

Impact of Digital Transformation on Customer Satisfaction: A Case of Bank of Bhutan Limited

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ABSTRACT

In recent years, Bhutan has seen tremendous development in Information & Communication Technology (ICT) which has led to the transition from traditional ways of carrying out business to the adoption of digitalization in the processes. The adoption and implementation of digital transformation have significantly improved and brought major changes in business operations and in the process of value creation for customers. For a country like Bhutan with less than eight hundred thousand population, the pandemic has forced everyone to this shift from their normal life to adopt and modern way of life. Covid 19 has ravaged almost all parts of a section across the country and financial institutions like banks were no exception that forced them to embrace online banking and break the traditional way of banking. In today's world, customers are seeking solution-driven products and services that will provide them with delightful experiences with ease of accessibility, availability, and affordability. Thus, digital transformation plays a significant role in addressing these expectations of customers and retaining them for long-term relationships and for-profit sustainability. Hence, it has become important for researchers to evaluate and investigate the impact of this transformation on customer satisfaction. The prime focus of this study is to investigate the impact of digital transformation on customer satisfaction in the banking sector of Bhutan. The research will incorporate a quantitative approach to study the effect of digital transformation on customer satisfaction in the banking sector of Bhutan. The study proposes to measure the impact of the transformation that has recently surged, especially in the banking sector across the country after the pandemic. The study's findings revealed that there is significant impact of Digital Transformation on Customer Satisfaction in Bank of Bhutan.

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1. Introduction

1.1 Study's background

A significant paradigm shift has been observed in how banks deliver their services in the twenty-first century to their customers. Especially the introduction and implementation of Digital Technology have proven a boon to all kinds of industries including the banking industry, Winasis et. al (2020). Sesar, Hunjet, & Primorac (2021) in their study Digital Transformation of Public Sector: The case study of Vojvodina Government stated that due to the unexpected wave of Corona that impacted every industry, compelled organizations to adopt new ways of working online which not popular pre-COVID era due to lockdowns.

The Digital Transformation process is the key driver causing the disruption in the business models across numerous industries. According to Kadur & R (2022), digital transformation plays a crucial role in satisfying customers and engaging the staff. Further Kadur & R (2022) states that the adoption of digital technology aids bank in improving the product's quality and services which they catered to in the market. The adoption of new digital models helps banks to build and maintain client relationships that offer good sources of value. Due to the financial crisis of 2008, there was the imposition of more strict rules and regulations by regulators and increasingly tougher competition in the market, forcing bankers to seek for other ways to generate value for the shareholders (Muluka, 2015). This is where digital transformation comes into the picture and rescues bankers. Digital transformation provided the platform for the introduction of digital banking to take the banking industry to next level.

Owing to the dynamic behavior of customer expectations, customers are constantly searching for the unique value in the banking products which is being provided by digital banks (Muluka, 2015) Similarly, Kenova & Jonasson (2006), stated that people are moving towards banking services that can be carried out by themselves due to user-friendliness and the ability to deliver the service promptly. Moreover, there is a steady rise and acceptance of the use of online banking services using the internet. The implementation and adoption of the internet have changed the way banking services are delivered to their customers. Some of the reasons for the rise in the popularity of online banking services are their convenience to operate by self, easy management, and self-control

operation, does not has to deal with people, and the advantage of cost saving as well time (Kenova & Jonasson, 2006). Digital disruptions present a chance for Communication Service Providers (CSPs) to change their entire ecosystem, be relevant to customers who are constantly looking for new and unique experiences in the digital world, and maintain their market position. Modern digital users/consumers nowadays are self-organizing and expect control over their product or service subscription, usage, or choice in response to changing personal or professional needs. Therefore, it is of paramount importance for the organization to adapt to digital disruptions and embrace the gradual transition with multi-model transformation to earn revenue. (Shrivastava, 2017). However, Kaur et al. (2021) argued that transformation is quite risky and may lead to dissatisfying the customer as they have to switch from their usual routine. Also, it takes time for the customer to get used to their new routine from the previous one leading to the risk of attrition.

Satisfying the needs of the customers is one of the cornerstones in maintaining and establishing strong customer relationships. Consequently, this will help us in maintaining customer loyalty, which is very crucial for business sustenance. The determination of quality of service takes place when there is interaction between the service provider and the customer or service encounter. This interaction provides an opportunity for the client to assess how the business offers its service (BENA, 2010). In a study by Bhattarai & Kharka (2016) on the Analysis of Customer Satisfaction: The Bank of Bhutan Limited, revealed that service reliability and value for money were the main factors that significantly contributed to customers' satisfaction.

1.2 Company Profile

One of Bhutan's oldest banks, the Bank of Bhutan, was founded on May 28th, 1968, under the authority of a royal charter. Before the Central Bank was established in 1982, it performed some of the central bank's duties. The biggest commercial bank in Bhutan today is BOB, which was registered under the Companies Act of the Kingdom of Bhutan 2000. Every District and Subdistrict has branches and extension counters for it. 2009 saw the adoption of Core Banking Solution (CBS) by BOB, which also brought in services like Point of Sale, Internet Banking, and ATMs (POS). Mobile banking and agency banking started to become value-added services over time.

BOB's paid capital as of 2016 is Rs. 3000 million. Share BOB is held by Druk Holding Investment (DHI) and the State Bank of India jointly in a ratio of 80:20.

BOB helps the financial transactions of its consumers by offering a broad range of products, starting with various deposits like savings, RD, FD, loans, trade finance, etc. As the main issuer of VISA and Master debit and credit cards, BOB is a primary member of the VISA Master Card network. By using a mobile banking platform, BOB created agency banking to cater the needs to the unbanked people (Bank of Bhutan, n.d. & Bhattarai & Kharka, 2016).

