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## MASTER'S THESIS

The Impact of Digital Transformation on Banking Services and Customer Experience in Bangladesh in Light of Financial Transactions

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## ABSTRACT

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Digital banking has transformed the financial landscape of Bangladesh by offering greater accessibility and efficiency to the banking services. However, differences in adoption based on gender, age, and economic level result in differing levels of user engagement; therefore, user involvement is dependent on the user. This paper examines some principles of digital banking and the major barriers for some demographic groups. It also identifies barriers to adoption and offers recommendations to enhance access and availability of digital banking across all economic strata.

This study presents a comprehensive perspective of digital banking adoption, grounded on theories of financial inclusion and models of consumer behavior. Users need to consider key concepts like user experience, security, cost and technology acceptance. The research studies user experiences as well as preferences in a quantitative manner based on survey data. Multiple respondents were used to create an overall picture of developments in digital banking.

This paper finds that although there is a general approval of such banking, there are still gender inequalities, security issues and technological difficulties. The younger and higher income use more, the older and lower income less. The lesson learned from the study is that financial institutions need to increase digital literacy and security awareness of users, and also the design of banking interfaces should be friendly to users.

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Keywords: Digital Banking, Financial Inclusion, Security, Technology Adoption, User Experience

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## 1 INTRODUCTION

The fast progress of digital technology has forced contemporary banking systems to evolve. Banks have adjusted their operational and customer interaction strategies as a consequence. This is the latest article suggesting that the use of internet-based financial transactions has significantly increased over the past decade in Bangladesh (Chowdhury et al., 2023, pp. 88-96). This growth was fueled by greater ownership of computers, demand for secure and convenient solutions for managing finances, and most importantly, development of digital infrastructure. The banking industry continues to be one of the most important aspects of the Bangladesh economy, with 61 regulated banks and various non-bank financial institutions that provide service to urban and rural areas (Sahay et al., 2020).

Modern banks offer digital payment systems, online cash transfers, and mobile banking capabilities to simplify consumer use that much more. Mobile banking has particularly enabled those without traditional bank accounts to be part of the financial system. Digital platforms like bKash, Nagad, and Rocket have made financial inclusion in Bangladesh significantly higher with the ease of access to banking services. In this vein of digital transformation, commercial banks such as Dutch-Bangla Bank, Eastern Bank, and BRAC Bank have themselves already built mobile apps and internet platforms with which to support digital transactions. To give an example, it was Dutch-Bangla Bank that first introduced mobile banking in Bangladesh so that millions of people were able to access a wide area of financial services.

However, despite these advances, the banking sector in Bangladesh has faced many challenges in implementing digital transformation. Many banks still rely on archaic IT structures that inconsiderately contribute to protection breaches, transaction delays, and complement failures. Cybersecurity concerns, including

phishing attempts and illegal account access, have led to financial losses, thus erasing public confidence in digital banking (Sahay et al., 2020). The digital skills gap remains a major pain point too, as people without adequate knowledge to use banking software have a lot of trouble using it. For these challenges to be conquered, constant investments in the technology infrastructure, enhanced security, and campaigns to enhance digital literacy are essential to promote the wider acceptance of online banking services.

### **1.1 Background of the study**

Globalization of digital finances has already changed the financial services industry dramatically including in Bangladesh. Over the last 10 years, banks now use digital technology far more than before, which is driving rapid changes in how they deal with customers, run their businesses, and offer products and services. Mobile banking, online transfers, AI-driven customer service, and automated financial management are all examples of digital transformation in banking. These changes make banking more efficient and easier for customers to access (Chowdhury et al., 2023, pp. 88-96).

In Bangladesh, banking has historically necessitated physical presence and although it is a high-density area, providing access to financial services has a high cost, making it less possible in the rural areas. Mobile financial services (MFS) such as bKash and Rocket have made this possible, allowing millions to transfer and send money, pay bills, take credit without the need to go to a bank for simple transactions. Between 2017 and 2020, mobile banking users surpassed 100 million, significantly reducing the financial exclusion gap (Bangladesh Bank, 2020). This development is crucial, as over 59% of the population lacked formal banking access in 2017. Rural people have been empowered by mobile money services so they may participate in the economy free from depending on conventional banking infrastructure.

While there are many benefits that come with it, the increasing use of digital banking has also raised cybersecurity issues, digital illiteracy, and a lack of access to technology. With increasing online transactions, there have been instances of hacking incidents; for example, the Bangladesh banking industry alone witnessed a 15% increase in cyberattacks in 2020 (BIBM, 2020). Financial institutions (businesses and individuals) are investing in campaigns to raise awareness of cyberthreats, as well as multi-factor authentication and encryption technology, and help to mitigate such risks. However, concerns over data security and privacy among users remain.

But there is yet another big challenge, the digital divide. While urban areas benefit from internet and mobile growth, many rural residents miss out on the digital benefits. That is, 35% of rural Bangladesh have internet access (Chowdhury et al., 2023, pp. 88–96), while 60% of Bangladesh in metropolitan areas have the access. A 2019 ITU research revealed. This gap does not allow for the broad-based availability of digital banking products. To address this, the government - through its "Digital Bangladesh" campaign - and financial institutions have begun conducting digital literacy workshops and installing voice-activated banking facilities for those with less knowledge about technology.

Expanding digital banking has been much aided by FinTech companies. Fintech firms, in collaboration with established banks, are introducing innovative concepts like digital insurance, peer-to-peer (P2P) lending, and AI-based financial management tools. These developments improve personal banking experiences and economic inclusion. With big data analytics, artificial intelligence, and machine learning, banks can understand consumer preferences and offer tailored financial products, basically increasing customer satisfaction and engagement. For instance, AI-powered chatbots offer real-time help, therefore lessening the requirement for actual branch visits (Alam et al., 2007).

Digital banking has changed consumer experiences. Digital payment methods, online banking, and mobile wallets have made financial transactions more handy, hence lowering dependency on actual branches. With 24-hour banking access, consumers today have more financial control. Maintaining this development still depends critically on security, raising digital literacy, and bridging technical inequalities, though. Maximizing financial inclusion and economic prosperity depends on addressing these issues as Bangladesh keeps its digital banking revolution in progress (Allen, Gu & Jagtiani, 2020).

## **1.2 Research Objectives**

This study aims to examine the impact of digital transformation in the banking sector and consumer satisfaction in Bangladesh, focusing on the effectiveness, security and convenience of the financial transactions. Hence, this study aims to integrate in-depth understanding of digital banking on customer satisfaction and interactions within the context of Nigerian banking industry.

To do that, the study will identify its specific goals as follows: The purpose of this research is to identify the customers perceptions in terms of security, speed and ease of use of online banking in Bangladesh. Consumer perception of digital banking systems is absolutely critical, as it directly impacts their trust in and willingness to access these tools. Assessing user satisfaction levels will allow the study to highlight potential developmental needs and indicate how effectively delivered digital banking products meet consumer expectations.

This will serve as a direction for the research to locate the dominant concerns raised with online banking and their influence on the consumers ability to transfer funds. A big problem in digital banking user experience and confidence can be due to system downtime, security flaws, usability concerns, etc. By handling

these issues, more acknowledgment will be advanced, and more will guarantee that Internet banking remains a dependable and safe substitute for more established banking frameworks.

This research is thus aimed at providing pragmatic suggestions to enhance digital banking services in Bangladesh, based on the outcomes of the abovementioned goals. Tuning transaction efficiency, increasing security levels, and enhancing the UX to create a seamless banking experience will be at the forefront next. By addressing key concerns, these recommendations hope to build consumer confidence and drive digital banking's continued growth across the country.

### **1.3 Research Methodology**

This is a quantitative study that we used to determine the level of satisfaction of Bangladeshi customers towards their digital banking service. In doing so, the method gathers and scientifically processes measured raw data, from which you break pieces of information about people's minds, behavior, and trends. Online polling is the primary mechanism by which data is collected for the study, enabling the capture of large volumes of standardized responses. The study ensures that it is able to be read by many people and that as many digital banking users as possible fill it out by distributing the poll via popular virtual social media portals such as Facebook, Instagram, and LinkedIn.

We rely on secondary sources — predominantly academic papers and journal articles, industry reports, and other publications — to add more richness and validation to the study. Therefore, this additional data, and hence this study enables us to validate the framework or the conceptual model using the available data to get comprehensive insights into the trends, challenges, and issues of digital banking.

The gathered data is analysed using descriptive statistical analysis. They provide a high percentage of responses that identify certain patterns, and trends that are underlying are systematically examined. Microsoft Excel was the main data visualization tool used to plot the findings and represent our levels of customer satisfaction.

The target population would include the users of Digital Banking services in Bangladesh, such as users of Mobile Banking applications like bKash and Rocket as well as Internet banking services of different financial institutions. To balance practical feasibility with statistical significance, a sample size of 107 respondents was selected. Because of time and accessibility constraints, the data is collected rapidly through social media platforms using convenience sampling. Although there may be some selection bias since we are using a non-probability sampling method, as this involved ensuring responses came from users who were highly relevant and engaged, this lessened the potential bias in the outcome and ensured the study findings appeared valid. It also seeks to mitigate potential biases by having a broad cross-section of respondents at different levels of experience with digital banking, to get a more representative view of the customer satisfaction.

#### **1.4 Research Question**

The research focuses on the impact of digital transformation that changed the banking services in the context of Bangladesh, specifically for financial transactions. It examines how digital technologies have transformed bank operations, changed customer trust, and created new issues such as the outage of systems, security concerns and challenges in their usability. What you should know (key goals, objectives): To investigate methods for enhancing the digital banking experience - securing, optimizing and simplifying.

In pursuit of this goal, the research seeks to answer the following questions:

1. How has digital transformation has changed the face of banking services and customer experience in Bangladesh?
2. What are the main consumer challenges in doing digital banking (security, transaction problems, usability difficulties, etc.)?
3. How do operational inefficiencies like system downtimes and security threats affect customer trust in digital banking?
4. How can the financial institutions improve digital banking security, efficiency, and user satisfaction?

### **1.5 Research Problem**

This research investigates the role of digital transformation in banking services and customer experience in Bangladesh, especially on financial transactions. Despite the abrupt rise of digital banking, we still see the challenges of banks and customers like operational inefficiencies, security risks, usability issues, etc. There are concerns surrounding the speed, reliability, and security of digital transactions which affect trust and adoption for a significant number of customers.

This study investigates the influence of digital transformation on banking services and customer experience in Bangladesh specifically on financial transactions. Digital banking has exploded, yet there are still challenges to keeping it efficient, secure, and accessible. Due to transaction speed, reliability, and security risks — fraud, data breaches, etc.—many customers still suffer from trust-related issues. The impact of system downtimes and operational inefficiencies remains and subsequent impacts on user experience lead to dissatisfaction and reluctance to go digital.

Some significant gap needs to be filled to understand the exact pain points of Bangladeshi digital banking users and what prevents them from smoothly switching to using digital financial services. While studies have investigated the advantages of digital banking, there have been fewer studies that have holistically examined customer perspectives and usability issues in the context of Bangladesh. Additionally, researchers have paid little attention to how the characteristics of different demographic groups (urban vs. rural customers, younger vs. older generations, etc.) correlate to differing digital banking adoption.

This study is an attempt to address these gaps by identifying and evaluating actual user pain points, determining the key problems that need to be addressed and providing recommendations to improve digital banking experience using data driven analysis. The research will offer significant insights into improvements in service quality, enhancement in trust and promotion of financial inclusion in Bangladesh's digital banking ecosystem by which banks and policymakers can benefit through assessment of customer experiences, design of security concerns and evaluation of accessibility constraints.

### **1.6 Limitations of the Study**

This study has a number of methodological limitations. As this study is a cross-sectional one, it can just reflect the customer satisfaction scenario regarding the digital banking services of Bangladesh at one point in time and does not provide a tracking capability of changing preferences or impacts of new banking functionalities over a span of time. Second, we only study currently active digital banking users and neglect users who experienced negative effects and thus do not return to this form of service that may disenfranchise some insights gained by users into their digital banking services. Other advantages of using social media data collection include its efficiency, but this may introduce bias within the

sample due to over-representation of the digitally active members of a population, and poor coverage of users with lower levels of digital literacy and/or different socioeconomic status. Convenience sampling is another limitation to the generalizability of the findings. Finally, descriptive analyses can only be descriptive, giving a general overview of customer satisfaction. However, it does not examine causal relationships or more complex interrelations between factors, which could be accounted for with more sophisticated statistical methods such as regression analysis.

### **1.7 Structure of the Thesis**

In Chapter 1, Introduction, this chapter will give background information on digital banking, including its increasing importance as well as the research objectives. This will be followed by an introduction of the concepts that would provide the theoretical and conceptual framework of this research. In Chapter 2, such as digital banking evolution, financial technology (FinTech), and customer experience models. In chapter 3, Research Methodology will detail the methods of data collection, research design, and analytical techniques employed in evaluating digital banking trends. Chapter 4, Digital Banking Services in Bangladesh, delves into the landscape of digital banking, its key players, regulatory environment, challenges, and opportunities. The analysis and findings presented in Chapter 5, Exploration of Information, are for interpreting survey results, customer feedback, and transaction trends to analyze how efficient and effective the digital banking services are. Chapter 6, the Conclusion, summarizes some of the major insights, implications for the future of banking in Bangladesh, and areas for future research.

