

# Customer's Perspective on Dynamics of Digital Transformation in the Bank Industry of Sri Lanka

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**Abstract** - Digital transformation has changed the entire banking system making it accessible, competitive and improving effectiveness and efficiency. Most local banks in Sri Lanka are now moving towards technology-driven and internet-based banking services. However, in Sri Lanka, relatively little empirical research has been carried out to examine the dynamics of digital transformation. Hence, there is a growing need to identify the relevant customer perspective on the dynamic of digital transformations. Therefore, this research aims to identify and explore factors behind customers' perspectives on the dynamics of digital transformation in the bank industry of Sri Lanka. A general qualitative approach was used with in-depth interviews to achieve the purpose of the research. The research data were analysed using thematic analysis with a combination of theoretically derived themes and indigenous themes from the research findings. Finally, the researcher used both UTAUT and TRA commonly to build an empirically supported model. From the data analysis, the participants cited eleven major themes as answers for the two research questions. Those are fitness for lifestyle, personal image and social standards, maturity of product or service, ease, usefulness, security, social factors, cost and time benefit, and reliability. As implications for bankers, it is found that when launching a marketing campaign for new digital products and services, it is essential to demonstrate the usage of digital technology to increase public awareness. This research helps understand customer perception, and banks can identify more personalized product models to motivate customers to access digital products and services further.

**Keywords:** Banking industry, Customers' perception, Digital transformation

## I. INTRODUCTION

Globally, many banks have made significant investments in digital banking, maintaining a competitive edge by offering a wide range of products and services. Furthermore, the global banking sector is adopting emerging technologies such as open banking, platform banking, electronic onboarding, cryptocurrencies, blockchain, artificial intelligence (AI) and big data analytics. Such technologies generate significant benefits and encourage customers to seek safe and secure banking. Though, research focusing on Digital transformation in other sociocultural contexts is relatively new and limited in number. While the importance of the rapid technological

changes is a heavily researched area, however, on the other hand, Digital transformation is rarely considered when examining the banking industry (Chau & Lai 2003). This study contributes toward filling this gap by focusing on the digital transformation experiences of customers in the banking industry in Sri Lanka.

Digital transformation can be defined as the use of technology to radically improve the performance or reach of enterprises (Westerman, et al. 2011) and digital transformation can be understood as the changes that digital technology causes or influences in all aspects of human life (Kaplan, et al. 2010). The literature shows that digital transformation is highly important to the banking sector and the financial industry (Kaplan, et al. 2010). Hence there are so many digital innovations and services available on the market. According to Salman and Hasim (2014), gender, age, educational qualifications, and location are the salient socio-economic factors influencing whether customers accept new technology and adopt digital banking. Case, Lacey, and Hopkins (1996) further emphasize that technological characteristics such as information intensity, ease of access, data privacy and security are key concerns that affect online banking usage. Moreover, Marshal & Jack (2011) further note that effectiveness and customer confidence about digital channels directly influences the adoption of online banking.

Regarding the number of customers using digital banking, it is high as 30% in developed countries, while in developing countries such as Sri Lanka, it is low as 4% (Sri Lanka 2022). In reality, many consumers are reluctant to use banking-related digital services and facilities. However, there is uncertainty about whether customers can access digital banking services due to the lack of infrastructure and adequate knowledge, limited internet access, data security and privacy requirements and accessibility. Consumer confidence in online banking services directly affects whether consumers use digital banking services. Therefore, in the current digitalization era, the global banking sector is focused on increasing customer bank satisfaction and loyalty by introducing better technology (Salman & Hasim 2014).

Sri Lanka has a robust banking system with 26 banks and six licensed specialized banks with a wide range of bricks

and mortar branch networks. Thus, financial services have significantly penetrated much of the country (Central Bank of Sri Lanka Annual Report 2018). Instead of coming to the bank and using traditional channels, customers will likely use several alternative channels such as mobile apps, point of sale machines (POS), internet payment gateways, e-wallets, and ATMs. The banking sector has made significant progress with the digital system, and many projects are still being implemented in Sri Lanka. Regular citizens in Sri Lanka have a significant level of interaction with banking services. Without proper guidance, people will usually have some setbacks in blending with technology. For this digital transformation to be successful, that setback must be eliminated. A proper study is needed to guide it. In this context, it is essential to explain what influences are there for consumer motivation towards digital banking and why they choose another channel apart from digital banking.