1.3 Statement of the Problem

The prime roles of innovation and transformation are to contribute to business growth, sustain it, and build long-lasting relationships with customers for continuous success and profit sustainability. This can be maintained by the level of satisfaction that the firm strives to provide to the customers through innovation, unique delight experiences, and continuous proactive leadership. However, banks face challenges in retaining customers and maintaining relationships due to the availability of more competitors and the variety of options these rival players provide. In other words, the banks face an unprecedented threat to maintaining their customer relationships. Further, today's customers are highly volatile and complex; they are continuously looking for new experiences and unique features in the mature market. Their motives for products and services are driven by the expectation for unique and new features from the service providers. Due to increased access to information, nowadays customers are in a better position to make informed choices. Therefore, it is paramount important for service providers to keep in mind and align with these trends to accomplish the goal of customer satisfaction and retain customers. However, digital transformation has been a blessing, and its implementation is completely changing the way banks are delivering services. With the adoption of digital banking, banks are in a better position to keep pace with the current trends and cater to the needs, wants, and expectations of customers. With digitalization, banks can maintain a huge database that will help them gain insight into the behavior of their customers. By applying data analysis tools and data mining techniques, banks can customize and personalize products and services as per customers' preferences. In the age of the digital world, customers expect convenience and ease of accessibility to services with 24-hour availability. They are highly impatient and expect the turnaround time to be very minimal, which poses threats and challenges to the banks. Such challenges can be easily addressed by the digital banking concept by providing them with automated teller machines (ATM), internet banking (IB), mobile banking (M-Banking), etc. Today, there are around 5.6 billion smartphone users in the

world (Data Reportal, 2022). This translates to the huge potential for banks to deliver services at the fingertips of customers (the anywhere, anytime banking concept), which will aid in attracting, retaining, and earning profit. Although numerous studies have been conducted by previous researchers, the effect of digital transformation on satisfying customers and meeting their expectations in a rapidly changing world remains quite scanty in case of Bhutanese banks. Considering this, the study focusses on to investigate the impact of digital transformation on customer satisfaction. Bank of Bhutan Limited is an example.

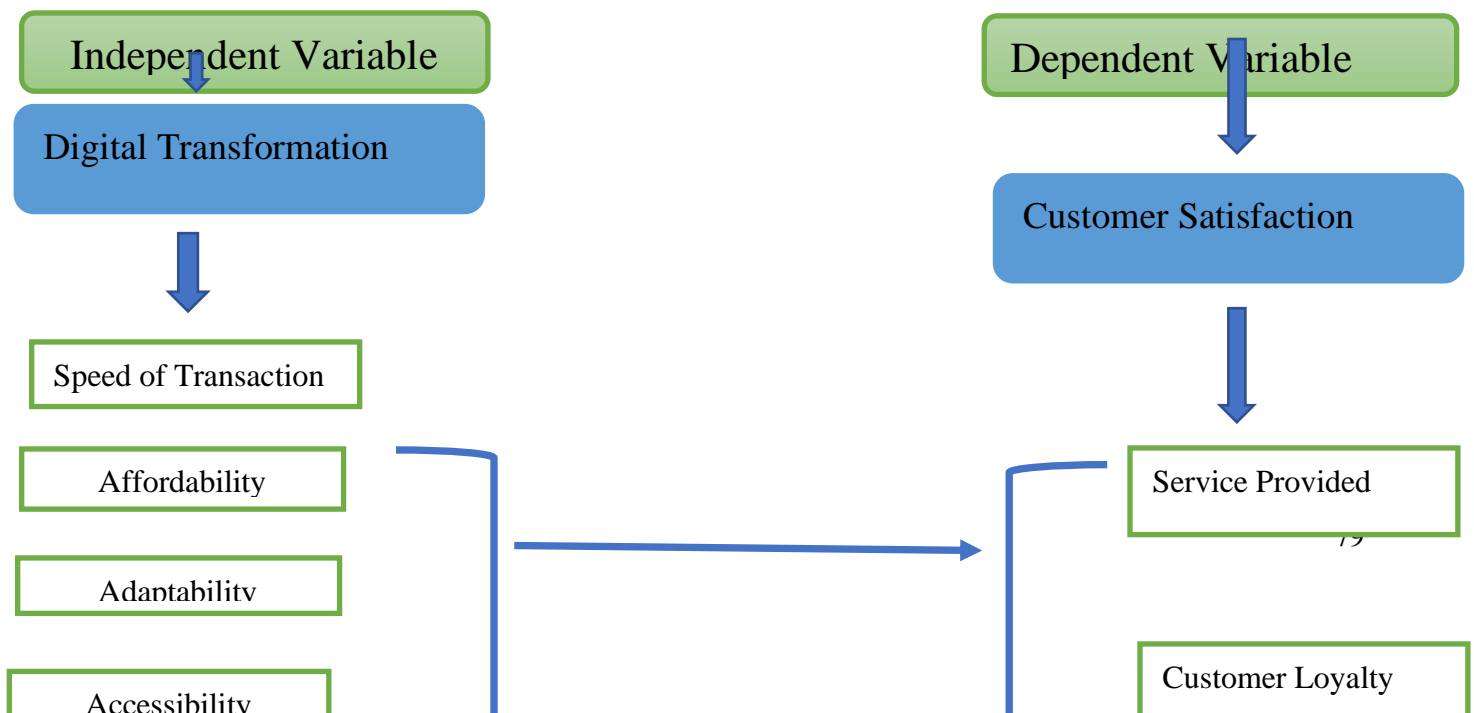
1.4 Purpose of Study

The primary focus of the study is to examine the impact of digital transformation on customer satisfaction in the case of Bank of Bhutan Limited.

