Chapter 1
Digital Transformation and Customer's Problems in Banking Industry of India

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ABSTRACT

This chapter observes the problems of the banking sector due to digital transformation (i.e., mobile banking, internet banking, etc.) in India. It used the perception of 302 customers who were selected from Delhi and Dehradun. These customers have accounts in public and private sector banks. CFA technique is used to examine the latent variables among 28 different indicators that are divided in five constructs, i.e., digital transformation, financial security, physical devices, financial frauds, and financial risk. The statistics of 28 indicators are collected through a 7-point Likert scale. The results based on CFA indicate that financial risk, financial security, financial fraud, and financial fraud related variables create barriers for customers in

digital transformation. It is policy-oriented research that detects numerous problems of digital transformation of the banking industry in India. It also provides policy proposals to increase customer's trust in digital transformation in India.

1. INTRODUCTION

Digital transformation is a process that makes the online communication of information, text, knowledge, ideas and images across people, industries and financial organizations. It also includes digitization of documents, e-learning, online trading, e-statement, online payments, digital storage etc. (Kitsios et al., 2021). Digital transformation also develops a conducive ecosystem for disseminating the information among the users who may be economic agents from different sectors. Digital transformation is working as a revolution in most sectors associated with financial, social, business and human development. Digital transformation is highly worthy to satisfy the needs of customers and services providers in the financial organizations (Khanboubi et al., 2019). Accordingly, digital transformation avoids the physical presence of economic agents in marketing (Singh et al., 2024c). Digital transformation is effective to increase the sustainability and efficiency of all systems in social, economic, technological and environmental dimensions. Digital transformation is also a boon to increase the skill of the workers (Singh et al., 2024d). Thus, digital transformation and digitalization are also creating a favorable ecosystem to increase sustainable development (Singh, 2024).

Most developed countries are creating digital platforms to increase green growth and green development. Green growth and green development would be favorable to increase the sustainability of the production system including financial organizations (Singh et al., 2024d). Digital transformation is helping the banking sector to improve their efficiency, profits, production, sale pattern, competition, and value addition in their current services (Bueno et al., 2024; Porfírio et al., 2024). Digital transformation is also helping customers to meet their own requirements related to money transactions in the financial market. Digital transformation also plays a key role to increase technology transfer and commercialization and financial investment (Singh & Jyoti, 2023c). It is also suggesting diverse options to the customers to make investment in the financial market. Hence, digital transformation is worthy for all business organizations including banking industry (Porfírio et al., 2024). Digital transformation is also significant for improving internal and external environments in the banking sector (Kitsios et al., 2021).

Cloud computing is helpful to create an infrastructure for digital transformation. Cloud computing is helpful to nurture a network-based ecosystem and focus on sharing resources through the internet (Rani & Gangal, 2012; Cheng et al., 2022).

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