Further, previous research presents the impact of digital business transformation on different industries, though the banking industry was rarely addressed. Moreover, previous research on digital transformation has focused primarily on the benefits of e-service Fields (Salman & Hasim 2014), whereas many studies have been conducted on the specific areas of digitization in the banking industry, but there is a significant lack of studies that discuss the customer and the strategies required for digital transformation in the banking industry. Furthermore, many Studies based on this area have been conducted mostly in developed countries and are quantitative studies. Hence, identifying the customer experience and needs is essential to adhere to these digital transformations in the banking industry. Therefore, this study seeks to answer the research question of how customers adopt or abandon digital transformation and what factors influence adoption to embrace digital transformation.

The remainder of the article is organized to review the previous studies, explain the methodology adopted in conducting the research, present the findings against the literature and finally, conclude the findings of the study.

## II. LITERATURE REVIEW

Digital transformation is a more long-term process. It means the total changes associated with applying digital technologies in all aspects of society. Digital transformation can be understood as the changes that digital technology causes or influences in all aspects of human life” (Kaplan et al. 2010). Lankshear & Knobel (2008) define digital transformation as the third and ultimate level of digital literacy that “is achieved when the digital usages which have been developed enable innovation and creativity and stimulate significant change within the professional or knowledge domain”. This explanation seems to go deeper than others in that it

explores the motivation for and consequences of undergoing digital transformation. Investing in digital business transformation offers new opportunities for organisations by making them able to create new products and services, improve the existing business processes, achieve new levels of business efficiency, personalise the customer experience and decrease the overhead expenses in long-term (Kaplan et al. 2010). In fact, more than 600 out of 1559 surveyed executives studied by Fitzgerald et al. (2013) state that they have already expanded into new markets with the help of digital technology. However, the creation of new businesses and business models with the technology appears to be very rare, as only 7% of respondents to that survey stated that they were able to create new businesses (Fitzgerald et al. 2013).

Digitization in the financial and banking industry has changed from the digital transformation of internal operations and communication to the digital transformation of internal and external processes (Scardovi 2017). Digital transformation is evolving along with customer needs, and banks are developing new solutions and platforms to facilitate their customers. Developing and fulfilling customer needs is almost mandatory for banks and financial actors to achieve better customer satisfaction and compete in the market. The rapidly growing development in IT and technology is not only an opportunity for the actors in the banking and financial industry but also a challenge and risk that these actors are facing and will continue to do so (Scardovi 2017). It depends on each actor in this industry whether to see the technological changes as an opportunity or a challenge. This can also depend on the size of the organisation, resources, the ability to change and other important impacting factors in digital transformation that make it more of a challenge than an opportunity (Amin 2016). The biggest actors in this industry are facing more challenges in the digitisation process than the smaller actors because of legacy systems, hierarchies, and the infrastructure of the organisation (Scardovi 2017). Digital transformation in the banking and financial industry has changed the usability and availability of banking services. Nowadays, it is possible to perform different operations and transactions at any time and place. A key factor which has led to this transformation in the process can be related to the internet banking (Bihari 2011).

With digital innovation in the banking industry, customers are becoming more demanding, forcing firms to focus on service quality to enhance business performance and more convenient services (Pekovic & Rolland 2016). In a service-driven economy like Sri Lanka's, the banking industry is a significant sector that requires appropriate marketing strategies (Dissanayake & Ismail, 2015). With the advancement of technology, the lines separating online and offline services have blurred quickly, and the

traditional methods of depositing money and making payments have changed. Organizations have taken advantage of these changes by developing alternative financial products and services that have allowed them to seize new opportunities in the financial market (Fairouz & Wickramasinghe, 2019).

Early studies mainly focused on potential benefits and security aspects of digital banking in terms of e-banking. Howcroft, Hamilton, & Hewer (2002), further discuss the motives for and barriers to using e-banking or m-banking and the development of digital banking services which replace conventional banking practices. While digital banking will challenge the conventional banking system, it has not completely replaced all the processes (Scardovi 2017). Research reveals that customers tend to use digital banking products and services rather than conventional banking services (Alalwan et al. 2016).