1.5 Research Objectives

1. To investigate the impact of digital transformation on customer satisfaction in the case of the Bank of Bhutan.
2. To examine how the dimensions of digital transformation (transaction, accessibility, adaptability, and affordability) influence customer satisfaction.
3. To determine the association between digital transformation and customer satisfaction.

From the relevant literature review, the dimensions of dependent and independent variables were identified.



1.6 Research Questions

Major Question

1. What is the impact of digitalization on customer satisfaction in the case of Bank of Bhutan?
2. What is the relationship between Digital Transformation and Customer Satisfaction?

Minor Questions

1. What is the impact of the speed of transactions on customer satisfaction in the case of the bank of Bhutan?
2. What is the impact of adaptability on customer satisfaction in case of bank of Bhutan?
3. What is the impact of accessibility on customer satisfaction in case of bank of Bhutan?
4. What is the impact/effect of affordability on customer satisfaction in case of bank of Bhutan?

1.7 Significance of the study

Its findings and outcomes of the research could be vital for top-level management or decision-makers to gain insight into how transformation, especially digital transformation, impacts customer satisfaction. Bank management will also be benefiting in terms of understanding the customers views/opinions towards the products and services catered to with help of digital implementation. It will also aid them in understanding the expectations of customers so that appropriate measures can be formulated for implementation. At the bedrock of the service industry lies the surprise and delightful experiences for the customers that will help to retain and increase brand equity. Further, the significance of academic research is that its findings are based on facts and figures which can be utilized by concerned agencies to define the problem, investigate the cause, and provide the most suitable solutions. This, in turn, would help the business entity to save the cost and optimize its performance to claim superior return over invested capital and at the same time customers' expectations are taken care of to ensure loyalty. The research will also help to identify the problems and impending challenges: probability of uncertainties and accordingly aid to formulate and design the strategies in advance to respond, should it unfold.

Based on the relevant literature review, following Hypothesis has been derived

H₁: There is a significant impact of Digital Transformation on Customer Satisfaction.

H₂: There is a significant impact of Speed of transaction on customer satisfaction.

H₃: There is a significant impact of Affordability on customer satisfaction.

H₄: There is a significant impact of Adaptability on customer satisfaction.

H₅: There is a significant impact of Accessibility on customer satisfaction.

H₆: There is a significant association between Digital transformation and customer satisfaction.

2. Literature Review

2.1 Digital Transformation

The fundamental principle in the operation of the business is to delve into understanding the pulse of the customers and converting this pulse into the business. In today's world, customers do not buy products, they buy solutions or convenience that will add value to their lives and provide meaning to their existence. Digitalization of the banking industry and the advancement of IT and the Internet are inseparably connected (Votintseva, Andreeva et. al, 2019). When Digital Technology is integrated into the fields of business, it has a huge impact and assists in delivering these values to the customers. According to Stalmachova, Chinoracky, & Strenitzerova (2022), the term "digital transformation" refers to a strategic company transformation that, at its heart, prioritizes the customer and necessitates both adoptions of technological and organizational as well as organizational culture change.

There has been a significant rise in Digital Transformation (DT) in recent years both for practitioners and strategic IS researchers (Vial, 2019). According to Diener & Špaček (2021), within the context of digital transformation, significant emphasis is placed on the areas like strategy and management issues, technology and legislation, consumers, and staff-related issues. In recent years, the management sectors, business, information systems and technology, and marketing have all received significant attention to the digital transition (Diener & Špaček, 2021). One of the reasons for the occurrence of digital transformation is that it helps firms to cater services

in rural areas (remotely) without the presence of physical branches which will significantly lower the operating cost and add a competitive advantage to the firm (Kadur & R, 2022).

According to Mavlutova & Volkova (2019), There is a rapid change in the existing competencies because of digital transformation, and it's essential to build new ones that are directly connected to using ICT, AI (Artificial intelligence), and robotics in business operations, as well as creating new products and improving existing ones. It is forecasted that businesses firms that Unable to change and adapt to the digital transformation would surely fall victim to the evolution of digitalization where only the most adaptive business firms that are responsive along with a pre-emptive move strategy towards technology can withstand the fierce competition. And the rest of the players will be moved out of the competition field (Ismail, Khater, & Zaki, 2017).

Similarly, Tobgay (2017) stated that progress in Information technology is a quite recent phenomenon in Bhutan where Bhutan embraced different types of technologies mainly telecommunications and broadband which would play significant roles in achieving the goals of socio-economic as well promoting economic scalability. It is also crucial in instilling the spirit of social inclusion. The author also pointed out that besides the government, Information Technology enabled private firms to create value for jobs and increase productivity. Similarly, Khan et al. (2021), stated that there was a huge surge in the use of online banking when COVID hit the world where banks and customers could interact besides carrying out financial transactions. Further, they added that Bhutan had begun the journey online quite lately although the banks existed way before that. Singh & Drakpa (2018) argued that along with the quality of service that is required to satisfy the customers, banks should also focus on developing strategies to promote customer loyalty.