## **2 THEORETICAL FRAMEWORK**

In banking, being "digital" involves making something new work alongside the banking work that already exists. This includes mobile banking, digital payments, and artificial intelligence. This has streamlined, sped up and rendered banking more accessible — positive for clients and monetary engineering corporations. Banks have undergone a digital transformation in their operations, which has enabled them to optimize their processes, lower costs, and enhance customer service. Now that this bank is available in mobile banking and online banking, this is how it functions. As a result of this new change, old stores are now transformed into digital channels that allow customers to avail services at their convenience. The banking sector of Bangladesh has moved to digital systems. One of the reasons for this is that more and more people own a smartphone and are working with cash (Arner, Barberis & Buckley, 2015).

According to a study conducted by the Bangladesh Bank in 2020, digital financial transactions have increased progressively in the country. And the reason is more and more people using cell phones and the internet. The NPS was an important milestone in the country's digital banking landscape when it was first introduced in 2017 (Chowdhury et al., 2023, pp. 88–96). This enables financial institutions to transfer digital money securely and efficiently. Financial inclusion is a major point in many studies and the role tools can play in achieving it. Due to this, it is important to cover the academic books and research papers that have been written on this topic already.

### **2.1 Financial Exclusion Versus Financial Inclusion**

Immigrants and low-income people need help in utilizing their funds to the best of their potential. In the case of Bangladesh, that means those who find it difficult to use services provided by large banks. Financial exclusion is defined in the

European Commission's 2008 study, *Financial Services Provision and Prevention of Financial Exclusion* (Bilkis & Khan, 2016), as the situation faced by individuals that experience difficulty accessing and/or using financial services and products that are considered ordinary in the mainstream market and potentially appropriate to their needs and would enable them to participate in normal social activities in their community.

Every human being in all communities should have the right of access to essential services such as transaction banking, savings accounts, loans and insurance. This also applies to every person, to every business even without a bank account, and to everybody who should receive the services of reliable providers and at reasonable prices. This principle is called "financial inclusion." A major barrier to financial inclusion in Bangladesh is the expensive nature of available financial products, which has resulted in many seeking alternatives from exploitative sources like high-interest loans from moneylenders or pawnshops (Casanova et al., 2018, pp. 161–184). Such dependence on informal lending leaves people trapped in a cycle of ongoing debt, particularly for people without access to the formal banking system (Chowdhury et al., 2023, pp. 88–96).

Studies on financial inclusion have revealed the extent to which the economy has stabilized over the successive years. It nurtures economic diversification by motivating saving and consumption and by ensuring access to the financial goods and services homes and micro, small, and medium enterprises (MSMEs) require -- which is essential for financial inclusion—thereby promoting economic growth and reducing poverty. Greater financial inclusion also allows low-income households to weather unanticipated financial shocks, such as illness or job loss (CPMI & World Bank, 2020).

There are a number of criteria to analyze the inclusion of a country. This comprises the price of entry into financial services, eligibility criteria, and access to

banking services. For instance, the share of adults with at least one savings account or lending product, the number of bank branches or ATMs in a region, internet access, etc. can be examples of financial inclusion measurement indicators (Chowdhury et al., 2023, pp. 88-96). The extent to which society is financially equal also depends on its financial literacy. Banking institutions have a significant impact on financial inclusion size, efficiency, and interest rates (Casanova, Cornelius & Dutta, 2018, pp. 161–184). Due to their size and number of products and services, larger banks are more likely to have a wider outreach of customers and access to a greater population (Demirguc-Kunt et al., 2015).

Accessibility and availability of financial services often play an important role in development, on the other hand. Demirguc-Kunt et al. Xiao & Others (2018) analyzed the determinants of the real GDP growth in 52 countries between 2011 and 2018 using standard cross-country ordinary least squares regressions, generating indices on digital financial inclusion (Chowdhury et al., 2023, pp. 88-96). With data up to October 2023, studies found both developments in payment services and in advanced financial technologies are deepening connections between changes in these two respectively, emphasizing the function of fintech innovation in financial inclusion and economic growth.

## **2.2 Digital Finance and FinTech**

Usage of the Internet and/or mobile devices to access financial products and services is growing with the solidifying trend towards digital finance. The rapid access to financial products is especially valuable to those who lack access to traditional banking — the initiative known as digital finance. Below mentioned are a few of the steps that got their significance to protect the benefits of digital finance:

1. **Increased Accessibility:** With the help of digital finance, people living in distant regions can easily access financial services without stepping out to a physical bank. This becomes imperative in countries like Bangladesh, where rural citizens literally cannot access banking services with physical access being the barrier.
2. **Lower Costs:** Digital finance cuts expenses incurred in traditional banking practices like branch maintenance and paper transactions by eliminating the need for physical presence. This results in cheaper transaction fees for consumers.
3. **Faster Transactions:** Digital networks offer instant transactions, which are faster for businesses and individuals that rely on real-time payments (e.g., SMEs in Bangladesh).
4. **Financial Inclusion:** Digital finance can create different currencies that can transfer seamlessly from one bank account to another. For Bangladesh this is particularly relevant as the availability of financial inclusion is found to be a challenging proposition. The government's NFIS (National Financial Inclusion Strategy) first announced in 2018 seeks to bring every single person into the formal financial system by 2024.

### **2.2.1 Role of Financial Technology (FinTech)**

FinTech is the use of technology to enhance financial services and is an important part of the digital finance ecosystem. FinTech companies using a new generation of technology are delivering financial services in a way that is more accessible, less expensive and more efficient. Emerging markets have witnessed the rise of Big Tech and TechFin technology companies providing financial services.

For example, studies across such platforms like Alibaba's Taobao (China) and Mercado Libre (Argentina) provide evidence that large tech companies can support less competitive banking systems in different countries (Chowdhury et al., 2023, pp. 88-96). In this part of the world, tech companies can extend credit to people, using data that traditional credit agencies may not have (Iman, 2018). Furthermore, this data from consumer behaviour enables the platform to deliver relevant financial products, with substantial potential to deepen financial inclusion.

### **2.2.2 Mobile Payments and Financial Inclusion**

With the advent of mobile payments, they become another essential branch of digital finance. Mobile payments solve the problems of financial inclusion in some strongly populated countries like Bangladesh, where the number of mobile phone users grasps a phenomenal rise. Mobile payment platforms like bKash and Nagad have been among the most popular in Bangladesh, allowing users to perform financial transactions using their mobile devices (Chowdhury et al., 2023, pp. 88-96).

Some of its driving factors for the execution of mobile payments are:

- 1. Cost-effective:** As mobile payments do not become dependent on costly infrastructure, they provide a more economical way for users to access financial services, especially in remote regions.
- 2. Usability:** Mobile payment systems are user-friendly; only basic literacy and smartphone using skills are needed.
- 3. Social and Economic Factors:** These social and economic factors have also contributed to the rise of mobile payments in developing countries.

These services not only help in financial inclusion but also facilitate participation in a bigger economic activity. Digital finance is full of benefits but there are definitely several challenges, especially in developing countries like Bangladesh.

**1. Digital Literacy:** Overall, mobile phone usage has increased yet people are still digitally illiterate to use financial technologies effectively. That can discourage the adoption of digital financial services, particularly for older people or those with lower educational backgrounds.

**2. Poor internet and diminished connectivity:** One of the challenges for incumbent banks in the rural areas is less and poor internet connectivity that can restrict the usage of digital finance services. There is a considerable possibility that people do not fully benefit from mobile payments or online bank services without reliable internet access.

**3. Regulatory and security concerns:** The rapid increase of digital finance in Bangladesh has brought regulatory and security concerns such as data security, fraud, and privacy. It is essential to ensure that digital platforms abide by robust regulatory frameworks, which will then build trust and encourage adoption (Casanova, Cornelius & Dutta, 2018, pp. 161–184). Guidance has been provided by the Bangladesh Bank to solve these problems through providing guidelines for safe mobile banking.

### **2.3 Government Initiatives in Bangladesh**

The government of Bangladesh recognized that financial inclusion and digital finance could be a catalyst for economic growth. Under the Maya Declaration (2014), the government of Bangladesh pledged to promote financial inclusion by bringing the unbanked into the fold of the formal financial system. This policy

could also be a part of a much larger initiative, as the National Financial Inclusion Strategy (NFIS) was initiated to place people in the economic system by 2024 (Casanova, Cornelius & Dutta, 2018, pp. 161–184).

To back this endeavor, the central bank has instituted a number of policies to assist those without access to traditional banking systems. (iii) Agent Banking and Mobile Financial Services: These methods entail the conveyance of banking services through intermediaries in regions that have restricted access to genuine bank branches (Koh, Phoon & Ha, 2018).

#### **2.4 Financial Inclusion through Conventional Channels**

Digital finance is revolutionising access to financial services and products in Bangladesh. By providing substitutes for traditional banking, digital finance reduces costs, broadens access to financial services and expedites transactions. For those in areas where there is poor or no physical banking infrastructure, this is a big deal.” According to the Bangladesh Bank, the advent of agent banking and mobile banking has brought financial access to backward areas so that people can execute their financial chores, including but not limited to money transfer, bill payment, or loan application, without going to their bank. As of 2021, Bangladesh has more than 173 million mobile phone subscribers (Baten & Kamil, 2010), indicating the growing penetration of mobile financial services. Statistics show services like BKash and Nagad are immensely valuable for providing requisite financial services to the unbanked and further support the cause for mobile banking and financial inclusion.

Ease of use and low cost are among the biggest advantages of digital finance. Technological innovations such as the Bangladesh Automated Cheque Processing System (BACPS) and the Real-Time Gross Settlement System (RTGS),

among others, have enhanced business transactions and lowered the cost of operations for the financial institutions. This is because of these services and the performance of electronic funds transfers (Casanova, Cornelius & Dutta, 2018, pp. 161–184). Consequently, financial services are easier and cheaper for the average person to use. The reliance on traditional cash-based methods is diminishing, as the trend shifts toward a cashless economy in Bangladesh with the incorporation of various digital payment systems (Sadekin & Shaikh, 2016). These technologies expansion has made it easier for the companies and individuals to receive the money and process the transactions that would, in turn, help all-around economic development.

Another key characteristic of digital banking is it encourages financial inclusion. The NFIS of Bangladesh Bank has thus far notable actions in financial inclusion since it was launched in 2018. This model aims to integrate each individual into the formal financial infrastructure by 2024. Reaching this goal largely relies on agent banking which allows means of finance to even the most remote areas. As of June 2020, there were 23 banks and 8,764 agents engaged in agent banking, thereby serving remote regions that did not have access to conventional banking facilities (Hasan et al., 2010). Several them who did not have access to any formal financial institutions have got access to banking services in a bid to improve their financial condition through the extension of financial services across digital channels.

While digital money is doing wonders in Bangladesh, some challenges persist as well particularly with regard to security, legislative oversight, and equitable access to the technology. The security of digital financial transactions is one of the main issues (Casanova, Cornelius & Dutta, 2018, pp. 161–184). As more people engage with mobile and digital banking solutions, the risk of data breaches, cybercrime, and fraud increases. To address these issues, financial institutions and

the Bangladesh Bank have implemented security measures, including two-factor authentication (Rahman et al., 2017). As the digital finance sector continues to grow, however, ongoing efforts to enhance cybersecurity and protect customer data remain critical.

Another hurdle in Bangladesh is the regulatory landscape for digital finance. While the 2014 Bangladesh Payment and Settlement Systems Regulation (BPSSR-2014) provided the legal framework for all these financial transactions, the phenomenal growth of mobile financial services indicates the need for continuous adjustment of legal structure. The episode highlights how the inclusion of Nagad (the digitized arm of the Bangladesh Post Office) in 2019 as an independent mobile financial service provider would have required legal adjustments to accommodate entrants to the marketplace (Bashir et al., 2023). The regulatory framework needs to be amended in order to ensure the stability and safety of the financial system as well as in order to catch up with technological advancement (Casanova, Cornelius & Dutta, 2018, pp. 161–184).

Still another major obstacle in Bangladesh's shift to digital finance is the digital divide. Although digital financial services and mobile banking have many advantages, not everyone has equal access to the required technology that is, cell-phones and the internet. Furthermore still a challenge for some populations, especially in rural places, is digital literacy. Success will bring other challenges — even for the elderly, or without the need for conversion tools, many will still be excluded from the financial system in the absence of widespread access to the technology that will allow them to use digital financial services, or in the absence of sufficient knowledge of how to do so. For the future of digital banking to be harnessed to the fullest, all people must have access to the necessary tools and information so that they can navigate the digital landscape (Chowdhury et al., 2023).

In Bangladesh, we now see mobile financial services, digital payments, and agent banking all have made a significant transformation in the process of enhancing the sizes of Bangladesh's financial products and services and in the process increasing its rate of financial inclusion. Transactions between people and companies may be conducted effectively thanks to such mobile services as BKash and Nagad as well as the digital payment systems. Some of the areas that still require solutions for the continuous operation of digital finance in Bangladesh involve security questions, new regulations, equity, and technology (Casanova, Cornelius & Dutta, 2018, pp. 161–184). Overcoming these challenges and adopting new policies and innovations, Bangladesh can develop the better financial structure that will contribute to bringing benefits to everyone.

## **2.5 Internet Banking**

These are the basis of the smooth transformation of fair and widespread use of information and communication technology (ICT) over the time of the ever-changing nature of digital finance (an integral part of online banking) to become lucid and flourish properly in Bangladesh. For banks as well as consumers, making sure digital financial transactions are safe and reliable becomes more critical as the country moves towards a cashless society. As online banking services grow, Bangladeshi commercial banks are constantly developing to provide more easily available solutions. In particular, in rural and underdeveloped areas, this is not only helping banks draw a more extensive clientele but also promoting financial inclusion.