Neumourues barriers have been identified for internet banking, arguing that security, data privacy and customer satisfaction affect uptake (Sarokolaei at al. 2012), while Amin (2016) further discusses service quality and security affecting customs focused on the customer experience. Martins, Oliveira, & Popovič (2014), have revealed that trust and security are the most critical issues, especially amongst non-users who have higher levels of concern, do not have the confidence, and required knowledge to perform financial transactions through online channels and have no intention of adopting internet banking products or services.

Research on consumer attitude and adoption of internet banking showed several factors predetermining the consumer's attitude towards online banking, such as a person's demography, motivation and behaviour towards different banking technologies and individual acceptance of new technology. It has been found that consumers' attitudes toward online banking are influenced by their prior experience with computers and new technology (Laforet & Li 2005). The adoption of electronic banking forces consumers to consider concerns about password integrity, privacy, data encryption, hacking, and the protection of personal information (Benamati & Serva 2007). Electronic banking requires the most consumer involvement, as it requires the consumer to maintain and regularly interact with additional technology (Jane et al. 2004). Consumers who use e-banking use it on an ongoing basis and need to acquire a certain comfort level with the technology to keep using it (Servon & Kaestner 2008). While the studies reviewed here have certainly been informative in terms of revealing the different experiences involved in digitalization in the banking industry, there is little qualitative information available (Scardovi 2017) as to how customers adopt or abandon digital transformation and what factors influence adoption to embrace digital

transformation. Therefore, there remains an opening for theoretical and empirical research in the field of customer experience on digital transformation in the banking industry.

### III. THEORETICAL REVIEW

Previous research during the past two decades has examined factors that motivate consumers towards digital transformation in several contexts. Still, there is limited empirical evidence about understanding consumers in digital transformation. Theoretical models include; The Unified theory of acceptance and use of technology (UTAUT) (Venkatesh at al. 2003), The Theory of Reasoned Action (TRA) (Fishbein & Ajzen 2012), which are discussed in the present study.

UTAUT and its extended theoretical frameworks are very popular and widely used to predict behavioural intention for adopting technology (Venkatesh at al. 2003). which consists of four main concepts, Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), and Facilitating Conditions (FC). These four main concepts are independent variables which influence dependent variables, behaviour and usage (Venkatesh at el. 2003). Performance expectancy (PE) is to be "the degree to which an individual believes that using the system will help him or her to attain gains in job performance" (Venkatesh at al. 2003) and effort expectancy (EE) to be "the degree of ease associated with the use of the system" (Venkatesh at al. 2003). Social influence (SI) means "the degree to which an individual perceives that it is important others believe that he or she should use the new system" ((Venkatesh at al. 2003) whereas facilitating conditions (FC) considered to be "the degree to which an individual believes that an organizational and technical infrastructure exists to support use of the system" (Venkatesh at al. 2003). Behavioural intention (BI) refers to the motivational factors that influence a given behaviour where the stronger the intention to perform the behaviour, the more likely the behaviour will be performed (Venkatesh at al. 2003).

The Theory of Reasoned Action was developed by Fishbein & Ajzen (2012) as an improvement over the information integration theory. Fishbein and Ajzen formulated the theory after trying to determine the differences between attitude and behaviour. It is mainly used to predict how individuals will behave based on their pre-existing attitudes and behavioural intentions. Fishbein & Ajzen (2012) further formalized the theory as an explanation of an individual's behaviour as a function of behavioural intention, attitude, subjective norm, and ultimately, beliefs underlying attitude and subjective norm. TRA attempts to predict and explain one's intention of performing a certain behaviour. The theory requires that behaviour be clearly defined in terms of the four concepts:

Action, Target, Context, and Time (Fishbein & Ajzen 2012). To have a clear understanding of behavioural intentions, the theory of reasoned action focuses on a person's attitude towards a behaviour and the subjective norms of influential people and the people around them that could potentially influence those attitudes. Further, behavioural intention is a function of both attitudes and subjective norms toward that behaviour (Miller & Katherine 2005).