2.2 Customer Satisfaction

According to Al-Ghamdi & Badawi (2019), customer satisfaction can result in long-term benefits like loyal customers, great word-of-mouth marketing, and high profitability. Their work also revealed that Customer loyalty was discovered to be positively correlated with customer satisfaction. According to Darzi, & Bhat, (2018) a key factor in determining client retention is customer satisfaction. Similarly, Malik & Ahsan (2019) states that although it is a challenge, maintaining customer satisfaction is essential for businesses, especially those that provide services. In other words, it is paramount important for service-providing firms to maintain the happiness of their customers in order to stay in the business. The study by Kaur, Kiran, Grima, & Rupeika-

Apoga (2021) observed that Northern Indians who use digital banking services are immensely content with the level of services they receive. Further, a study by Karma and Tshering (2019) found that customers who have access to a wide range of digital services, such as mobile banking, internet banking, and digital payments, have a higher level of satisfaction compared to those who have limited access to such services. A study by Chhetri and Chhetri (2019) found that the reliability, security, and user-friendliness of digital services significantly influence customer satisfaction. Moreover, Customers who experience issues with digital services, such as technical glitches or slow response times, are more likely to be dissatisfied with their bank. A similar study conducted by Bhattarai & Kharka, (2016) titled; Analysis of Customer Satisfaction: Bank of Bhutan Limited, claimed that wide range of customer service reliability value for money (pricing) are the essential components that contribute to customers' satisfaction. Further, their study revealed that males and females who responded to the survey, females were found to be more satisfied than males at the same level of service quality measures. A similar study by (Kaur et al., 2021), claimed that customers in Northern India are genuinely satisfied with the standard of service provided by digital banking. Further, among the three risk factors, reliability had the greatest influence on customer satisfaction, and then tangibility and responsiveness.

3. Methodology

3.1 Approach/Paradigm Theory

This study will employ a quantitative methodology to investigate how Bhutan's banking sector's transition to digital technology has impacted customer satisfaction. We propose to measure the impact of the transformation that has recently surged, especially in the banking sector across the country after the pandemic.

3.2 Data Collection Procedures

The data will be collected using structured and self-reported questionnaires will be used. The questionnaire will have two parts that measure digital transformation and Customer satisfaction respectively. There were three sections in the survey questionnaire. Section A of the survey questions compiled the data of the respondents related to demographic including gender, age, and educational background. Following that, Sections B, C, D, E, and F collected data based on the study's five recommended variables/factors.

3.3 Data Analysis Procedures

From quantitative data, the basic output of this study will be descriptive statistics wherein all the measures of central tendency will be derived, i.e., mean, median, mode, and standard deviation. To find the consistency of the measure a reliability test of each test variable will be conducted with the aid of Cronbach alpha, which measures the scale's internal consistency. The proposed objective shall be measured using correlation and descriptive analysis.

3.4 Sampling Size

This exploratory research employs convenient sampling techniques. The Taro-Yamane method is a statistical method to calculate the ideal size of a sample in a survey. The standard size of the sampling according to the Taro-Yamane method or Yamane method (1967) is approximately 400 calculated using the Taro-Yamane equation. A questionnaire will be distributed to a sample size of at least 400 customers from the customers of Bank of Bhutan Limited. The survey will be designed with the aid of Google Forms because it is very convenient and efficient in collecting responses when samples are distributed across different geographical areas.

The Taro-Yamane method was developed by Japanese Statistician Taro Yamane in the year 1967 as per the equation shown below: According to Modefin (2022), the total population (Customers) under the Bank of Bhutan is found to be (N=350000).

$$n = N / (1 + N(e^2))$$

where: n = sample size

N = population size

e = desired margin of error

N= 350,000

By applying the Taro-Yamane formula and assuming the minimum error of margin as 5% (0.05):

$$n = \frac{N}{(1 + N(e^2))}$$

$$n = \frac{350000}{(1 + 350000(0.05^2))}$$

Where,

N= Population size

n= Sample size

e= Margin of error

$$n = \frac{350000}{(1 + 875)}$$

$$n = \frac{350000}{876}$$

$$n = 400$$

Rounding up to the nearest whole number, the minimum sample size required using the Taro-Yamane method for a population of 350,000 with a margin of error of 5% is **400 (i.e., n = 400)**.

Based on the population size and desired margin of error, researchers can determine the minimal sample size required to attain a particular degree of precision using the Taro-Yamane technique.

3.5 Data Presentation

Most of the data analyzed will be presented in tabular form. Wherever required, data will be presented through graphs, charts, and diagrams. Among charts and diagrams, Line charts, Bar charts, and Pie diagrams form the important means of data presentation. As per the need of the study, the annexure will be prepared and placed at the end of the respective chapters. All inferences from the study will be properly explained and links with the current literature findings will be presented in standard form.

3.6 Ethical Consideration

The principle of ethical considerations while carrying out research is one of the important rules to abide by researchers. Keeping this principle in mind, the researcher has observed the highest standards of this principle and has ensured that:

- Proper consent statements at the beginning of the responding form have been reflected in seeking their consent and volunteer responses.
- Confidentiality and anonymity will be maintained for the participants' data collected.
- No information about the respondents will be disclosed without their prior permission maintaining the privacy of the participants.
- All the data collected to measure the dimensions will be analyzed objectively and accurately observing the decorum of research ethics.

- All the original sources for the research review of literature, ideas, and concepts will be properly cited for the proper acknowledgment of the original authors/researchers.

4. Data Analysis & Interpretation

The findings from the investigation will be analyzed and presented in this chapter. Qualitative as well as quantitative analysis will be carried out where descriptive and Pearson correlation was employed to produce results from the analysis. The degree of association or relationship was measured by employing correlation statistics between the variables whereas descriptive statistics employs the measurements of central tendencies, frequencies, and counts. Qualitative data from the qualitative analysis have been summarized in the following table.

