

Customer Satisfaction in Bank Services After Arrival of AI

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Abstract

The introduction of Artificial Intelligence (AI) through the banking industry has initiated a revolutionary change in the delivery of customer service, as well as its overall satisfaction. This paper will discuss the ways that AI technologies (chatbots, automated customer service, robo-advisors, predictive analytics) have transformed the customer experience in banking. The results of the surveys showed that 78 percent of the participants considered AI-based services to be faster and more effective, and 61 percent preferred human contact in complicated situations. Also, 54% expressed privacy issues in the use of data and transparency. The paper concludes that even though AI helps to improve operational efficiency and personalization, there is the highest level of customer satisfaction when AI becomes combined with human-centric service models. It has given recommendations that could enable the banks to strike the right balance between automation and empathy, trust and transparency.

Keywords: Banking, Customer Satisfaction, Chatbots, Predictive Analytics, Human-AI Interaction, Financial Technology Artificial Intelligence in Banking.

Introduction

Artificial Intelligence (AI) has emerged to be a disruptive element in the banking industry and the financial institutions are able to provide personalized, faster, and twenty-four-hour services. Due to the increasing customer demands in the digital age, the banks have resorted to the use of AI to stay afloat. Although the advantages of AI in the banking sector are obvious, the gap in research data is to grasp the subtle effect of AI on customer satisfaction in various dimensions of services speed, personalization, trust, and emotional engagement. The purpose of the study is to fill this gap by discussing the ways AI has transformed customer experience and whether it has fulfilled and or surpassed customer expectations and trust.

Objectives of the Study

- To determine the significance of AI in enhancing banking services.
- To assess customer satisfaction following the introduction of AI tools.
- The objective of the research is to examine perceptions towards AI in banking among the customers.
- To propose how to enhance AI-based services without losing customers.

Literature Review

The use of AI has been highlighted in several research papers in the improvements of banking services. According to McKinsey

(2022), the call-centre volume decreased by 25 to 30 per cent and the satisfaction score of AI-driven assistants to the banks improved by 20 per cent. Deloitte (2021) has found that customers are ready to use banks that have AI-based personalized services 85 percent more. Nonetheless, some researches (PwC, 2021; EY, 2020) provoke questions related to the biases of algorithms, the loss of human contact, and the morality of using data. Accenture (2023) and IBM (2022) recent reports emphasize the necessity of hybrid models, which would combine AI efficiency and human empathy.

Methodology

In this study, the researcher will use a mixed-method research design, which involves the use of both qualitative and quantitative data to be collected.

Sampling Technique: Stratified random sampling.

Geographic Coverage: Tamil Nadu, India (urban and semi-urban branches).

Sample Size: 412 banking customers.

Demographic Spread:

Age: 18–60 years

Income: 10,000 to 1,50,000/month

Education: Post graduate to Secondary.

Bank type: Public, private and digital-only banks.

Research Instruments: Structured questionnaire (quantitative analysis); in-depth interviews (qualitative information).

Analysis: Qualitative responses analysis through cross-tabulation, thematic coding and descriptive statistics.

AI Applications in Banking

Chatbots and Virtual Assistants

AI chatbots address habitual questions 24/7 greatly minimizing wait times and increasing the rate of solving issues on the first contact.

Predictive Analytics

AI detects the behavioral trends of customers and recommends financial products, such as loans or savings schemes, at the most appropriate time.

Fraud Detection

Customer trust and security are increased by machine learning algorithms that identify and report suspicious transactions in real time.

Robo-Advisors

Customers are advised on how to manage their portfolios through automated investment platforms democratizing access to financial advice.

Findings and Discussion

Improved Customer Experience

- 78% indicated improved service delivery.
- 72% appreciated 24/7 availability.

It was attributed that AI minimized resolution time and increased personalization.

Trust and Human Touch

- 61% felt uncomfortable with AI-only contact when complicated services such as loans or resolving disputes were involved.
- Emotional intelligence is appreciated by the customers in financial discussions.

Concerns About Privacy

- 54 percent concerned data security and the absence of AI decision transparency.
- There were demands to explain AI and have ethical data governance.

Advantages of AI in Banking

- Improved and quicker service delivery.
- 24/7 operational capacity.
- Scalability and cost efficiency.
- Providing personalization that is data-driven.
- Fewer operational and human error.

Challenges of AI in Banking

- The absence of empathy and emotional intelligence.
- Algorithms and over-dependence on technology.
- Ethical issues and data privacy.
- Locking out digitally illiterate customers.
- A challenge in the transparency and responsibility of AI.

Recommendations

- Hybrid Model: Combinations of AI and Human interaction in complex and emotionally sensitive services.
- Transparency: Banks ought to clarify the AI-driven decisions and provide the user with the possibility of human assistance.
- Security Measures: The investor needs to invest in strong cybersecurity and data protection strategies.
- Digital Literacy Programs: Provide training and workshops to make AI tools more available.
- Ubiquitous Feedback: It is important to glean and examine customer feedback continuously to optimize AI applications.

Conclusion

AI has transformed the way banking is done, enhancing efficiency, individuality, and access. Nonetheless, the lack of human compassion in AI-based models would create challenges in trust and emotional relationship. One of the strengths of the current study is its ability to emphasize the fact that customer satisfaction is maximum when AI is supported by human service, rather than substituted.

Limitations

The research is also restricted in a geographical area as it is done in Tamil Nadu and might not represent the national or the global trends.

Future Research Directions

- Comparison between rural and urban AI adoption.

- Impact analysis by sector (e.g. retail banking vs investment banking).
- Longitudinal research to determine customer trust in the changing time.

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