#### IV. METHODOLOGY

This study specifically focuses on customers' experience with digitalization in the banking industry, and the qualitative research method was considered the most appropriate. Though there are plenty of quantitative studies in this area, they are unable to provide the real picture of the view of respondents with a questionnaire. In order to understand the real picture, dig deeper into information and contribute literature by exploring context-specific information, researchers have adopted qualitative methodology in carrying out the present study. Therefore, this study is exploratory in nature. Consequently, the research process of this study is inductive. Thus, this study adopts an interpretivism (phenomenological) approach to deeply understand customers' motivations to embrace digital banking products and services in Sri Lanka. This approach is likely to produce new insights into customers' experiences of digital banking products and services by answering the research questions. In line with Mishler (1996), this study adopts the general qualitative research design for case-centred research.

The study was conducted in Sri Lanka because of the researcher's familiarity and exposure to the Sri Lankan environment. Therefore, 12 customers were selected who are involved in digital banking in Colombo District, where the highest population (42.6%) is using digital banking. Among them, 6 people are males, and 6 are females. The researcher interviewed clients using digital banking products and services for less than six months and more than five years. Half (6) of each gender category is new to using digital banking products and services (less than six months), and half (6) are experienced users (more than five years). These two dimensions ensured that data variability was maximized when answering research questions. To protect the interviewees' privacy and identity, pseudonyms were used. Specific pseudonyms are assigned to each participant based on their digital banking experience and gender. Pseudonyms (i.e., MN1, MN2, MN3, FN1, FN2, FN3, ME1, ME2, ME3, FE1, FE2, and FE3) are used in both the interview recordings and transcriptions. Therefore, participants cannot be identified directly from the transcription or any other information. For the above pseudonym codes, MN1, MN2, and MN3 represent males, and FN1, FN2, and FN3 represent females who have used digital products and services for less than six months.

Likewise, ME1, ME2, and ME3 represent males, and FE1, FE2, and FE3 represent females who have used digital products and services for over five years. . The purposive sampling method was used to choose study participants. An extreme group or maximum heterogeneity approach produces an initial potential sample, and the final selection, then, had made a combination approach. The extreme or deviant case sampling approach emphasises cases rich in information because they are unique and stand out.

In-depth interviews for 30 to 45 minutes were carried out with participants in accordance with the suggestion of Myers (2013), which claims that researchers can gain more knowledge and understanding by interviewing individuals to gather in-depth information by identifying a client's perspectives, perceptions, and interactions. The gathered information was examined using thematic analysis. There are numerous ways to conduct a thematic analysis, though most researchers follow a five-step approach, including familiarization, coding, topic generation, theme evaluation, and theme definition and naming. The study also adhered to the five-step method. The detailed transcription of the recorded interviews for the study was the first step in the familiarization process. Extracts were reduced where necessary to exclude unnecessary discussions, repetition, and examples provided by the participants. The next step was the coding/labelling process. Coding is the process of marking key passages in transcripts and giving them labels that quickly summarize their meaning. The third step involved picking out themes. Typically, one theme can be created by combining multiple codes. Themes are typically more expansive than codes. The researcher then reviewed the themes to see if they were valuable and accurate summaries of the information. The themes were defined and given names in the last stage, which required giving each subject a short and simple name.

#### V. RESULTS AND DISCUSSION

What is the Customers' Nature of Behaviours Towards the Digital Transformation?

This study topic allowed the researcher to learn more about the types of behaviours that clients exhibit in response to the digital transition. Participants in this study explicitly acknowledged both the immediate and long-term benefits of the digital revolution. The analyses of the different experiences of customers have produced two main themes.