4.1 Reliability Test

Table 4.1

Sl. no	Dimensions	Number of Items	Cronbach Alpha
1	Speed of Transaction	5	0.832
2	Affordability	5	0.892
3	Adaptability	5	0.931
4	Accessibility	5	0.883
5	Service Provided	5	0.909
6	Loyalty	5	0.909
7	Responsiveness	5	0.921

Reliability test is employed to ascertain the internal consistency of construct in a study. Hair et al (2013) stated that the items are regarded or accepted if the alpha value is more than 0.70. According to the result, the alpha value for all the items of Digital Transformation (viz. Speed of Transaction {0.832}, Affordability {0.892}, Adaptability {0.931}, and Accessibility {0.883}) and dimensions of Customer Satisfaction (Service provided {0.909}, Loyalty {0.909} and Responsiveness {0.921}) respectively, are found to be greater than 0.7 which indicate that items are consistent and reliable for the study.

4.2 Sample Description

Table 4.2 Gender

Gender	Frequency	Percentage
Male	193	48.3

Female	205	51.2
Other	2	.5
Total	400	100

***Source: Computation using SPSS

The total number of respondents in the sample was 400 (N=400) out of which 193 (48.3%) were males and 205 were female (51.2%) and 2 others with percentage (0.5%).

Table 4.3 Number of years banking with BOB

Years	Frequency	Percentage
0-5	223	55.8
5-10	75	18.8
10-15	61	15.2
15 years and above	41	10.2
Total	400	100

***Source: Computation using SPSS

It is reported that out of (N=400), maximum customers (N=223) have been banking with Bob for 0-5 years while there are only (N=41) customers who have been banking with the bank of Bhutan for more than 10 years. This probably indicates that the bank has a poor customer retention policy because there are a smaller number of customers who are in a long relationship with the bank. This can also be inferred that as the number of relationships with banks increases, customers will be in a better position to identify the service standards that will satisfy them.

Table 4.4 Qualification

Qualification	Frequency	Percentage
10 th	8	2
12 th	53	13.2
Certificate	11	2.8
Diploma	26	6.5
Undergraduate	248	62.0
Postgraduate	52	13.0
PhD	2	.5
No qualification	0	0
Total	400	100

***Source: Computation using SPSS

As presented in Table 4.2.4, out of 400 respondents (N=400), the maximum number of participants possess the qualification of undergraduate (N=248) whereas 2 participants have the qualification of Ph.D. (N=2). Thus, it inferred that the bank of Bhutan has the highest customers from the

undergraduate level which signifies that the young customers are much more attracted with the new transformation to the banking system. Therefore, the bank needs to focus on the retention of this segment of customers for long term relationship and profit sustainability.

Table 4.5 Customer's Information Technology skills

Skills	Frequency	Percentage
Yes	224	56.0
No	35	8.8
May be.	141	35.2
Total	400	100

***Source: Computation using SPSS

According to the report, the maximum number of survey participants have Information Technology skills (N=224). This could be deduced that customers of the Bank of Bhutan are digitally sound, aware of information technology, benefits, and are in a sound position to make better judgments about the quality delivery of service enabled by digital transformation. Therefore, the study confirms that almost all the customers have a little or more technological skills that enable them to use different digital platform introduced by the Bank of Bhutan. It further reveals that the customers are aware and can use those existing digital platforms as more than 91% of the participants can adapt to the digital transformation.

4.3 Descriptive Analysis

Table: 4.3.1 Descriptive results of speed of Transaction

Items	N	Mean	Std
Rate your satisfaction with the speed of operation while using digital banking facilities	400	2.6075	1.03253
The level of technique failures faced while using digital banking	400	2.8300	0.89896
How satisfied are you with the digital banking service security level	400	2.6950	1.12701
Are you satisfied with the on-time delivery of services by the digital banking Bank?	400	2.6850	1.02636
Your satisfaction level with the success of timely payments executed by you using digital banking	400	2.6650	1.08661

a. Dependent Variable: Customer satisfaction

The highest means for speed of transition is reported for item two (The level of technique failures faced while using digital banking, m=2.83) followed by item three (How satisfied are you with the digital banking service security level, m=2.69). The lowest mean is reported for item one (Rate

your satisfaction with the speed of operation while using digital banking facilities, $m=2.61$). Overall, the mean for the speed of transactions is reported as above average.

Table: 4.3.2 *Descriptive results of Affordability*

Items	N	Mean	Std. Deviation
Your satisfaction with charges levied by the bank for us of digital banking services	400	2.7800	1.13791
Your satisfaction with the fee is linked with the amount of transaction or with the minimum amount fee.	400	2.7150	1.08245
Your satisfaction with fees associated with different digital platforms such as debit/credit cards fees, internet banking, mobile banking, etc.,	400	2.8675	1.08761
Digital banking platforms such as Mobile Banking allow you to pay utility bills online for you or your family members.	400	2.7825	1.07615
Mobile banking of BOB saves time and money, or total cost incurred by you; should you travel physically to their office premise	400	2.7575	1.09622
Valid N (listwise)	400		

a. Dependent Variable: Customer satisfaction

The highest means for affordability is reported for item three (Your satisfaction with fees associated with different digital platforms such as debit/credit cards fees, internet banking, mobile banking, etc, $m=2.87$) followed by item four (Digital banking platforms such as Mobile Banking allow you to pay utility bills online for you or your family members, $m=2.78$). The lowest mean is reported for items (Your satisfaction with the fee is linked with the amount of transaction or with the minimum amount fee, $m=2.72$). The means for affordability is reported to be generally above average.