For one to highlight the importance of such secure and reliable services, an overview of the progress of online banking in Bangladesh can be useful. According to the data from the Bangladesh Bank, now far more activity in financial transactions is in the online arena. Digital Bangladesh is the foundation of your canvas for this masterpiece that opens the doors for financial services to be im-

plemented by institutes like BRAC Bank, Dutch-Bangla Bank and several others to make banking accessible through a click (Bashir et al., 2023). More individuals are turning to online services for convenience and speed. Hence, the Bangladesh Bank notes that the use of Internet banking platforms has grown by over 30% in the past few years (Casa-nova, Cornelius & Dutta, 2018, pp. 161–184).

In addition, each of its expansions is largely reliant on m-finance services, including apps and m-wallets. In particular, BKash, one of the largest mobile-financial service providers in Bangladesh, transformed the way people send and receive money and manage their financial transactions for the unbanked population (Frost et al., 2019, p. 761–799). Payments, remittances and opening mobile bank accounts, which the smartphone app allows users to do, are the basics for lifting financial inclusion. Similarly, apps like City Bank, Islami Bank and few others presently allow users to manage accounts, transfer money and even apply for loans using their cell phones. Public access and efficiency of banking services have improved due to these technical developments (Casanova, Cornelius & Dutta, 2018, pp. 161–184).

But as these services become more and more popular, so grows the need of security and privacy. Because financial data is sensitive, online banking appeals to cybercriminals as a target. Significant financial losses, tarnished reputations, and declining client confidence could all follow from a security failure. Banks in Bangladesh are introducing end-to-end encryption, multi-factor authentication, biometric verification and other types of security measures that help to reduce these risks. For online banking operations, for example, two-factor authentication (2FA) is now a normal procedure that guarantees only authorised users may access and handle their accounts. Further enhancing the security of digital transactions are safe online payment systems using SSL certificates and tokenisation technologies (Frost et al., 2019, p. 761–799).

Considering the rapidly growing digital economy of Bangladesh, emphasis needs to be given to ensuring safe and reliable information systems. A big population of over 170 million, a considerable part of which is young and tech-savvy, is likely to create an increasing demand in online banking services. According to the Bangladesh Telecommunication Regulatory Commission (BTRC), mobile internet subscriptions have reached over 120 million, underlining the brisk adoption pace for internet-based services, especially online banking (Bangladesh Bank, 2022). The convenience of making financial transactions anytime and anywhere, coupled with the proliferation of cell phone and internet connectivity, has made this a useful instrument in the scheme of financial management in modern times (Frost et al., 2019, pp. 761–799).

Another aspect of safe online banking systems is government projects that seek to enhance the nation's online banking infrastructure. The Digital Bangladesh project started in 2008 for the development of ICT infrastructure and providing digital access to government services. In keeping with this more general drive in place, the Bangladesh Bank has developed specific rules and systems ensuring digital banking services are safe, fast and inclusive (Frost et al., 2019, pp. 761–799). Policies for anti-money laundering (AML) controls, consumer data protection as well as public digital literacy promotion to support use of banking online responsibly are included in these.

Because these are so relevant to my work on promoting economic inclusion and safe banking practices in Bangladesh, through information technology and digital financial services, these results have particular importance. Moreover, extending online banking services cannot take place without guarantees of the practical and safe use of ICT in the financial industry also, as they are the basis of its sustainability and credibility. The lack of safe systems would prevent from the widening of online banking and fear of the fraud, breaches of the data, and other

cyber threats would throw doubt over customers' confidence (Frost et al., 2019, pp. 761—799).

## **2.6 Peer-to-Peer (P2P) Lending**

In Bangladesh, rapid development of digital financial services is taking place with the proliferation of mobile phones, internet connection and the demand for easy access to financial services. An emerging snippet of this transformation is peer-to-peer (P2P) lending, which has gained the finesse of becoming the new way for individuals or small businesses to get funds that they will not be able to access through traditional banking platforms. This model links individuals requiring capital with alt-erns who agree to borrow and is an alternative to traditional loans (Frost et al., 2019, pp. 1761–1799). The launch of Shadhin, the first P2P lending platform in Bangladesh, in 2018 marked a significant step toward greater financial inclusion in the country. It provides people and businesses with an avenue of putting their hands across other people or entities for support via a digital platform. Service of this type is crucial for the benefits of those clients with low to moderate income that cannot get funding from more conventional banking system to achieve their financial goals (Bashir et al., 2023).

Exclusive lending is being prominent in Bangladesh as it helps to provide a better access to credit to customers, especially those who are unable to get access to formal credit facilities readily. Mobile phones provide an opportunity of accessing banking services since most people especially those in the rural areas have and are able access internet services. This is where P2P platforms including Shadhin come in with the ability to approve loans with high credit score but with enhanced measures in screening the borrower's credit worth. These risk measuring techniques made more people to accommodate in the lending structure both for having new financial opportunities for people who never get the opportunity of belonging to a financial service system. Further, it creates a way through which

the lenders can be able to have returns on the investments made through the digital financial system explaining the hiigheause of participation in the digital financial system.

While the rise of platforms like Shadhin represents a significant advancement in financial inclusion, there are still several concerns associated with using online financial services. The digital financial sector has boomed and continued to grow with growing dependency on mobile phones, advanced technology, and quick access to information with the help of the internet, it has also opened a new threshold of challenge. For instance, there are concerns regarding the security and safety of online transactions, as cyber theft and data breaches can undermine customer trust in digital platforms (Frost et al., 2019). Furthermore, the lack of comprehensive research and transparency in some online lending platforms, combined with biased selection procedures, can create risks for both lenders and borrowers (Frost et al., 2019, pp. 761–799).

The major problem affecting the P2P lending and financial services offered through the internet is, how one can assess the credit worth of an individual. Limited risk analysis and assessment would be another challenge since traditional banks already have structures for such while P2P platforms have not developed these yet keenly. Consequently the borrowers may be put in place to offer them credit that they are never in a position to repay and this result to high rates of default and volatility in the system (Allen, Gu & Jagtiani, 2020). Also, they rely on third-party services, for example, accountants, cloud financial services, which if strike technical problems or even become bankrupt, make the enterprise more vulnerable (Salampasis & Mention, 2018, pp. 451–461). This leads one to ponder as to whether or not upper management in the digital financial market place are applied good risk management measures in order build a stable and respectable business for the years to come.

These issues are especially relevant in the context of our research on customer experience in digital banking. Online banking platforms like P2P lending websites need to focus on their user experience, because it is the key to success here. Customers need to be sure that their financial transactions are secure and that they can trust the platform with their money. Customer trust and satisfaction can only be built with platforms that are user-friendly, transparent, and secure. Dealing with these issues will be a major factor in shaping the future of the financial sector, as mobile phone penetration is high in Bangladesh and the demand for digital financial services continues to rise in the country (Salampasis & Mention, 2018, pp. 451–461).

## **2.7 The Role of Technology and Financial Inclusion in Bangladesh**

Technology is pivotal in enhancing customer experience in digital banking by providing innovative services to a diverse population. In Bangladesh alone, where more than ten million people overseas send money back to families, the scope for better financial inclusion is huge. Mobile financial services like bKash have already made it much easier to pay and provide these services to a large share of the market. Yet, a significant portion of the growth of the digital financial industry is focused on urban sectors, and rural areas are neglected (Bashir et al., 2023).

Private and foreign commercial banks in the country have had a much faster adoption of new technologies than state-owned banks, so there is significant potential for digital platforms to reach more customers in underserved areas. But they have not been able to reach rural areas, where convenient financial service options are desperately needed. Addressing this issue and increasing access to digital banking services will be important in promoting financial inclusion and greater customer experience (Salampasis & Mention, 2018, pp. 451–461).

When it comes to these challenges, digital banking platforms operating in Bangladesh should move towards reaching new heights in their services and improve security at the same time. A successful customer experience will require ensuring customers are able to readily access their stored funds, make transactions securely and feel confident in the credibility of the platform. Additionally, as financial technology (FinTech) startups are growing day by day at an unprecedented pace, the competition between different instances of a digital financial service will be more and better, which will further enhance the quality of services offered to the customers.

The study discusses the emergence of P2P lending and the issues faced by digital financial actors, both topics which are highly related to our research on customer experience in digital banking within Bangladesh. The success of online banking platforms such as these will depend on whether such services meet customer needs around accessibility, convenience, and security (Salampasis & Mention, 2018, pp. 451–461). By examining how these elements correlate with developing customer satisfaction and trust, we can gain insights into enhancing the quality of the online banking experience. Furthermore, security, transparency and credit risk related challenges need to be addressed in the process so that the experience of the customer can be enriched and digital financial services become sustainable in the fast-developing digital economy of Bangladesh.

## **2.8 Technology Acceptance Model (TAM) and DeLone and McLean Information Systems Success Model (IS Success Model) in the Context of Digital Banking in Bangladesh**

Digital banking in Bangladesh is evolving rapidly; therefore, knowing what determines elements of user intention to adopt, and user satisfaction towards, digital banking systems is mandatory. To find out whether people are happy and how they feel about digital banking services, the Technology Acceptance Model

(TAM) and DeLone and McLean Information Systems Success Model (IS Success Model) are accessible. Using these models we can explore the utilization of digital banking services by Bangladeshi customers.

### **2.8.1 Technology Acceptance Model (TAM) in Bangladesh's Digital Banking Context**

The study attempts to identify the determinants of digital banking in Bangladesh through the Technology Acceptance Model (TAM). These two critical factors are perceived ease of use (PEOU) and perceived usefulness (PU), which greatly influence customer implementation of digital banking services such as bKash, Rocket, and Nagad.

**Perceived Ease of Use (PEOU):** It is essential that the digital banking platforms in Bangladesh are easy to use since the rural customers may have limited access to traditional banks. Less complex, more intuitive platforms will promote wider use (Chowdhury et al., 2023, pp. 88-96). Mobile banking apps are especially attractive to users who have little experience, and the design and interface are key factors.

**Perceived usefulness:** PU speaks about the extent to which digital banking is valuable in performing financial transactions such as making payments, money transfer, etc. Mobile money services such as bKash available in the market are preferred by the mass because these services being convenient and pocket friendly (Fung et al., 2020). Thus, if customers have an opportunity to recognize value in any financial transaction at daily basis, then, they would opt for mobile banking.

TAM postulates that as a result of perceived usefulness and ease of use of the Internet services in the delivery of digital banking services in the country, it will receive even more traffic and customers' satisfaction.

### **2.8.2 DeLone and McLean Information Systems Success Model (IS Success Model) in Bangladesh's Digital Banking Context**

System quality, information quality, service quality, use, user satisfaction, and net benefits are six different variables added to the measurement criteria to assess the effectiveness of information systems by the DeLone & McLean IS Success Model (1992). In the context of digital banking in Bangladesh, these factors can be utilized to measure the efficiency of digital banking systems in fulfilling customer needs and service satisfaction.

The DeLone and McLean IS Success Model (1992) includes additional important aspects in assessing how effective digital banking is:

- 1. Service Quality:** Users demand from digital banking systems support and responsiveness. Dissatisfaction in Bangladesh occurs because of technical difficulties like slow transactions or system crashes. This is why it is essential to keep a stable and fast system in order to keep your customers (Chowdhury et al., 2023, pp. 88-96).
- 2. Information Quality:** As a large segment of the digital banking users in Bangladesh do not possess any financial literacy, it is important to provide straight forward and accurate information that users can easily understand. Open rates and transaction data will create companies and consumers transparency which can increase satisfaction (Koh, Phoon & Ha, 2018, pp. 387–403).
- 3. Quality of Service:** If people use the platform, they use this good customer service really method, especially if they have problems with using the platform. Instant, proper assistance makes users more secure in performing their digital banking actions and guarantees that security issues are being tackled (Iman, 2018, pp. 72–82).

4. **User Satisfaction:** This metric provides the measurement of how satisfied users are with a particular service. A happy customer is likely to keep using the service and recommend it to others. Customer retention increases if the service matches or exceeds expectations (Sadekin & Shaikh, 2016: 93–97).

5. **Net Benefits:** Going digital offers the ability to reduce the cost of transactions, decrease costs of access to funds, and improve convenience. These benefits will draw more customers and extend better financial inclusion for the population as services improve (Sadekin & Shaikh, 2016, pp. 93–97).

### **3 RESEARCH METHODOLOGY**

“Research methodology” is the systematic approach of doing research, which comprises the tools, methods and the techniques through which data is collected and analysed. This describes planning a study, collecting data, and interpreting the outcomes in a valid and reliable way (Creswell & Creswell, 2018). The method can be mixed methods, qualitative or quantitative, guided by the study objectives.

A qualitative method, which often uses focus groups, interviews, and thematic analysis, tries to find out about meanings, feelings, and social phenomena. The quantitative method, on the other hand, uses numbers, statistics, and hypothesis testing to find patterns and links (Bryman, 2016).

#### **3.1 Research Design**

The design of the study specifies the main plan and way that will be used to conduct the investigation. It was a quantitative study method as a means to measure Bangladeshi customer satisfaction level toward digital banking services. This approach allows the researcher to gather data that may be analyzed and then statistically compared (Creswell & Creswell, 2018). It helps them discover patterns and trends in human emotions.

This study will use a quantitative research method because it will enable us to gather data that can be used to analyze the performance, user satisfaction, and adoption level of digital banking services in Bangladesh. Structured surveys or questions allow researchers to collect responses from many participants, making the data more sound and useful for all (Bryman, 2016). Quantitative techniques assist in discovering critical trends such as the influence of PEOU [Perceived Ease of Use] and PU [Perceived Usefulness] on behavior. They also track system performance through metrics like transaction speed, error rates and

customer satisfaction scores. Making comparisons and identifying emerging patterns through statistical analysis helps you evaluate the overall success of digital banking platforms in an unbiased manner using DeLone and McLean's IS Success Model. This structured, data-oriented approach provides precise and practical insights that can enhance digital banking adoption and improve service quality.