##### *A. Fitting to Lifestyle*

Digital banking is referred to as being a useful technology for customers to conduct their regular banking activities without going to the physical bank location. Customers' appropriate use of digital banking had a direct effect on the types of behaviours they exhibited. Importantly, depending on the advantages of digital transformation, the degree of

significance of adopting digital banking differs from case to case. The most apparent results connected to the nature of the customers are pertinent to lifestyle fitness. (Goodhue et al. 1995). The researcher's field experience confirmed this:

*I basically look at the ease of access to my banking account information. Also, digital banking is 100% fitness for my lifestyle (e.g. through online banking, I can make an appointment for the doctor and settle school fees for my children)... I feel digital banking is very important with my busy lifestyle....[FN1]*

*I am a heavy online user. I buy most of my stuff from online stores. Therefore, digital banking is very important to me to make online payments ... We do everything online; without online banking now, it is really difficult to live. [MN2]*

*I use an online banking facility to perform my share-market transactions. For me, online banking is something quick and easy for day-to-day tasks.[ME1]*

According to the participants, a busy lifestyle and a lack of family time are the major factors driving people to adopt digital banking. This aligns with the task-technology fit (TTF) in the technology acceptance theory (Venkatesh & Davis 2000). Hoehle and Huff, (2012) concluded that the task-technology fit model explains that technology has a positive influence on individual and technology adoption, depending partly on how much it fits with individual perception and support tasks. The definition of "fitness for lifestyle" or "relevance" is "an individual's perception of the extent to which a technology or a system is applicable to his or her day-to-day tasks" (Venkatesh et al. 2003).

It is evident that customers tend to use digital banking due to the level of time criticality. In the current financial environment, customers view some banking transactions as urgent and others as less time critical. All participants in the survey concurred that the adoption of digital banking was motivated by its complete suitability.

#### *B. Personal Image and Social Standards*

The study participants viewed digital banking as highly valued in society, as customers like to maintain a high level of prestige and autonomy. The researcher's field experience in follows provides evidence for it.

*Using digital banking is helping to maintain social standards. Therefore, I operate online banking for my easy use and to maintain my image ... As an accountant, I always try to maintain my good name. Therefore, digital banking is important to maintain my image. [FE1]*

*As a business entrepreneur, it is very important for my image. I believe digital banking is helping me to build up a good rapport with my clients and deliver a better service via online (e.g. on-time payment settlement of clients, same-day salary transfers of workers). [ME1]*

*I can see most of young people nowadays using digital banking products and services (e.g. credit cards, mobile banking apps, and online banking) to show-off and to maintain social standards. [MN1]*

Today, people use digital banking or online banking facilities to build a relationship with other individuals or communities at any place and any time (Ramírez-Correa et al. 2019). It was found that personal beliefs regarding the ability to use technology positively influence behavioural intention; this is theoretically inclined with the Theory of Reasoned Action (TRA) (Yousafzai 2012).

In the Sri Lankan context, where customers are likely to enjoy digital banking facilities rather than operating normal banking methods, is viewed as a prestige. Therefore, banks have introduced professional products and service schemes in online platforms like digital wallet accounts, affinity credit cards, platinum and signature credit cards, and priority banking service so customers can enjoy their banking while maintaining prestige. Also, those products enable customers to enjoy easy banking services (Lai & Zainal 2015).

#### *What are the Factors that Influence Banking Customers to Adopt Digital Transformation?*

This research question enabled the researcher to understand the main factors contributing to customers going for digital banking services. Participants described various factors associated with banking digital products and services. Common factors addressed by the participants are as follows.

#### *A. Maturity of Product or Service*

Quality of information and content are important measures of the information system success from the user perspective (DeLone & McLean 1992). User intention to adopt new technology like digital banking or internet banking depends on the technical design or content of the system. Further et al. (1989), identified that design features and content are directly related to perceived ease of use and perceived usefulness. In line with those studies, respondents of the present study have explained their experience as follows:

*Internet banking is very easy for me due to information availability, and it is less time*

*consuming. Also, in traditional banking, you are sometimes not getting the right information, and no one is responsible for that service (e.g. getting wrong advice over the phone) [FN3].*

In contrast, disagreeing with participant FN3, participant FN1 reported that;

*Digital banking uptakes are still low because all the required information is unavailable online, and sometimes it takes a lot of time to find the right information. Consequently, it may discourage people's use of digital banking due to time-delays and lack of clarity about the charges. [FN1].*

Prior research stressed that the most frequently used measures in the online environment are the content and quality of the information provided or available (Venkatesh & Davis 2000). In an online or e-banking environment, information is related to the report and traditionally used for accuracy, completeness, timeline, and relevancy (DeLone & McLean 1992).