Table: 4.3.3 *Descriptive Results of Adaptability*

Items	N	Mean	Std. Deviation
My banks focus on delivering what customer wants	400	2.5450	1.07278
My bank is agile and adaptable to change.	400	2.6025	1.02083
My bank provides a flexible digital banking operating system	400	2.5600	1.04361
My bank provides technology-enabled information system	400	2.6050	1.04004
My bank put an effort into meeting the customer requirement	400	2.6500	1.06552
Valid N (listwise)	400		

a. Dependent Variable: Customer satisfaction

The highest means for adaptability is reported for the item five (My bank put an effort into meeting the customer requirement, $m=2.65$) followed by item four (My bank provides technology-enabled information system, $m=2.61$). The lowest mean is reported for item one (My banks focus on

delivering what customer wants, $m=2.55$). Overall, the mean for adaptability is reported as above average.

Table: 4.3.4 *Descriptive Results of Accessibility*

Items	N	Mean	Std. Deviation
I can bank anytime anywhere, check my balance and access statements	400	2.5975	1.33602
I can easily transact, pay bills, and access my account using a digital banking service	400	2.4400	1.24711
I can easily interact with my bank; express my opinions and grievances without visiting the branch	400	2.7350	1.15894
My bank provides specialized services to people with a disability regarding digital banking.	400	2.8575	.99230
The customer support service is easy to avail	400	2.5150	1.18672
Valid N (listwise)	400		

a. Dependent Variable: Customer satisfaction

From the above table, it is reported that the highest mean for adaptability is item four (My bank provides specialized services to people with a disability regarding digital banking, $m = 2.86$), followed by item three (I can easily interact with my bank; express my opinions and grievances without visiting the branch, $m=2.74$). And the lowest mean is reported for item two (I can easily transact, pay bills, and access my account using a digital banking service, $m = 2.44$). Overall, the mean for accessibility is reported as above average.

Table: 4.3.5 *Descriptive Results of Service Provided*

Items	N	Mean	Std. Deviation
BoB has a robust system that is digitally enabled to address the issues encountered by customers while using digital banking services.	400	2.6875	.96549
How satisfied are you with the user interface and design of our digital banking platforms provided by BoB?	400	2.5650	1.07409
Give prompt services to customers and tell customers about the exact time frame in which services will be performed.	400	2.6950	1.03181
Continuous communication with customers by utilizing different digital platforms such as Facebook, Twitter, WhatsApp, Instagram, etc.	400	2.6150	1.04139
BOB employees are digitally competent enough to provide services to customers.	400	2.7150	1.04475

Valid N (listwise) 400

a. Dependent Variable: Customer satisfaction

The highest mean for the service provided is reported for the item one (BoB has a robust system that is digitally enabled to address the issues encountered by customers while using digital banking services, $m=2.72$). The lowest mean is reported for item two (How satisfied are you with the user interface and design of our digital banking platforms provided by BoB?, $m=2.57$). Overall, the mean for the service provided is reported as above average.

Table: 4.3.6 Descriptive Results of Loyalty

Items	N	Mean	Std. Deviation
I will recommend digital banking services to my relatives, friends/others	400	2.3925	1.23582
Offers promotional schemes to attract customers from time to time while launching new digital banking products or services.	400	2.6675	1.08623
Provides simplified procedures for alterations such as a change in address, nominee, etc., using a digital platform.	400	2.7550	1.05249
How satisfied are you with the level of customer support available for the digital banking services of BoB?	400	2.6500	1.08186
Banks create awareness regarding the introduction/launching of new digital banking products/services to customers/the public.	400	2.6525	1.09304
Valid N (listwise)	400		

a. Dependent Variable: Customer satisfaction

The highest mean for loyalty is reported for item three (Provides simplified procedures for alterations such as a change in address, nominee, etc., using a digital platform, $m=2.76$) followed by item two (Offers promotional schemes to attract customers from time to time while launching new digital banking products or services, $m=2.67$). The lowest mean is reported for item one (I will recommend digital banking services to my relatives, friends/others, $m=2.40$). Overall, the mean for loyalty is reported as above average.

Table: 4.3.6 Descriptive Results of Responsiveness

Items	N	Mean	Std. Deviation
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BoB has different digital platforms to address the queries/issues faced by customers.	400	2.7775	.99017
Sincere efforts are put in by the bank to solve the issues encountered while using digital banking services.	400	2.7000	1.05963
Always willing to respond to customers' needs and requests	400	2.7000	1.08994
Uses the latest internet-based communication tools to effectively reach customers and foster customer interactions.	400	2.6400	1.06923
Uses the latest internet-based communication tools to effectively reach customers and foster customer interactions.	400	2.5375	1.19673
Valid N (listwise)	400		

a. Dependent Variable: Customer satisfaction.

The highest mean for responsiveness is reported for item three (BoB has different digital platforms to address the queries/issues faced by customers, $m=2.78$) followed by item two and item three (Sincere efforts are put in by the bank to solve the issues encountered while using digital banking services, $m=2.70$), (RP3, $m = 2.70$). The lowest mean is reported for item five (Uses the latest internet-based communication tools to effectively reach customers and foster customer interactions, $m=2.54$). Overall, the mean for responsiveness is reported as above average.