As it is easier to collect information from multiple participants, the main method of collecting information was adopted as an online poll. A well-defined survey is a good way of collecting standardized information from a large audience to quickly capture the satisfaction level which your customers have for your products or services. Since citizens from across the country were the respondents, the findings are representative of all digital bank customers of Bangladesh.

In addition to this the research project will be relying on the secondary data which is currently available through the academic/research based journals and papers and articles. This extra intel means that we will have a well-rounded understanding of the topic with the results will add more context and we are more likely to be able to shape the poll format. Research uses first-hand and second-hand information to make sure it is as wide-ranging as achievable.

### **3.2 Data Collection Method**

An online poll was decided upon as the best way to get the information because it was quick and able to pull answers from large bodies of people. A well-designed structured questionnaire will be used to give true information about all the factors of the customer satisfaction. As the poll is something that you want filled out by as many as possible, it will be shared on social media sites like Facebook, Instagram, and LinkedIn. Most of these tools are already being used in Bangladesh, and hence it is convenient for the person banking digitally to use it easily as well. It also helps that the poll can now be quickly sent to a large number of people

cheaply, via social media. To get more answers from all users of digital banking services, researchers of the project will rely on techniques the users already feel comfortable with. Additionally, data was sorted in Excel, and duplicate responses were identified and removed to enhance the quality and accuracy of the data. Doing so ensured that the information was accurate and offered a solid foundation for the study's findings. This ensured the accuracy of the information and gave a strong foundation to the study results.

### **3.3 Data Analysis Methods**

The poll results were examined through descriptive statistics and main results were summarized with percentages. Data was organized and presented using Microsoft Excel charts and graphs. That made it simpler to identify trends and patterns. This made it possible to see which aspects of digital banking services received high marks and where improvements were needed. It delivers useful information aligning with the study objectives.

#### **3.3.1 Study Group and Sample Size**

Most of the participants in this study were Bangladesh residents using digital banking to manage their money. These were internet banking services of various banks and mobile banking apps, such as bKash, Rocket, etc. This cohort would have been an appropriate fit, as they had previous experience using digital banking and could be depended on to provide honest information regarding customer satisfaction.

The sample size was 107 people selected. This figure made it manageable and therefore simple to collect vast amounts of data within a brief period. It also provided statisticians with enough information to discover significant trends. Considering the size of the study and time and money constraints, the sample size was also good.

The study employed convenience sampling, a non-random approach that allows the researcher to collect data quickly through social media platforms. This process worked because time and access were limited. This is useful when convenience sampling is employed to focus on specific user cohorts. Nonetheless, the samples were selected randomly and the results may not necessarily represent every user of digital banking across Bangladesh.

### **3.3.2 Ethical Considerations**

Ethics are included to make sure that the research is done fairly and transparently. To address ethical issues, the following measures were implemented:

- 1. Informed Consent:** Participants in the study knew full well what it was about, what their role was, and how the data would be used. Participants were required to indicate their informed consent by checking a box; participation was entirely voluntary, and participants were informed of their rights before any data were collected.
- 2. Confidentiality:** Participants were assured that all responses would remain confidential. The survey took no personally identifiable information, meaning individual responses could not be linked to any person. This was especially important when it came to sensitive financial data.
- 3. Voluntary Participation:** Participation in the survey was entirely voluntary, and individuals had the right to withdraw at any stage without any consequences. This approach ensured that participants felt comfortable and did not experience any pressure to respond.

## **4 DIGITAL BANKING SERVICES IN BANGLADESH**

The digital payment landscape in Bangladesh has seen a lot of transformation in the past few years. Outdated methods were replaced by digital solutions that are way more efficient and easier to use, and they actually work. Money transfer has undergone some very drastic and large changes ever since many people started to conduct their business over the internet. In the past, transmitting money was a struggle for numerous people, especially those living in rural areas. Bangladesh is experiencing fast growth of the economy (Khanchel, 2019), and mobile banking, internet banking, and entirely digital banking systems (Khanchel, 2019) have made it possible for more people to obtain financial services.

### **4.1 History and Evolution**

When it comes to financial inclusion in Bangladesh, post-2010 was a golden period and one of the most transformational phenomena in this regard was the introduction of mobile financial services (MFS) in Bangladesh. Bashir et al. (2023, pp. 657-667) state, Services such as bKash, Rocket and Nogod enabled individuals who were unable to do business online otherwise through conventional banks to do so. People can use these services to send and receive remittances, pay bills, deposit money into their mobile accounts and even obtain small loans through their phones. Low-income people could access mobile banking, including those in rural areas, as it was cheap and easy to use (Arner, Barberis, & Buckley, 2015, pp. 127-174).

In that respect, mobile banking services grew remarkably and the central bank of the country, Types of Organizational Structure Bangladesh Bank, had an important role in regulating mobile banking services. Balancing those goals, sensible regulation was laid down to facilitate business growth and keep customers

safe. By the mid-2010s, millions had signed up for mobile banking services (European Commission, 2008). The popularity of mobile payments has been increasingly possible thanks to technological advancements from online-only banks and fintech companies, among others.

## **4.2 Current Landscape**

Internet banking has advanced quite a bit in Bangladesh. The alternative previously used to be automated teller machines (ATMs) and online banking.

Internet banking has advanced quite a bit in Bangladesh. The alternative previously used to be automated teller machines (ATMs) and online banking. However, newer services, such as cell banking and fully online banks, have increased the range of digital financial services available (Chowdhury et al., 2023, pp. 88-96). Customers will, therefore, be able to perform rudimentary financial chores like withdrawing cash, checking balances, and transferring funds without visiting a physical bank branch. This is part of a wider move towards digital banking in the country.

Initially, digital banking services were limited to a few locations and technology for the wealthy class, with computers and cell phones. This made getting places harder for people in rural areas compared to people in cities. Digital banking, however, started trending in the early 2010s (Baten & Kamil, 2010, pp. 1-10), when more smartphones were manufactured that were capable of connecting to the internet.

## **4.3 Challenges**

Bangladesh has made significant strides in internet banking. Automatic teller machines (ATMs) and net banking were the only options for everyone; however,

new services such as cell banking and fully online banks led to an increased variety of accessible digital financial services (Chowdhury et al., 2023, pp. 88-96). Customers will be able to do important financial tasks such as getting cash, checking balances, and transferring money without having to go to a physical bank branch. It was the first step in providing digital banking in the country.

Initially, applications to provide digital banking services were granted only for relatively limited areas and were dominated in the early days by the well-off with access to computers and cell phones. It was harder for people in the parts of the country that were not at all urban to get places than in the city. Yet unlike traditional banking, digital banking began to gain prominence in the early 2010s (Baten & Kamil, 2010, pp. 1-10) when a higher number of smartphones were produced that had Internet access.

#### **4.4 Types of Digital Banking Services in Bangladesh**

Digital banking in Bangladesh is provided through a range of options depending on the customer requirement. What you want to change is much easier to transfer, but what you need to change is more difficult to manage financially. There have been many new Online banks that have cropped up around the country lately. These include, but are not limited to, online banking, mobile banking, and digital wallet usage. They all come with their own advantages and disadvantages. Most people there use it. This is most often the case with cell phones, as they are ubiquitous and easy to use (Sadekin & Shaikh, 2016, pp. 93-97).

Mobile banking apps such as bKash, Rocket and Upay assist the consumers in performing different financial functions on their handsets (Sahay et al., 2020). In Bangladesh, mobile banking services such as bKash and Rocket have transformed another aspect of monetary transactions not only in urban areas but also in rural areas. Mobile banking is a collection of services that enables users to

engage in a variety of banking activities from their mobile phones, providing a convenient alternative to visiting a brick-and-mortar bank (Allen, Gu & Jagtiani, 2020).

Users can send money, pay bills, top-up phone balances and even get small loans. Generally, these services require customers to sign up for an account, often through a local agent or through an app, and associate a mobile phone number with the account (Arner, Barberis, & Buckley, 2015).

Both bKash and Rocket works by collaborating with local banks and mobile network operators, integrated with the whole country bank. Mobile apps or custom USSD codes are used to carry out transactions, making it easy to use even for those who are not technology literate (Allen, Gu & Jagtiani, 2020). With the growth of the mobile banking, bKash and Rocket are diversifying their services enhancing the financial inclusion in Bangladesh (Sadekin & Shaikh, 2016, pp. 93-97).

Internet banking is another type of digital banking, and Bangladeshis prefer that too. With this type of banking, account holders can only see their accounts and orders on the Internet. A bank's website or mobile app shows how much money you have available in your account, allows you transfer money between accounts, pay fees, receive loans and buy products (Senyo & Osabutey, 2020) Urban people who have close access to high-speed internet prefer banking in the online way. When you use it, you are able to do more than what was available with the phone applications (Sadekin & Shaikh, 2016, pp. 93-97).

Net Banking is offered by many famous commercial banks of Bangladesh, like Sonali Bank, Islami Bank, Dutch-Bangla Bank, etc. This allows customers to monitor their money in a plain and simple format. Neobanks are online-only banks that have started sinking more branches in Bangladesh. These sites are also gaining more prominence as they continue to grow. These banks are found online,

and all business will be conducted through this channel (Allen, Gu & Jagtiani, 2020).

Customers of these new banks can address all their banking matters online, so there is no need to visit a physical location. Though helpful, these new technologies still rely on ATMs (automatic teller machines) and point-of-sale (POS) systems in cyber banking. Why visit a bank branch if one individual only wants cash, check account balances and authenticate users and perform other fundamental banking tasks? They can use an ATM instead. Further, an increasing number of shops buy point-of-sale (POS) systems, which enable them to use electronic payment means (Bilkis & Khan, 2016). This is particularly applicable to shopping and services, where non-cash transactions are becoming an increasingly popular method for deals (Sadekin & Shaikh, 2016, 93:97). They can use an ATM instead. Additionally, more and more shops are purchasing point-of-sale (POS) systems that allow them to employ electronic payment methods (Bilkis & Khan, 2016). This is especially true for shopping and getting services, where deals that don't use cash are becoming more popular (Sadekin & Shaikh, 2016, pp. 93-97).

Another category of Internet banking in Bangladesh is agent banking. To address too few banks, individuals employed by businesses or the country's government sometimes assist customers. It has also helped digital banking reach areas with little or no access to banks. The Bangladesh government invented so many types of digital banking for the public to access financial services. This simplifies money management for both people and businesses (CPMI & World Bank, 2020) and provides seamlessness in terms of coming to a conclusion and minimizing the number of steps involved.

#### **4.5 The Role of Digital Banking in Financial Inclusion**

Digital banking has provided easier access to money for more people in Bangladesh, especially in rural areas that have not always had easy access to branches of traditional banks. Many essential financial services, such as bank accounts, loans, insurance and payments, can now be used through the phone. The transition to digital banking enables individuals who were otherwise incapable of performing financial tasks, especially those residing in remote locations, to perform them now. bKash and Rocket are two examples of mobile banking that have made it more convenient to send and receive money, pay bills and more directly from the mobile phone (Alam et al., 2007). This transformation has greatly enhanced the financial inclusion of Bangladesh residents. It has allowed millions of people who previously lacked access to official banking systems to obtain critical financial services.

More than half of the people in Bangladesh did not have access to a bank or savings account, the World Bank said a decade ago. But now, due to the mobile banking emergence, this amount has shifted significantly (Iman 2018, pp. 72-82). Digital banking has also allowed people to cross the financial learning curve since it provides them with the right tools to manage their money, reflect on their expenses, and save money. In a place where many people didn't know how to use traditional banks, this has been critical.

Digital Banking also strengthens the power of women because it could be more secure and gives money transaction control in the hand of women in rural background (Siddik et al., 2016, p. 1066–1080). Although women have been constrained by cultural and practical challenges in the past, today they can now manage their money and financial independence without intermediaries. Thus, along with making money accessible to a larger audience, digital banking has also paved

way for financial independence amongst women in Bangladesh (Sadekin & Shaikh, 2016, pp. 93-97).

#### **4.6 Benefits of Digital Banking in Bangladesh**

Digital banking services are becoming more and more helpful for people and companies in Bangladesh, offering many benefits in a number of areas. Some themes that can be used to group these benefits are "Convenience," "Cost Efficiency," "Access," and "Transparency."

The best thing about the digital bank is it is user-friendly. Internet and mobile banking has not only made people able to check the balance, send money to other accounts, pay bills, and do other banking dealings from anywhere, any-time. This flexibility is helpful for people living in remote or rural areas who might not have easy access to conventional banking services (Baten & Kamil, 2010, pp. 1–10). Ease of Use & Time-saving: Digital banking systems allow the individuals to manage and organize their money in a better way, thus saving a lot of their time and effort. They are easy to reach even in times of an emergency when customers have no option but to send money or make last-minute payments and can quickly take care of their money-related issues.

The ability to save money is one of the most incredible features of digital banking. Traditional banking services — such as wire transfers, ATM withdrawals and account maintenance — can come with hefty costs. In contrast, financial services from digital banking usually have lower fees, which makes them easier to use for more people (Islam et al., 2019). Digital banking was also more cost-effective, minimizing the need for the overhead of physical infrastructure like ATMs and bank branches. Customers win because service fees tend to be lower.