#### *B. Easiness*

The availability and ease of digital banking are the primary draws for customers (Shariq 2006). Most prior research highlighted the ease of use of digital banking for customers. (Lallmahamood 2007). They also discussed how simple it is to use mobile devices to obtain banking information and conduct transactions. Au and Kauffman (2008) go over the advantages of mobile devices and digital technologies, such as simplicity of access.

*Having things stored online and being able to access them through your laptop, tab, mobile phone, or smartwatch makes it really easy. As an entrepreneur, I believe accessibility is very important. [ME1]*

*Compared to the conventional banking system, digital banking saves my time 100%. I can use my online banking applications and digital banking irrespective of geographical barriers or time barriers by using my smartwatch, laptop, or tablet. Another important thing is that digital banking is available 24/7 and 365 days of a year. On the other hand, even when I am abroad, it allows me to operate my banking account for any purpose. [FE2]*

In considering easiness, customers' perceptions include availability and convenience, mobility and discoverability.

#### *C. Availability and Convenience*

The analysis reveals that service availability and convenience are key to driving customers towards online

and digital platforms. Customers expect 24 hours of service and convenience value from digital banking. Service availability anywhere and anytime motivates customers to use digital banking services.

*Accessing my online bank account is very easy, and it is a simple click to make any transaction. Online banking services shouldn't entail a visit to a physical branch, and it is available for us 24 hours. Most importantly, I am a person who does reconcile my bank statements early in the morning or late at night; therefore, online banking services are open for me 24 hours [ME1].*

*Simply, if my mobile phone is with me, Bank is open to me for 24/7 and 365days [ME3].*

According to Seiders, Voss, Grewal, and Godfrey (2005), customers can save money and time by using mobile devices for transactions and internet banking. Significantly, every participant in this study stressed that their mobile device is their primary entry point for digital banking. Customers now demand internet chat and 24-hour support from their banks. Responses from participants are evident for the findings of Lai (2016), who addressed how new technology's perceived ease and usefulness affect customers' intentions to use it.

#### *D. Mobility and Discoverability*

Digital banking mobility refers to access to bank account details via the internet by using a digital device. Customers stated that two ways of mobility influenced or facilitated the adoption of digital banking in Sri Lanka. Following are the field experiences;

*I frequently travel to the UK for my office work and to meet my clients. While I am travelling, I can also operate my online banking account, and it's easy to monitor my day-to-day transactions online... I am a person who does all my banking operations using my mobile, and it allows me to perform whatever transaction while I am also travelling. Apart from that, even though I go to leisure destinations with my family, I do not need to find a physical branch to do any banking transactions. [FE2]*

*Now, wherever you go, the DB service is available 24 hours in Sri Lanka. With this modern technology, you can now access your banking details using a small watch, which becomes very easy to access anywhere. Therefore, I believe digital banking 100% suits to my busy schedule. [MN3]*

The results suggest that digital transformation offers unique products and services which the conventional banking channel does not offer. Au & Kauffman (2008),

further emphasize that mobile technologies as “anytime and anywhere computing” define the two common dimensions of mobility: independence of time and geographical location. More importantly, digital banking is accessible to customers in remote areas via online and offers the bank the ability to differentiate products and services with superior service.

#### *E. Usefulness*

Another important theme of digital banking is a sense of usefulness or results demonstrability (Venkatesh, Morris & Davis 2003). Usefulness refers to the use of digital transformation where the benefits are tangible. Responses explicitly explained such a positive feeling about digital products and services and how it motivated them to use digital banking.

*By starting to use digital banking, I feel digital banking is easy to use, and banking becomes easy. Also, benefits are tangible compared to traditional banking (e.g. no time wasting, no additional charges involved, hassle-free). [FE3]*

*With a busy lifestyle, digital banking is very convenient, and, importantly, that service can save cost and time. [FN1]*

Personal adopters can better understand the advantages of the use of new technology and its implications when results are tangible and demonstrable. The tangible advantages of technology are directly apparent, suggesting a positive relationship between usefulness and technology acceptance. In a banking environment, security, user confidence, and a sense of usefulness to achieve the desired result positively motivate customers to adopt the technology (Chau & Lai 2009).