Table 4.3.7 *Descriptive statistics of Customer satisfaction with respect to Number of banking*

Number of banking	N	Mean	Standard Deviation
0-5 years	223	2.6661	.87803
5-10 years	75	2.4640	.87908
10-15 years	61	2.5956	.93973
15 years and above	41	2.9837	.83703
Total	400	2.6500	.89098

a. Dependent Variable: Customer satisfaction

In case of banking years with bank of Bhutan, the highest mean is reported for 20 years and above (2.98) with standard deviation (0.83) and the lowest mean is reported for 10 to 15 years (2.46) with standard deviation (0.93). Overall, the number of banking years is reported just above average.

Table 4.3.8 Anova result of number of banking years with Customer satisfaction.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	7.399	3	2.466	3.157	.025
Within Groups	309.343	396	.781		
Total	316.742	399			

The value of P (0.025) is more than 0.05 in term of number of banking years with Bank of Bhutan. It is signifying that there is no significant difference in customer satisfaction with respect to number of banking years with BoB. This is to be confirmed from the Multiple comparison table below.

When the number of banking year is compared based on the customer satisfaction, only customers who have been banking with bank of Bhutan for last 10 to 15 years are found to have significant difference with those customers who have been banking for more than 15 years (P=0.003).

Table 4.3.9 Descriptive statistics of Customer satisfaction with respect to Qualification

Qualification	N	Mean	Standard Deviation
10 th	8	2.6917	.89651
12 th	53	2.8642	1.04218
Certificate	11	2.6848	1.12747
Diploma	26	2.5077	.71804
Undergraduate	248	2.5586	.86352
Post-Graduate	52	2.9205	.82595
PH.D.	2	2.7667	1.08423
Total	400	2.6500	.89098

a. Dependent Variable: Customer satisfaction

In case of qualification, the highest mean is reported for post-graduates (2.92) and standard deviation (0.825) followed by Class 12 (2.86) and standard deviation (1.04), the lowest mean is reported for Undergraduate (2.50) with standard deviation (0.718) Overall, Qualification is is reported just above average from all the standards.

Table 4.3.10 Anova result of Qualification with Customer satisfaction.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	8.889	6	1.481	1.891	.81
Within Groups	307.854	393	.783		
Total	316.742	399			

a. Dependent Variable: Customer satisfaction

The value of P (0.81) is more than 0.05 in terms of qualification. It is signifying that there is no significant difference in customer satisfaction with respect to qualifications. This is to be confirmed from the Multiple comparison table below.

When the qualification is compared based on customer satisfaction, only undergraduates' customers are found to have significant differences with post-graduate customers (P=0.008)

4.4 Correlation Analysis

Table 4.4.1 *Determinant of association between speed of transaction and customer satisfaction*

		ST	CS
ST	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	400	
CS	Pearson Correlation	.774	1
	Sig. (2-tailed)	.000	
	N	400	

***. Correlation is significant at the 0.01 level (2-tailed).

The table above shows the statistical analysis that examines the association between the predictor variable and customer satisfaction (CS). The speed of transaction has a high degree of positive correlation (0.774) with customer satisfaction, indicating that there is a significant ($p > 0.005$) association between the two variables. This further indicates that with the increase in the speed of transaction in digital transformation, there is a significant increase in customers satisfaction.

Table 4.4.2 *Determinant of association between affordability and customer satisfaction*

		Affordability	Customer Satisfaction
Affordability	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	400	
	Pearson Correlation	.040	1

Customer Satisfaction	Sig. (2-tailed)	.429
	N	400

***. Correlation is significant at the 0.01 level (2-tailed).

It reported that the Pearson correlation coefficient shows a negative association of (0.429) between Customer Satisfaction and Affordability which is not statistically significant ($p > 0.05$). This means that there is no association between these two variables. This reveals that the customers are not happy with the charges and other prices levied by the Bank of Bhutan Limited to the customers. It also means that customer satisfaction does necessarily depend on affordability.

Table 4.4.3 Determinant of association between adaptability and customer satisfaction

		Adaptability	Customer Satisfaction
Adaptability	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	400	
Customer Satisfaction	Pearson Correlation	.824	1
	Sig. (2-tailed)	.000	
	N	400	

***. Correlation is significant at the 0.01 level (2-tailed).

The table above shows the statistical analysis that examines the relationship between two variables: CS (Customer Satisfaction) and AD (Adaptability). It has been observed that the Pearson correlation coefficient shows a high degree of positive correlation 0.824 between Customer Satisfaction (CS) and Accessibility (AD) which is significant ($p > 0.000$). In other words, customer satisfaction significantly depends on adaptability or on improving adaptability.

Table 4.4.4 Determinant of association between accessibility and customer satisfaction

		Accessibility	Customer Satisfaction
Accessibility	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	400	
Customer Satisfaction	Pearson Correlation	.854	1
	Sig. (2-tailed)	.000	
	N	400	

***. Correlation is significant at the 0.01 level (2-tailed).

The table above shows the statistical analysis that examines the relationship between two variables: CS (Customer Satisfaction) and AC (Accessibility). It has been observed that the Pearson correlation coefficient shows a high degree of positive correlation 0.854 between Customer Satisfaction (CS) and Accessibility (AC) which is significant ($p > 0.001$). this signifies that a

change in the accessibility will cause a change in the accessibility. In other words, customer satisfaction significantly depends on accessibility or on improving accessibility.

Therefore, the proposed hypothesis (**H6**) is accepted.

4.5 Regression Analysis

The study employed multiple regression analysis to understand the significance of the variables of Digital Transformation over Customer Satisfaction of the Banks (Z). The results are displayed in the tables below viz. Table 4.3.1., Table 4.3.2 and Table 4.3.3. In a significant overall test ($F = 92.739p > 0.001$), all obtained considerable goodness of fit, and the explained variance of customer satisfaction, which was 78.70%, achieved the accepted level of fit. The findings indicated that except for “Affordability”, all the constructs of "Speed of Transaction," "Adaptability," and "Accessibility," had a significant positive relationship with consumer satisfaction with banks. While the rest of them have excellent relationships, Affordability had a negative association with Customer Satisfaction.