Digital banking has opened up access to banking services to many, more importantly to areas that were previously largely unbanked. Mobile and internet

banking (Iman, 2018, pp. 72–82) make it possible for customers who would otherwise find it difficult to access conventional banking services to be able to do so. This is particularly applicable in rural places where there might not be a lot of banks. As more people engage with the financial system, we refer to this as broader “financial inclusion” as more services become available. Also, mobile banking has been particularly useful in rural areas, where bricks-and-mortar banks have not always been so accessible.

Lastly, internet banking has made things more precise, which has increased financial knowledge and customer trust. Digital banking systems let users keep track of their spending, see a history of transactions, and check their account balances (Khanchel, 2019). This openness makes scams less likely and gives users the power to make smart financial decisions. Also, digital banking lets banks provide better customer service by allowing users to access their accounts 24/7 and making their experiences more personalised (Casanova, Cornelius & Dutta, 2018, pp. 161–184).

## 5 DATA ANALYSIS AND FINDINGS

This section explains the survey respondents' responses that provide a holistic view of Bangladeshi customers perception of digital banking offerings. This section uses descriptive analysis, which is where data is presented in terms of percentages in order to illustrate the constellations and trends in the data. Often-times, the data generated is represented in the form of graphs and charts, using a lot of graphs and charts making it easy for the readers to interpret the data. The study examines how the people are using the digital banking platforms, their satisfaction levels with those platforms, their sense of safety, and the challenges that they are facing. In this part of the paper, the findings of research questions are described and their outcomes are explained, and based on this data, how the services delivered to customers in the banking industry of Saudi Arabia have evolved into digital transformation is discussed.

### 5.1 Gender

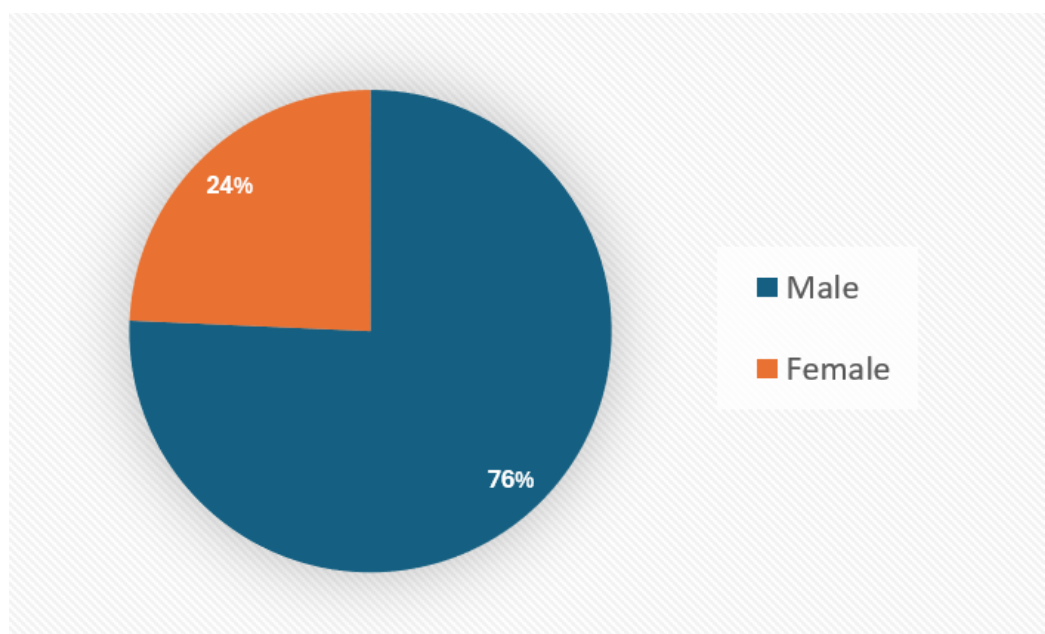


Figure 1. Gender

The data demonstrate that the difference between the sexes is large in the cohort of 107 people. Of these, 81 are male (approx. 75.7%) and 26 are female (approx. 24.3%). That means that men are approximately three times more prominent in that total than women, with men accounting for a far more substantial portion of the novel coronavirus population.

## 5.2 Age

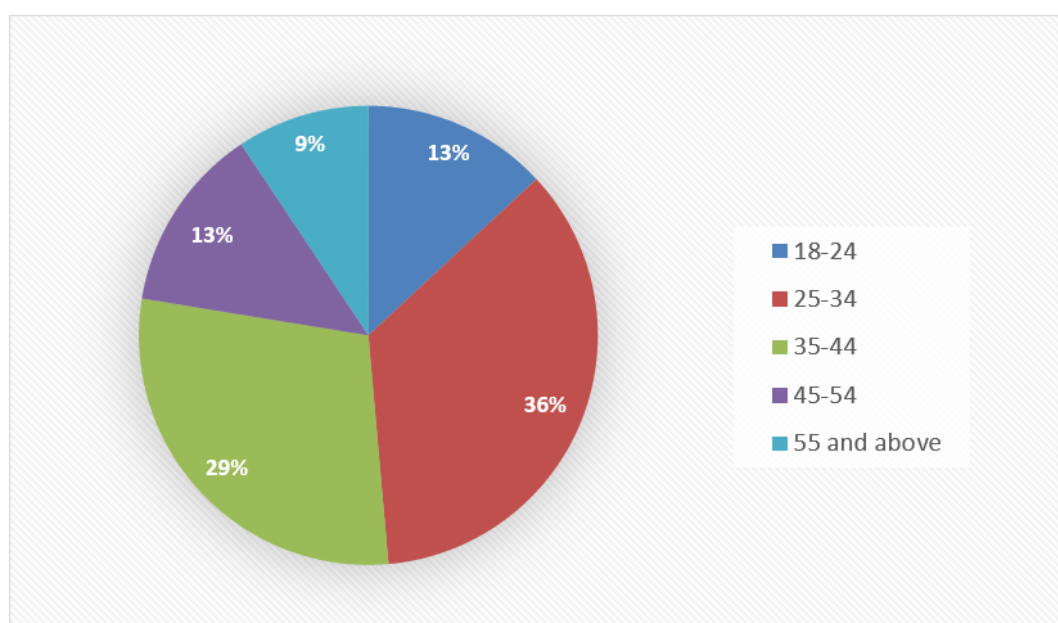


Figure 2. Age

The age distribution of the 107 members of the sample indicates they are spread out across a couple of different age groups. Most of the people belong to this age range of 25 to 34, which is 38 people (approximately 35.5%). The second-most common age group, after that, is 31 people, or about 29%, falling between the ages of 35 and 44. Between the 18-24 age group and the 45-54 age group (approximately 13.1%), there are quite similarly about 14 people in each age group. Lastly, we have the 55 and up group, which has the smallest number of members, which is just 10 people (around 9.3%). This spread shows adults who are mostly younger to middle-aged, so fewer older people are involved.

### 5.3 Income

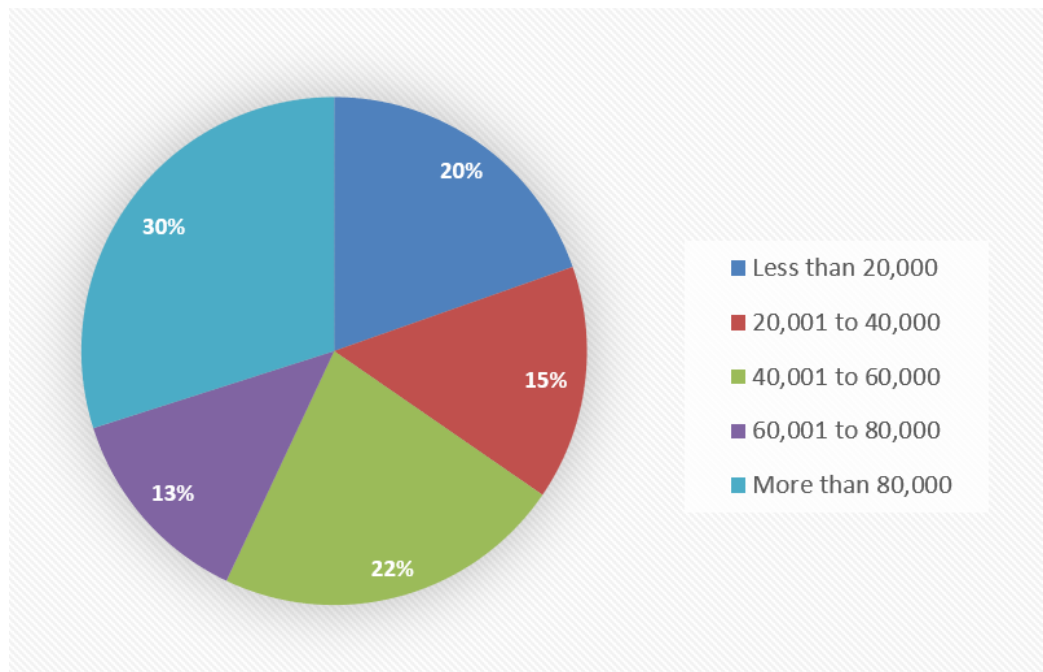


Figure 3. Income

The monthly income levels of the 107 people who comprise the group demonstrate that incomes are distributed in multiple ways. A lot of the respondents (32 people, 29.9%) earn more than 80,000 BDT, and it also indicates that the respondents fall under higher income brackets. The second most popular income range is 40,001 to 60,000 BDT (24 people, about 22.4%), and the third most popular income range is 20,001 to 40,000 BDT (16 people, about 14.9%). On the contrary, 14, that is, 13.1% of them, fall under the range of 60,001 to 80,000 BDT.

Ultimately, there are 21 people (19.6% of the sample) earning less than 20,000 BDT a month. This is a big chunk of the lower monthly earning peeps. This shows that many people make college to upper-class incomes. This might be because of the respondents to the poll or the economic situation in the area that was studied.

#### 5.4 The digital banking platform I use has an intuitive and user-friendly interface.

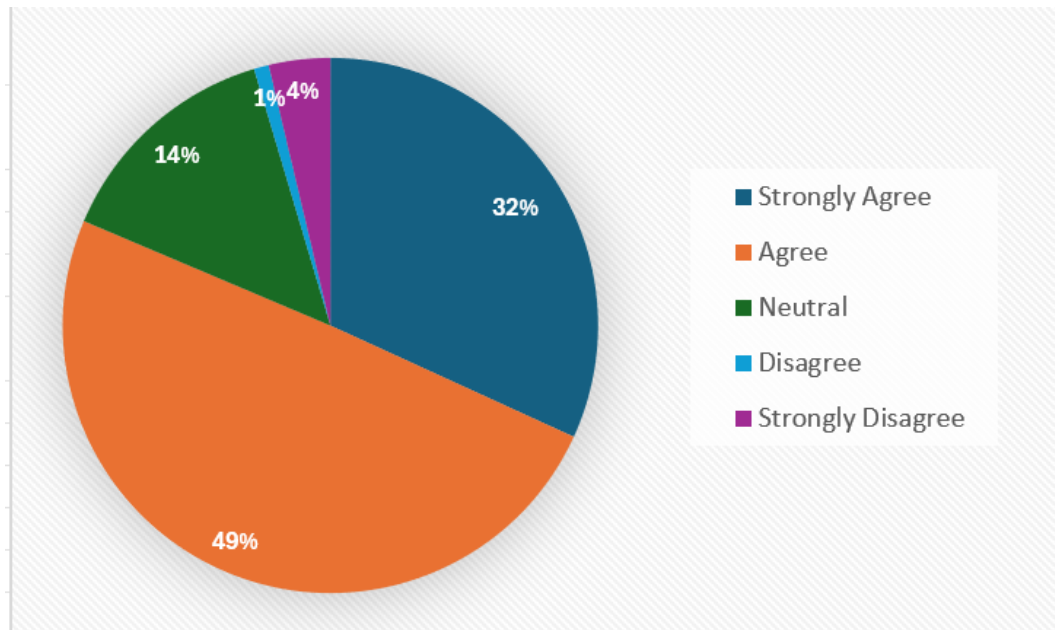


Figure 4. My digital banking platform has an intuitive and user-friendly interface.

The survey results on how people feel about digital banking platforms show that most people feel good about them, which shows that the current interface designs are working well. Approximately 49.5% of those responding in a study by Bankless Academy agreed the platforms are easy to understand and use, while an additional 31.8% strongly agreed. Putting all of this together, 87.3% of users find that digital banking interfaces are easy to use and accessible. This indicates that banks have created platforms that work well for a diverse spectrum of users, including those with varying levels of digital expertise.

Negative responses, meanwhile, were minimal: just 0.9% disagreed and 3.7% strongly disagreed. This indicates that the interface isn't generally disliked by people. While 14% of the respondents did not express any preference. This could imply that they have no strong opinion or that some aspects of usability could be improved to convert neutral users to happy ones. The results showed

that, generally, customers are satisfied with the design and functionality of the digital banking platforms of Bangladesh. That makes customers happier and gives us more opportunity to broaden the adoption of digital financial services.

