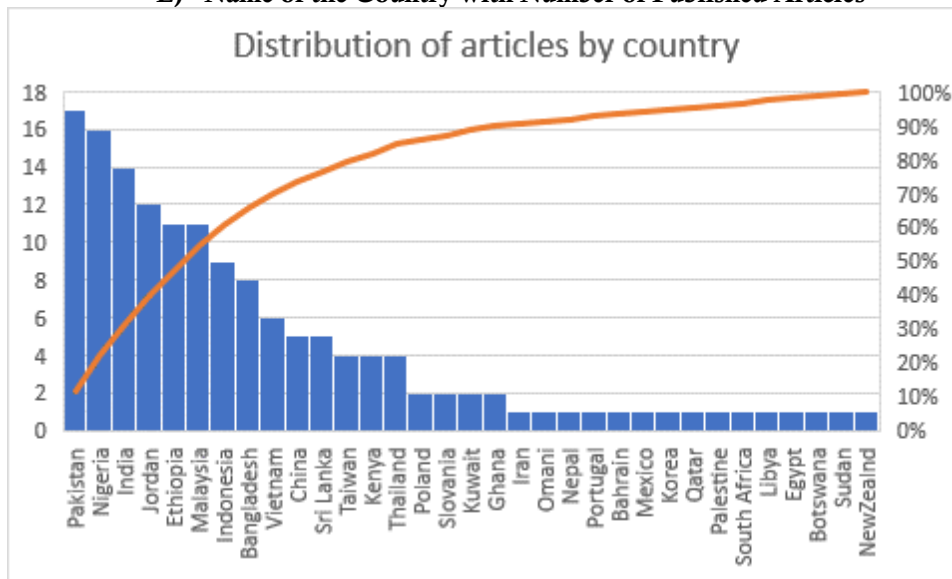


This research study analyzed the gender of writers and the relationships between authors in 146 papers, as presented in Figure 4. The results indicate that the majority of papers were published by a single male author, with a total of 120 papers (approximately

82%). In comparison, only 19 papers (approximately 13%) were published by two mixed-gender authors, and a single female author published only 7 papers (around 5%).

These findings suggest that there is a significant gender gap in authorship in the field of study analyzed, with male authors dominating the research output. This gap raises questions about the representation and inclusivity of female researchers in the field and the potential impact on the quality and scope of research. Future research could explore the reasons for the underrepresentation of female authors and investigate strategies for increasing gender diversity and equity in authorship.

E) Name of the Country with Number of Published Articles



This research study examined the number of articles published by country in a specific field, as presented in the figure above. The results indicate that Pakistan had the highest number of articles published, with a total of 17 papers. Nigeria had the second-highest number of papers, with 16 publications, followed by Jordan with 12 and India with 14 research papers. In contrast, the lowest number of papers were studied in 16 nations, all of which had only one article published.

These findings suggest that certain countries are more active in conducting research in this field than others. The high number of publications from Pakistan, Nigeria, Jordan, and India may indicate that these countries have strong research cultures or that they face specific challenges or opportunities related to the field. The low number of publications in other countries may be due to a lack of interest or resources or limited research capacity. Future studies could explore the reasons for the variation in research output by country and investigate potential strategies for enhancing research collaboration and capacity building in underrepresented countries.

CONCLUSION AND RECOMMENDATION

This research study analyzed 146 papers published between 2006 and 2022 in the field of digital banking, service quality, customer satisfaction, and customer loyalty. The findings revealed that the number of papers published each year increased over time, with a focus on topics such as customer satisfaction, customer loyalty, and customer unwavering behaviour. The International Journal of Quality and Reliability Management and the Journal of Internet Banking and Commerce were the most published journals, with three and ten published papers, respectively.

The majority of authors in this literature review used descriptive research designs (approximately 63%), while empirical studies were used the least (about 3.5%). Furthermore, three different study designs were used, with most authors (approximately 55%) choosing qualitative research designs. Second, qualitative design (around 40%), followed by mixed design (approximately 5%). The year 2020 had the highest number of articles published, while 2006 and 2007 had only one article each.

Regarding the authors, male authors had the most articles published, while female authors had the least articles published. Finally, the analysis showed that Pakistan and Nigeria published the highest number of articles, with 17 and 16 papers, respectively.

Based on the conclusions drawn from the analysis of the 146 papers, several recommendations can be made for future research in the field of digital banking, service quality, customer satisfaction, and customer loyalty. Firstly, there is a need for more empirical studies in this area, given that they were used the least in the analyzed papers. Empirical studies can provide valuable insights

into the actual experiences of customers with digital banking services and their level of satisfaction and loyalty. Secondly, there is a need for more studies that used mixed research designs, which can provide a more comprehensive understanding of the phenomenon under study.

Thirdly, more attention should be paid to the perspectives and experiences of female customers, given that female authors had the least number of papers published in this area. Future research can investigate the factors that may be contributing to this gender disparity and explore ways to address it. Finally, further research is needed to examine the digital banking experiences of customers in countries other than Pakistan and Nigeria, which were the most prolific contributors to the literature.

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