Table 4.5.1 Model summary of digital transformation on Customer satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Sig*
1	.888 ^a	.789	.787	.000 ^b

a. Predictors: (Constant), Digital Transformation

It is reported that the value of $r = 0.888$ indicates a strong positive correlation between the two variables and the value of $p = 0.000$ and found to be statistically significant. It indicates that there is a positive and significant impact of Digital Transformation on Customer Satisfaction. The value of adjusted R square is 0.787. It means that 78.7% of variability in dependent variable is explained by independent variable. The remaining 22.3% is attributed to other external variables.

Table 4.5.2 Coefficient result

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.221	.094		2.359	.019
ST	.198	.046	.178	4.357	.000

AF	.009	.023	.009	.409	.683
AD	.267	.045	.278	5.971	.000
AC	.448	.037	.494	11.981	.000

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Digital Transformation

It is interpreted that the unit change in independent variable (Speed of Transaction, ST) leads to 0.178 change in the dependent variable (customer satisfaction). Thus, there is a significant impact of speed of transaction on Customer satisfaction. However, the unit change in affordability leads to 9% change in the customers’ satisfaction which indicates that there is minimal or negligible impact of AF on CS. Furthermore, the value of ($p=0.683>0.05$), confirming there is no significant impact of AF on CS.

Similarly, a unit change adaptability leads to 27.8% change in customer satisfaction. The value of ($p=0.000<0.005$) indicates that there is a significant impact of adaptability on customer satisfaction. Additionally, unit change in accessibility also leads to 49.9% change in the dependent variable. The value of ($p=0.000<0.005$) indicates that there is a significant impact of adaptability on customer satisfaction.

Therefore, the proposed alternate hypothesis (**H₂, H₄, and H₅**) are accepted while the hypothesis (**H₃**) has been rejected.

Table 4.5.3: Model summary of digital transformation on Customer satisfaction

Model	R	R Square	Adjusted R Square	Sig*
1	.835 ^a	.697	.696	.000 ^b

a. Predictors: (Constant), Digital Transformation

It is reported that the value of $r = 0.835$ indicates a strong positive correlation between the two variables and the value of $p = 0.000$, which is found to be statistically significant. It indicates that there is a positive and significant impact of Digital Transformation on Customer Satisfaction. The value of the adjusted R square is 0.697. It means that 69.7% of variability in dependent variable is explained by independent variable. The remaining 22.3% is attributed to other external variables.

Table 4.5.4 coefficient result

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-.289	.100		-2.879	.004
Digital Transformation	1.099	.036	.835	30.228	.000

a. Dependent Variable: Customer Satisfaction

It is interpreted that the unit change in independent variable (Digital Transformation) leads to 0.835 change in the dependent variable (customer satisfaction). Also, the value of $(p=0.000>0.005)$, confirms that there is a significant impact of digital transformation on Customer satisfaction.

Therefore, the proposed alternate hypothesis (**H₁**) is accepted.

5. Discussion of findings

The study's response rate was 97% and according to Richardson (2005), any response rate of 50% and above is deemed sufficient and capable of extrapolation to other research. It is reported in the study that females exceeded that of males in the response rate. A study by Muluka, (2015), points out that the percentage of women availing the banking facilities is minimal, however, this study contradicts that finding because the females have exceeded the male respondents.

To evaluate the impact of Digital Transformation on Customer Satisfaction of Bank of Bhutan Limited, four dimensions of Digital Transformation were considered namely the speed of transaction, affordability, adaptability, and accessibility. The findings of the research revealed that the bank excels in the speed of transactions, adaptability, and accessibility. However, a negative association was found between affordability and customer satisfaction. Therefore, the overall result of the research shows that the dimensions of Digital Transformation are positively correlated with customer satisfaction, suggesting digital transformation is an important element for customer satisfaction which is an important aspect of attracting and maintaining satisfied customers. The correlation findings show that the speed of transaction, adaptability, and accessibility are the main factors that determine customer satisfaction and show a strong/positive correlation. The affordability factor of the bank has no significant correlation with customer satisfaction, which indicates that the bank should prioritize pricing strategies that is budget friendly.

6. Recommendations

The following recommendations are made considering the findings of this research:

1. The bank needs to devise a study to understand the impact of the affordability of digital banking services on customer satisfaction.
2. Accordingly, the bank should come up with budget-friendly pricing policies for the digital banking service they charge to customers. Such a policy might play a crucial role in retaining and attracting customers for long-term profitability and sustainability.

3. Bank can also emphasize the accessibility dimensions to attract and retain the customers as this factor has the highest impact on customer satisfaction.

7. Suggestions for future research

From the present result of the research, affordability has a negative association with customer satisfaction, therefore, it might be necessary to conduct research to further ascertain how exactly affordability can be measured and check the relationship with customer satisfaction.

8. Limitations

As is the case with all research, there were a few limitations to be considered while undertaking this study. The first main constraint for this study was time and resources. Due to the limited span of time, the study had to be conducted within a period of a month. This would obviously impact on the amount of data collected and the amount of time dedicated to deep analysis to draw proper conclusions. Another major constraint can be the lack of a controlled group or comparisons to another bank that might have undergone digital transformation. Without comparing the two different groups, it would be difficult to measure the true impact of digital transformation on customer satisfaction.

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