### 5.5 I find digital banking services more efficient than traditional banking methods.

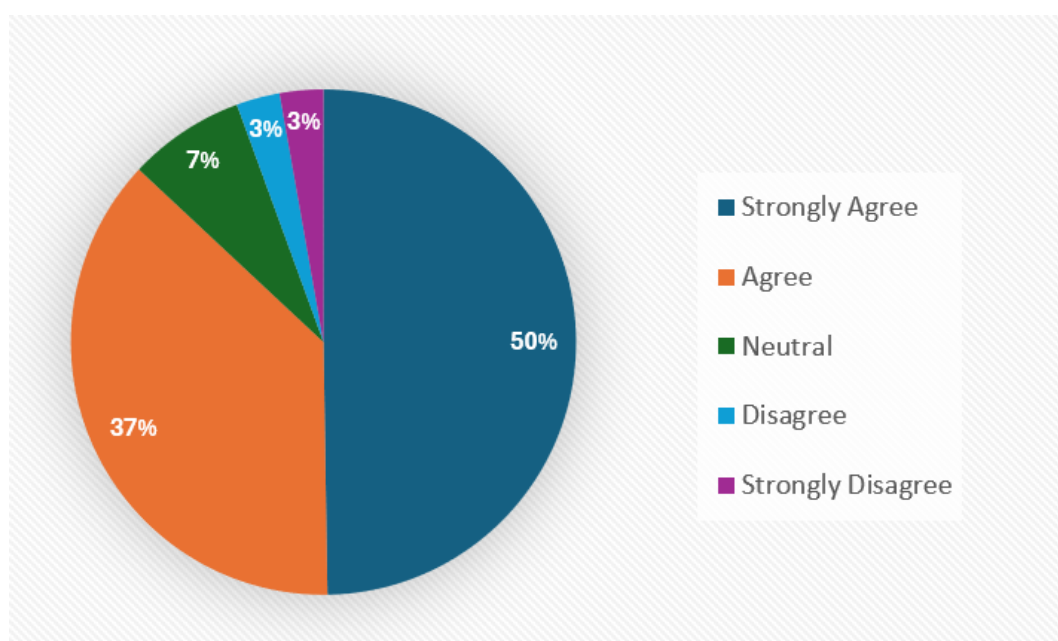


Figure 5. I find digital banking services more efficient than traditional ones.

Those who responded to the survey regarding how efficient digital banking services are compared to traditional banking made it clear that they were vehemently in favor of digital solutions. A total of 86.9% of the respondents believe that digital banking is a more effective method, including 49.5% that strongly agree and 37.4% that agree. Such massive support reveals that users notice great advantages, for example, faster transaction time, decreased paperwork, and the ability to afford services from any place at any time.

Only 2.8 percent of respondents disagreed and another 2.8 percent strongly disagreed. Clearly the respondents to the survey who are unhappy with digital

banking have their own problems with technology or simply need time to adapt to it. 7.5% of participants were still undecided, which shows that banks could improve their digital services in some ways to win over users who aren't sure yet. This shows, to a great extent, that the people of Bangladesh perceive their digital banking system as a more efficient and efficacious option than the traditional banking system.

#### 5.6 The onboarding and account registration process for digital banking was easy and hassle-free.

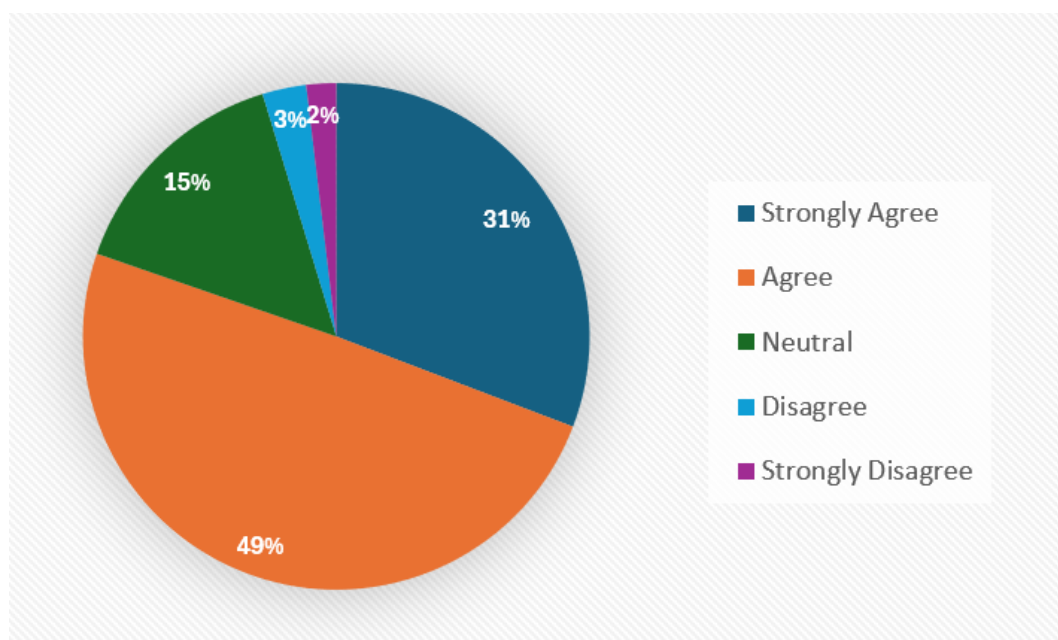


Figure 6. The onboarding and account registration process for digital banking was easy and hassle-free.

The survey expects to provide some interesting information about how users experience the digital banking account registration and onboarding process. The sign-up process was found to be easy, simple and convenient by a total of 83% of respondents (30.8% strongly agreed and 49.5% agreed). It demonstrates a

wide improvement of digital banks of Bangladesh in compacting the registration, which is one of the key components to attract new and to stick with the old users.

On the other hand, only very few had problems; only 2.8% disagreed, 1.9% with strong disagreement. This level of dissatisfaction indicates that the vast majority of barriers to entry have been removed, but every so often a technical or user-specific issue creeps in. 15% of users were lukewarm, meaning their experience wasn't bad, but it also may not have been very memorable or essential. The overall message from all of this is that most customers think that onboarding is quick and easy, and this is key to the onboarding of hundreds of thousands of users to digital banking.

#### 5.7 I feel confident in the security measures (e.g., OTP, biometrics) my digital bank provides.

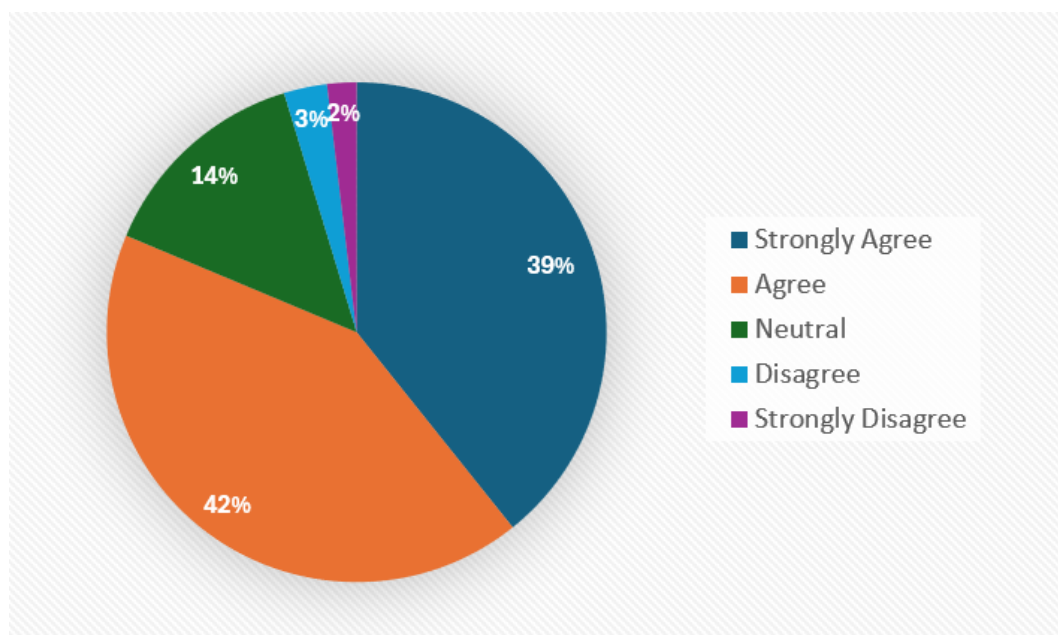


Figure 7. I feel confident in my digital bank's security measures (e.g., OTP, biometrics).

The data, which indicates how assured users are in the security offerings that digital banks present to them, shows that the majority of those responding are very trusting. It means 81.4% of people were confident that banking online had sufficient security features; 39.3% strongly agreed and 42.1% agreed. These security features included one-time passwords (OTP), biometric authentication, and other fraud prevention protocols. This high level of trust suggests that people in Bangladesh think digital banking platforms are safe and reliable places to do business with money.

On the contrary, only a tiny percentage (2.8%) said they did not worry and (1.9%) strongly disagreed. This small number demonstrates that fears about safety are not everyday, but they do exist and should not go ignored. And 14% weren't sure how they felt, which might have suggested they were not aware of or had little experience with the security features in question. In general, results indicate that even though people have high confidence generally in the safety of online banking, nothing but improving the system, identifying gaps, and raising the amount of knowledge can keep people's faith and resolve their issues.

### 5.8 I am concerned about potential fraud or data breaches in digital banking.

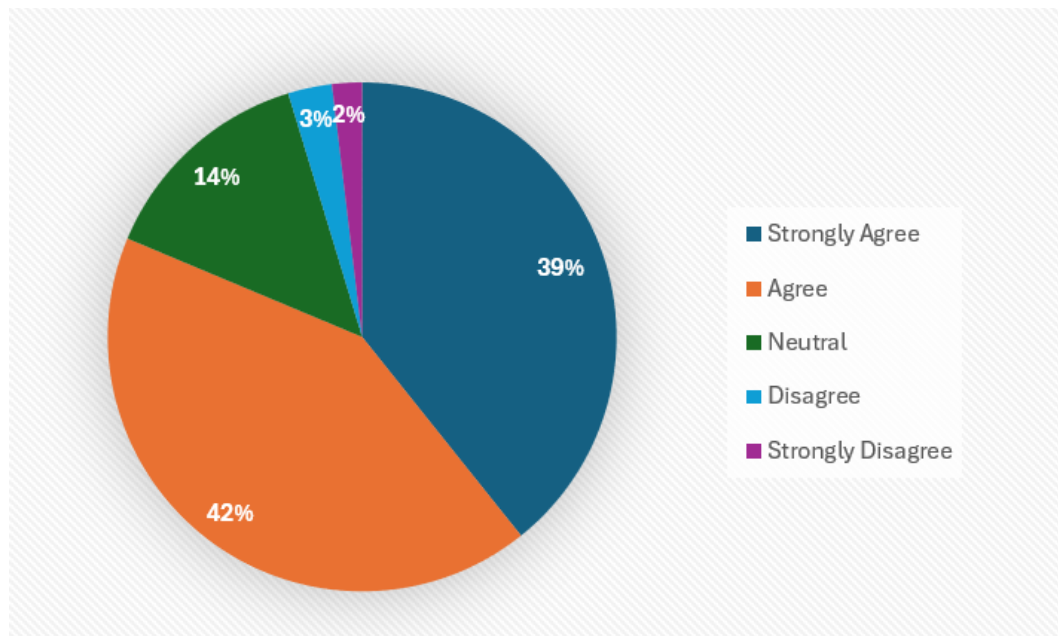


Figure 8. I am concerned about potential fraud or data breaches in digital banking.

The data reflects that many are fearful of scams, data breaches or other issues associated with digital banking. Thirty-six persons (33.6%) strongly agreed, and 44 persons (41.1%) agreed. In these words, there is an indication that plenty of people are anxious about risks to their wellbeing like fraud, data breaches and more. Six respondents (5.6%) disagreed, and three (2.8%) strongly disagreed. Which means a lot of people don't care about those questions. On the other hand, 18 respondents (16.8%) answered neither agree nor disagree. The findings suggest most users are aware of and concerned about the risks of digital banking. But there were also some users who seemed less alarmed — or unsure about just how dangerous the threats might be.

Scams and data breaches in digital banking were topics that received numerous responses and demonstrate an apparent tension in users between a desire for convenience and fear of potential security vulnerabilities. Many users were concerned about fraudulent activity and data breaches. Indicating that even though

they like how convenient and useful digital banking services are, they worry about how secure their data actually is. This concern may stem from personal experiences, news of cyberattacks, or simply an incomplete understanding of how secure systems (e.g., biometrics, encryption, one-time passwords (OTPs), etc. work.

Surprisingly, relatively few users disagreed that fraud is an issue. That can mean they trust their bank's security measures or do not yet understand fully how dangerous digital threats can be. The neutral answers indicate a group of users who, by and large, are unsure — they are neither absolutist nor cynical, perhaps because they simply haven't had enough problems or information about security.

### 5.9 Digital banking has improved my access to financial services compared to traditional banking.

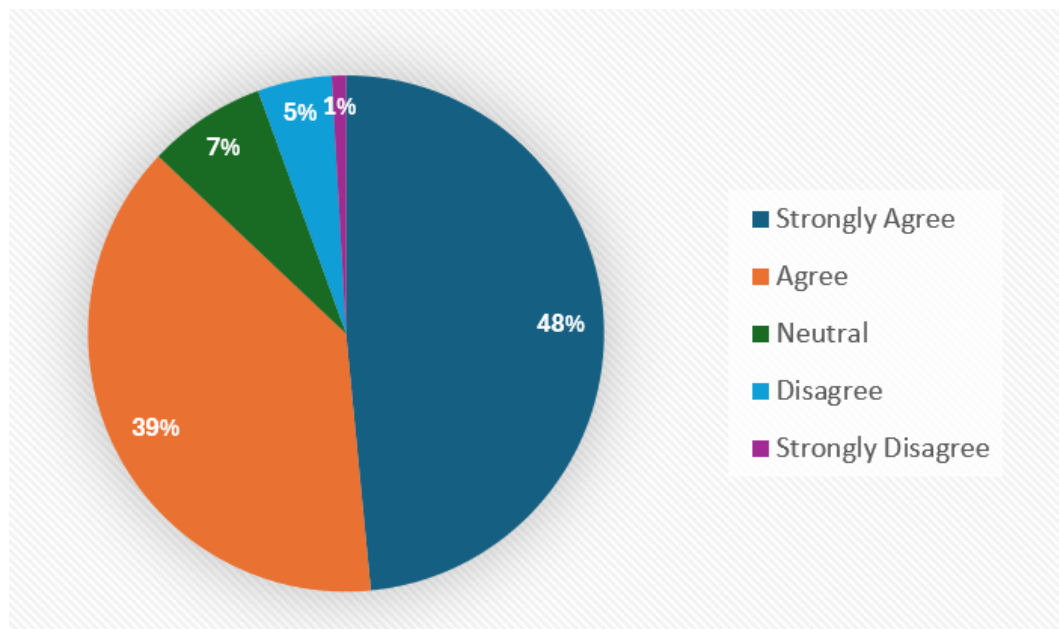


Figure 9. Digital banking has improved my access to financial services compared to traditional banking.