#### *F. Security*

The analysis reveals that security is a key factor for every participant. They primarily look carefully at the security features offered, which gives them the confidence to use digital banking.

*Online banking app is very secure for me ... Nevertheless, people also lose money due to fraudulent transactions in online banking. [MN3]*

*Internet banking is risky, according to my knowledge, and that risk cannot be avoided but can be minimized. The bank has taken measures to prevent risk from unauthorized access and hackers, and platforms are well secured now. Therefore, risk elements are minimized by the bank (e.g. email confirmation for online transactions, SMS alert services, time to time password changing ability). [MN1]*

In complying with the respondents' statements, past studies have concluded the effects of risk perception on the

intention to use digital banking, and customers have identified the perceived risk dimensions (Littler & Melanthiou 2006). Lee (2009) discusses different kinds of risks associated with digital banking, like performance risk, social risk, financial risk, privacy risk, time risk and physical risk. Further, perceived risk or sense of loss directly influences the intention to use online or digital banking (Kesharwani 2012).

#### *G. Social Factors*

This theme explored participants' perspectives on the social factors and the impact on motivation towards digital transformation. Two sub-themes are identified under this main theme: corporate networking and maintaining group norms, personality or people's traits.

*In this modern world, everyone is moving to digital platforms. Therefore, I believe digital banking is important to build a relationship [ME2]*

*Digital banking has become a necessity in life. where we go, it is really important in our modern life. Especially not like in the old days, we cannot delay any payment due to various reasons (e.g. to perform a fund transfer in a weekend or on holiday, we cannot wait until the next working day). Therefore, to maintain a good relationship, digital banking is important. [FE2]*

As a result of social pressure to use digital banking technology, most customers are subject to the influence of others with consequences for their behaviour. Prior studies have noted that peers, family members and pressure groups might influence users to employ a certain technology (Scardovi 2017).

#### *H. Cost and Time Benefit*

Offering value-added services through various digital banking operations (such as credit cards, insurances, mortgages, current and savings accounts, utility payments, etc.) plays a crucial role in making users' lives simpler. This research found that banks and customers drive different digital banking values like time saving and cost saving.

*If we talk about traditional or normal banking, it involves a lot of extra charges apart from banking transactions (e.g. travelling, parking, call charges, and paper cost). The fee compared to digital banking is a bit extremely high for transactions. [FN2]*

*With the terrible traffic conditions on the roads and waiting time in the banking counters or queues, money is wasted. A lot of manual charges are involved in conventional banking methods such as over-the-counter withdrawal fees, fund transfer*

*fees, bank statements charges and other manual transaction charges. Compared to digital banking, it's more than ten times more expensive. [ME3]*

Generally, in the banking environment, customers choose convenient products and services that present their values and enjoyment. There are five different values included in customer value composition: functional value, conditional value, social value, emotional value, and epistemic value (Cengiz & Kirkbir 2007). In the online banking environment, Cengiz and Kirkbir (2007), found that the value of money has a positive effect on customer motivation to use technology. In line with the literature, all the participants of this research pointed out that digital transformation saves time and cost (e.g. travelling, manual transaction fees, paper costs and time wasting) while introducing convenience services.

### *I. Reliability*

Customer satisfaction is one of the most critical factors contributing to increased reliability. There is a significant relationship between information reliability and perceived security in the digital banking environment (Sweeney et al. 1997). Reliability is an important factor that motivates customers to use digital banking.

*The most important thing in digital banking is reliability, privacy, and data security. The information we are getting from online banking is more reliable and accurate. Therefore, I believe rather than referring to conventional banking; online banking provides more reliable information. [FE3]*

*Online banking is discoverable, flexible, and reliable. Importantly, online banking provides all the details before you perform a transaction and that information is important to validate the charges, cross-check the details and finally perform the transaction. [FE2]*

Reliability is a determining factor for repeatedly using online or Internet banking services (Xue, Hitt & Chen 2011; Ozkan, Bindusara & Hackney 2010). According to Yeh & Li (2009), technology reliability has a direct impact on customer satisfaction. In accordance with the Loureiro, Miranda & Breazeale (2014), participants in this research study further emphasized that customer satisfaction depends on reliable information and protecting their data privacy and security:

*Data privacy and security are key concerns for customers moving to online platforms such as internet banking or digital banking... I believe online provides reliable information rather than normal banking ... Ease of handling, system security, and reliability are the main factors we*

*are concerned about in digital banking ... and .... [FN3]*

In conclusion, reliability is a fact that enables digital transformation in the banking industry, as per the literature and the idea of the participants of the present study.