These numbers indicate that most users believe that digital banking has made the use of financial services much easier compared to the past. Nearly 88% of responders agreed or strongly agreed that digital banking is convenient. This reflects a major shift in how people are now utilizing the bank. Users are increasingly demanding convenience and immediate service from digital channels, design practices, and access to services through mobile apps and online, without apps, paperwork and the need to come in branch.

Less than 5% of all respondents (approximately 4.7%) disagreed or strongly disagreed. It implies technical difficulties, a lack of digital competence, or a bias towards interpersonal contact. The 7.5% of users not indicating one way or the other could be users of digital services who don't notice a huge difference in how convenient they are or are still adjusting to the digital transition.

Overall, the results show that digital banking is seen as an easy-to-use and effective alternative to traditional banking. It is a key part of improving customer experiences and giving more people access to money, especially in a country like Bangladesh, where technology is changing quickly.

**5.10 I believe digital banking has significantly contributed to financial inclusion in Bangladesh.**

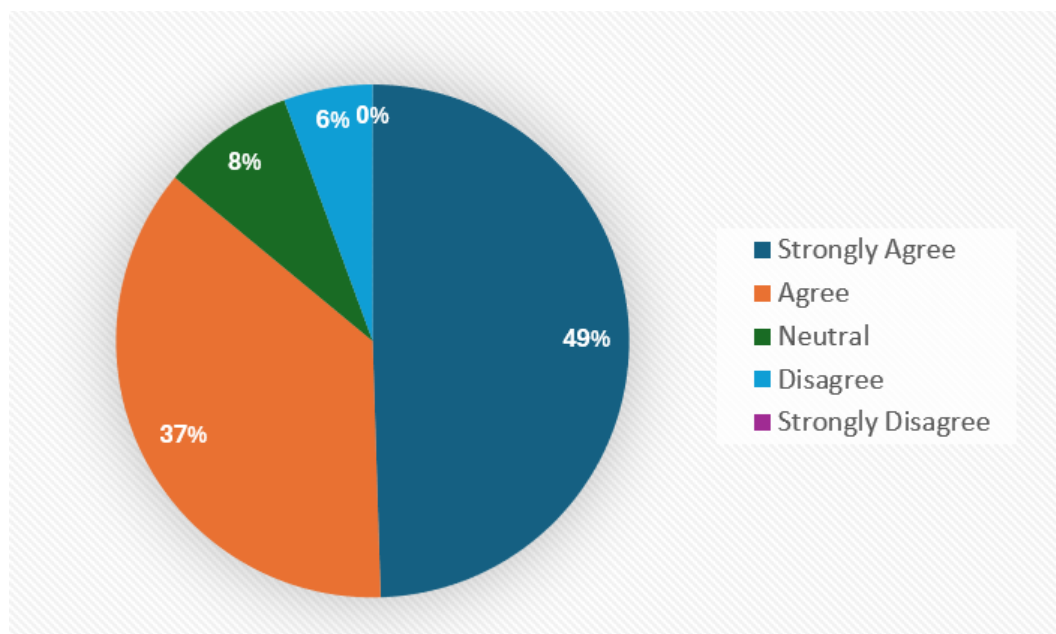


Figure 10. I believe digital banking has significantly contributed to financial inclusion in Bangladesh.

The study shows that people in Bangladesh believe digital banking is a critical part of ensuring financial inclusion. Digital platforms have made financial services easier to access, particularly for individuals previously excluded from financial services. In this instance, digital banking demonstrates how it can bridge capital gaps in financial services for people that may not have access to them otherwise, be it due to distance, a lack of infrastructure, or socio-economic issues.

The fact that only 5.6% of people disagree with the idea suggests that opposition to it is not shared. This could be because some users have had problems with limited internet access, not knowing how to use technology appropriately, or not trusting digital platforms. The 8.4% of neutral respondents may be people who

haven't seen any personal benefits from these changes or who are still switching from traditional banking.

In summary, a total of 107 respondents believe digital banking will emerge as a game-changer in the financial ecosystem of Bangladesh. This will make it simpler for more people to open bank accounts, move money, and access credit, which is a major stride towards financial inclusion and economic empowerment.

#### 5.11 The customer support provided by my digital bank is responsive and helpful.

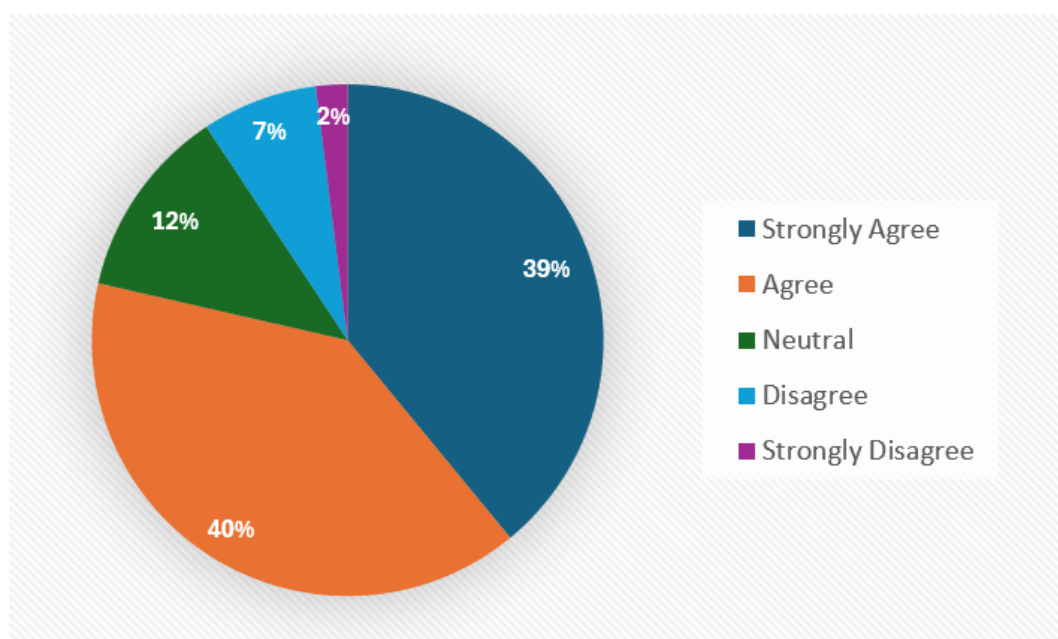


Figure 11. The customer support provided by my digital bank is responsive and helpful.

According to the data, Most people in Bangladesh are satisfied with the customer service of digital banking. 78.5% of respondents either agreed or strongly agreed that customer service is responsive and helpful at their bank. That is to say, although the great majority of customers using digital banking platforms

receive decent assistance, quick service, and useful solutions. And since high levels of satisfaction indicate that digital banks have been effective at meeting user needs in these areas, they are effectively helping users with what they need, communicating clearly, and resolving issues when they arise.

Not all users, however, feel this way. A modest but meaningful 9.3 percent were unhappy, and 12.1 percent were neutral. This might be because they had little experience with customer service or had mixed experiences. Those users may have faced delays, unhelpful responses, or unmitigated issues, indicating that digital banks have room for improvement in these areas.

The numbers indicate that the digital banking channels are mainly catering to the service requirements of customers in Bangladesh - but the overall user experience still has room for improvement. To make customers happier and earn their trust, banks can invest in training customer-service representatives more, installing AI chatbots to answer frequent questions, and spending less time resolving issues.

**5.12 I rarely experience transaction failures or technical issues while using digital banking services.**

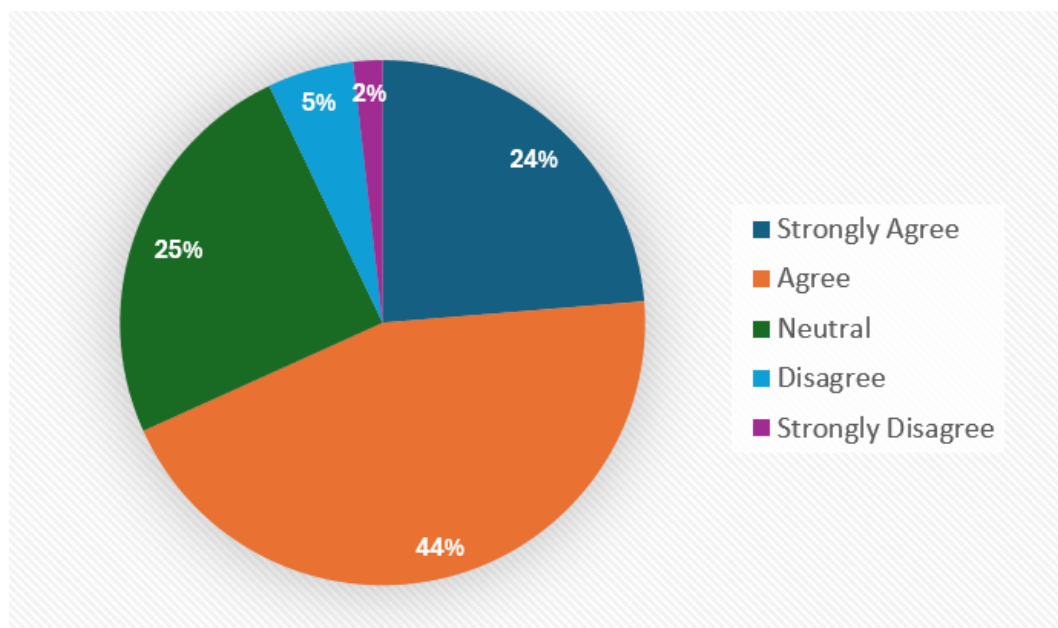


Figure 12. I rarely experience transaction failures or technical issues using digital banking services.

This study on the reliability of digital banking transactions in Bangladesh shows that the majority of users are satisfied with the system in terms of stability and speed. More than 72% of those who responded either Strongly Agreed or Agreed that they had rare problems with transactions or technical problems. This means digital banking platforms can typically provide seamless, reliable services. In Bangladesh, this means that most of the time, the infrastructure of digital banking is quite good, most transactions are not a problem.

However, there is one segment of users who have less satisfying experiences. Twenty-six percent of respondents were neutral. This may mean that they do not encounter problems frequently enough to change their worldview, but they

may have been disrupted a few times. Among those who answered, 7.5% (5.6% said they disagreed and 1.9% said they strongly disagreed) had trouble with technical problems or transactions failing. Although this percentage is small, it highlights interesting work on enhancing system reliability and troubleshooting tools as and when needed.

### 5.13 I am willing to use emerging technologies like AI-driven banking assistants or blockchain-based transactions.

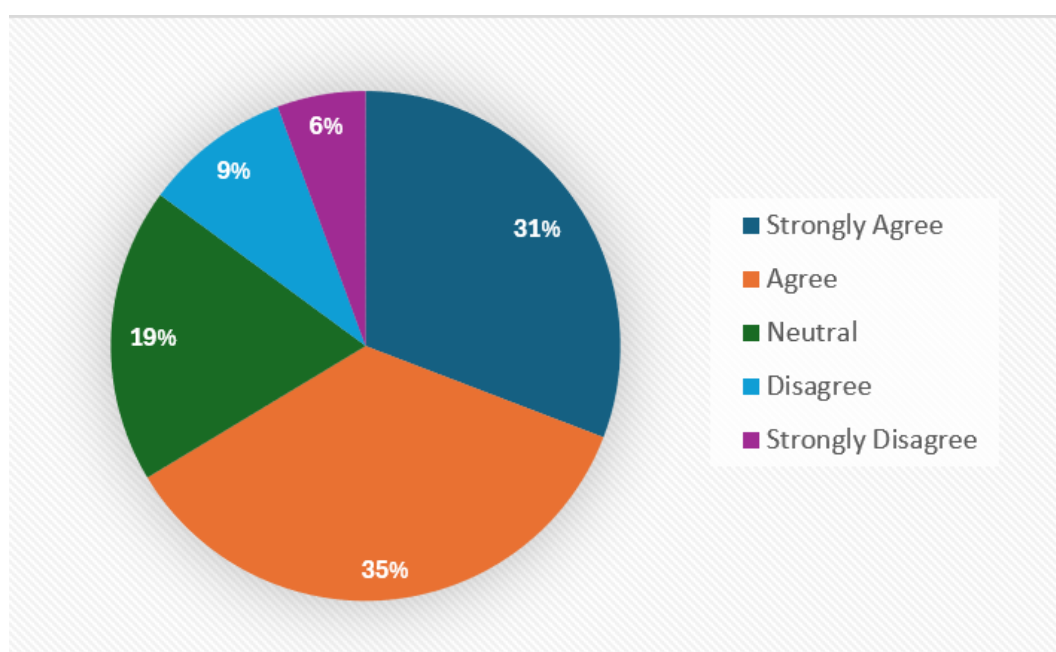


Figure 13. I am willing to use emerging technologies like AI-driven banking assistants or blockchain-based transactions.