## V. CONCLUSION

This article provides in-depth information about how customers adopt or abandon digital transformation and what factors influence adoption to embrace digital transformation.

As highlighted in the literature, many researchers focused on quantifying digital transformation in different industries. Yet, little attention has been paid to customers' behaviours towards digital transformation, influencing banking customers to adopt digital transformation. Therefore, the findings of this study are anticipated to fill a further gap in the literature. Another major theoretical contribution lies in this research connecting customer perception and digital transformation while researching the banking industry.

Findings suggest that, in Sri Lanka, digital banking is beneficial technology for customers to do their day-to-day banking activities without visiting a physical bank branch. The pertinent usage of digital banking by customers directly impacted the customers' nature of behaviours. Furthermore, customers are more likely to use digital banking services instead of conventional banking methods. Participants also agreed that society places a high value on digital banking because users like to maintain prestige and autonomy.

With the help of the study question, the researchers identified the key factors influencing banking customers' adoption of digital transformation for routine banking activities. Participants discussed several elements related to digital banking goods and services. The participants listed several key themes: product or service maturity, usability, security, social factors, cost and time benefits, and dependability in the present environment. All of the participants agreed that using contemporary technology increased the worth of the products and offered convenient service.

Usefulness is defined as an individual's perception of using new technology to enhance their service experience (Davis et al. 1989). In applying this definition to the context of digital banking, usefulness refers to the degree to which customers experience that using online or digital Banking services as a medium enhances their performance or productivity. Speed, accessibility, detailed information, and availability have often been identified as the main benefits of online banking (Khalifa & Limayem 2003). According to the participants, findings were classified into



another major theme, usefulness. The participants in this research described how social factors could influence customer perception and attitudes toward using digital transformation. Due to social pressure to use digital banking technology, customers are subject to the influence of others, with consequences for their behaviour towards the usage of new digital products and services. Concerning the themes of social factors, it was found that variables influencing customers' decisions to adopt digital banking include the external impressions that people are subject to, and these refer to social influences and subjective norms. All participants accepted that the involvement of modern technology improved the value of products and provided convenient service. Answers were synthesized into a major theme called cost and time value. Answers grouped into another major theme, namely, reliability. Respondents cited different views based on their banking experiences with several banks. The researcher was able to obtain an in-depth understanding of digital banking adoption based on customers' experiences. In addition, it was found that engaging with digital banking was more convenient and less time-consuming.

The findings of this study have a number of important implications for future practices. Some practical implications are provided below in order to strengthen the bank's digital banking services. In particular, perceived ease of use and perceived usefulness are found to be important with regard to user acceptance of digital transformation in the banking sector. Therefore, the bank could consider launching campaigns to demonstrate the features of digital banking services, including the benefits and ease of use. It identifies key factors to consider when developing digital banking. Functional quality helps to determine digital transformation effectiveness. Therefore, the bank should consider accessibility features, instructiveness and user interface when designing new products or services.

A few limitations are linked with this study, some of which originate in constraints on time and money. Some of these, while limitations, provide paths for future research. The data collected for this study depended on the responses from one party (a bank customer) and can be viewed as somewhat subjective. Preferably, a second party would validate at least part of the information collected about the digital transformation. Data collected from the bank employees could have been used to confirm the business's information if more time and resources had been available. Moreover, this study focuses on customers' experience of digital transformation in the banking industry in Sri Lanka, and there are various conclusions from the study. Even though some researchers suppose their findings of a single country are generalisable to other countries, these findings cannot be generalised as a global phenomenon. Similarly, some of the aspects of this research are not necessarily

globally applicable, but they may be known in patriarchal societies.

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