Generally, there is a positive but cautious outlook on information regarding how ready users are to use new technologies, such as AI powered banking assistants or transactions based on blockchain. Two out of three who responded (66.3%) said they would be willing to use new technologies in the banking services provided. Strongly agreeing with the idea were 30.8% of those, and 35.5% agreed with the idea. This also indicates that Bangladeshi digital bank users are getting more comfortable with the new generation of technology that is faster, safer,

and easier to use. A better banking experience could be brought about by these technologies, making banking a lot easier and faster, which is definitely advantageous to the user.

Yet many of those who responded were uncertain about what these technologies were. Approximately 18.7% of users responded in the neutral position, which indicates that they may not be very familiar with how AI or blockchain technologies are applied in the banking industry. And a less but relevant number of persons (9.3%) disagreed and 5.6% of them strongly disagreed, which indicates reluctance to adopt these new technologies. The resistance is most likely out of concerns for safety and privacy or simply out of a hesitation to embrace change or understand what drives these new technologies.

The findings reveal that a majority of respondents in Bangladesh utilizing digital banking services have positive perceptions toward AI and blockchain technologies. But there's a long way to go for financial institutions to overcome the skepticism and anxiety that people feel. Educate Users - The key to improve usage of new technologies implemented by banks could be focused on the customer education, ensuring that new technologies are perceived as secure and reliable options and ensuring all customers have access to these innovations.

**5.14 I believe that in the next five years, digital banking will completely replace most physical banking activities.**

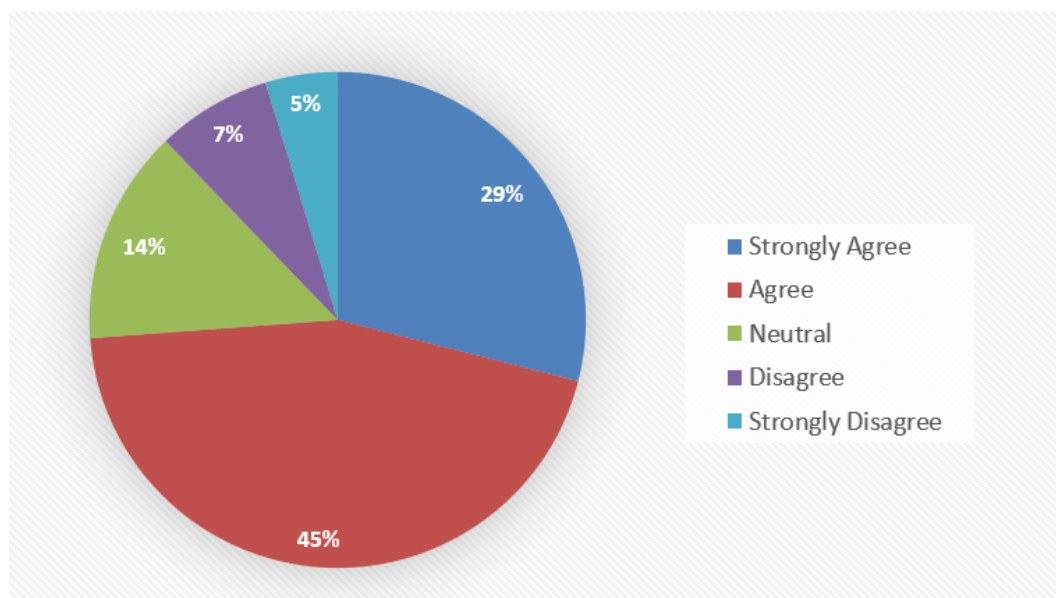


Figure 14. I believe digital banking will completely replace most physical banking activities in the next five years.

From the result, as with most people who answered (73.9%), the majority of respondents are optimistic that digital banking will make possible the replacement of the majority of in-person banking in the next 5 years. In particular, 29 % strongly agreed and 44.9% agreed with the statement that people are strongly in favor of digital banking becoming more popular. This is because more people are using digital financial services, fintech solutions have largely proliferated and people want things quick, easy, and convenient. The major changes denote digital banking as more profitable and a better option than traditional banking. This is especially true given the advancement in technology which is making it even easier to bank.

Some of the respondents, however, are still not sold on the full transition to digital banking. Some 14% of respondents were not sure. It could have been because

they were concerned on how to use new technology, the current infrastructure didn't allow, or they needed to make more complex transactions in person. A slightly smaller group, including 7.5% who disagreed and 4.7% who strongly disagreed, also was unsure whether traditional banking would be completely replaced. The things they worry about are probably things like security risks, challenges of digital accessibility, or in people in their culture prefer the traditional in-person manner of doing banking.

Overall, digital banking is expected to grow and could eventually replace traditional banking services. Nevertheless, these results highlight how critical solutions to problems like security, accessibility of technology, and user adaptation are. To make this transition become easy, nobody needs to do more to educate the users, make sure the infrastructure is in place, and guarantee that all digital banking solutions offered are a win for all customers to use.

## **5.15 Findings**

Key findings of the research bear out several key themes. These themes cover digital transformation in banking services in Bangladesh, consumer experiences, consumer attitudes, and challenges faced by consumers.

### **5.15.1 Digital Transformation and Banking Services**

The survey shows that digital banking is becoming more prevalent in Bangladesh. Most users note that it is quicker and easier than traditional methods. The first research question, 'How has digital transformation changed banking services and customer experiences in Bangladesh?' is directly addressed by this finding.

Digital banks have replaced the whole banking experience for customers. Indeed, the majority of respondents said digital banking platforms were more

straightforward and easy to use, indicating that banks have done well at providing accessible platforms. These findings indicate the availability of Bangladesh's digital banking services to all classes and income groups in the country. With digital banking systems, transfers and transactions occur much faster and in a more streamlined way than in a physical bank, where such activities can take longer.

The study also concludes that digital banking has increased money access for more people. Most digital banking users say digital banking has increased the availability of financial services to a wider audience, particularly people affected by the limitations of traditional banking. This is to by no means answering the research question unequivocally, but this shows that migration towards digital is bridging the gap between what financial access and giving services mean in Bangladeshi groups in need.

#### **5.15.2 Challenges Faced by Consumers in Digital Banking**

Despite the introduction of digital banking, there are still a number of issues consumers need to be grappling with. The second research question: "What are the different problems faced by consumers in digital banking like security concerns, transaction issues, and usability issues?"

The biggest problem identified in the study was security. Digital banks have invested in a security system for their users, which includes OTP verification, biometric authentication, etc., that covers all bases. But many respondents remain concerned about their personal and financial information's security. So, this reflects how scared global consumers are of cybercrime, fraud, and hacking in digital banking. Many users are still wary of scams, data breaches and identity theft. This indicates that despite the improvement that digital banking offers, the security risks of it still remain a major concern.

The research also finds that usability is an issue. Though many people find digital banking easy to use, others, particularly those not so tech-savvy, have yet to figure out the system. Users with interpretation inabilities can thank you for providing them with enhanced features, or you may need to dedicate more time to render support or simplistic interfaces for these users. Some respondents also said their experiences with customer service were not always positive, mentioning delays in responses or issues that were difficult to solve. This indicates that the complete migration from paper to digital is still far in the future for many users. There are issues that must be resolved before digital banking becomes universal and easy for all, and you still train on data until October 2023.

### **5.15.3 Operational Inefficiencies and Customer Trust**

“How operational inefficiencies such as system downtimes, security threats impact customer trust in digital banking? The third research question is: Although the vast majority of users say they experience few problems with either transactions or technical issues, there remains a significant percentage of respondents who say they experience systems failures or transaction delays. When it comes to managing their money online, customers are accustomed to smooth and reliable services; this makes them less willing to trust digital banking platforms. To continue growing, digital banking requires consumer trust. System outages or errors in transactions can undermine people’s trust in these platforms. Certain users leave bad experiences and claim technical issues, indicating operational issues that require refinement.

Other users said they weren’t happy with the customer service, something that can erode trust even further. If people find they cannot get help on the spot when they need it, they will have less faith in the digital banking system. That lack of trust stems directly from the fact that the system isn’t functioning as well as it ought to be. These operational issues — making digital banking platforms

more reliable, offering better customer service — need to be addressed for more customers to trust banks.

#### **5.15.4 Strategies for Improving Security, Efficiency, and Satisfaction**

The fourth research question pertains to what can be done for financial institutions to make the digital bank between the institution and its customers safer, more efficient, and more user-friendly: “What measures can be taken by financial institutions to improve the safety, efficiency, and user experience of digital banking?”

There are many actions to take to improve digital banking services. The first thing you need to tackle is security concerns. In terms of people who use digital banking services, the majority are confident that they are safe, although there is still a significant portion of the population that is scared of the cyber threats. To mitigate these risks, financial institutions can purchase high-tech security tools such as multi-factor authentication, encryption, and AI-powered fraud detection systems. And we also need to educate more users on keeping their accounts secure and identifying phishing or other fraudulent activities.

Other users said they weren't happy with the customer service, something that can erode trust even further. If people find they cannot get help on the spot when they need it, they will have less faith in the digital banking system. That lack of trust stems directly from the fact that the system isn't functioning as well as it ought to be. These operational issues — making digital banking platforms more reliable, offering better customer service — need to be addressed for more customers to trust banks.

Customer service is another area in dire need of improvement. To be fair, digital banking customer service is an area in which many users are satisfied to varying degrees, but there is still room for improvement. Given that they tend to deal

with technical issues or problems with transactions, financial institutions should focus on optimizing their customer service channels as quickly and efficiently as possible. This can be achieved by educating support staff to improve Q&A, implementing AI-powered chatbots to assist users in real time, and providing the users with easy-to-find and easily accessible support resources.

Finally, the research indicates a huge number of users are open to experimenting with emerging technologies such as AI and blockchain. This provides an avenue for financial institutions to provide better customer experiences using these newer technologies. For instance, AI-powered banking assistants can give tailored services, plan finances for users, and enhance customers' engagement with the brand as a whole. In reducing some of the fears of fraud and data breaches, blockchain technology could make transactions more transparent and secure. But banks must ensure that these new technologies are rolled out so that everyone will be able to access and use them easily. Many people remain reluctant and uncertain about adopting them for this reason.

## **6 CONCLUSION**

In conclusion, it was revealed that in Bangladesh, digital banking highly facilitated the people to access the money with social variation across the age and wealth group. We can safely say that it has drawbacks which have to be worked out in order to make it fair to the parties involved. The targeted programs that are required to rebuild the connection include educational programs for both sexes, simplified interfaces for elderly Human individuals, and affordable services for low-income groups Taking into consideration security issues and focusing on improving the clients' interactions by offering better interfaces and appropriate customers' care will increase the level of confidence and usage. To address security issues and to provide better and more appealing interfaces for the users as well as to support them closely will also contribute towards making the system trustworthy, which necessarily leads to its acceptance. Hence, carrying on the policy of bringing inclusiveness while continuing to invest the additional investment in the emergent technologies including artificial intelligence and blockchain, digital banking can serve to establish a better and more equitable financial world in Bangladesh ensuring financial services to more population.

### **6.1 Restating the Purpose of the Study**

This study aims to ascertain the current level of the popularity of digital banking in Bangladesh in terms of what kind of role it has in driving the trend of financial inclusion, as well as at the hurdles that people faced in using these services. This study aimed at introducing a framework of the influence of digital banking on the financial service access, paying attention to income, gender, and age.

### **6.2 Summary of the Research Process**

In this study, a quantitative method was used to study the digital banking experience in Bangladesh in this study. To receive help in how users perceive and

experience digital banking, a survey was sent out, and 107 of them responded. The study method sought to collect a variety of data to answer the research questions regarding access, users' satisfaction, and the thing query limit more people to how it is used.

### **6.3 Main Findings**

There were a couple of things which we learnt from survey results. The first is that the main group using digital banking is younger people and people with high income, and most people who use digital banking are pleased with their experience. But there remain huge issues for women, the elderly and those less wealthy. It also proves that there are gender specific programs that need to be put in place to lure women to sign up for digital banking. Another factor was the age of the users of digital banking. For older people the key was easier platforms and more personalized help; younger people were looking for smaller and more flexible and life style focused products.

Another important finding was that most people were worried about security and fraud with digital banking, despite being happy overall. Users noted that strong security measures are necessary, but it is also necessary to teach customers. Other issues talked about were the infrastructure and problems with it such as technical issues or failed transactions.

## **6.4 Answers to the Research Questions**

### **1. What are the key factors influencing the adoption of digital banking in Bangladesh?**

The main factors that affect the extent of use of the digital banking are age, income, and gender. Population density is also an important factor; the higher it is, the greater an interest in digital banking people showed. However, as it is observed in studies the older people and those of low income have the issues concerning usability and trust in this technology.

### **2. What challenges do users face when using digital banking services in Bangladesh?**

The policies cited by Shklovski et al. included security issues that affect the use of the platform, technical barriers where some transactions failed, and the need to have a better user interface for the elderly and women. There is a need to work with customers to keep them informed especially on issues of fraudulent activities and privacy.

### **3. How can digital banking services in Bangladesh be improved to enhance user experience and financial inclusion?**

In order to improve the key aspect of satisfying customers' needs, banks should pay more attention to making these platforms as user-friendly convenient for elderly people and those who could have low technological skills. These can range from Graphic user interface that are easy to understand and working with customer service attendants when presenting our products. In the financial sector, it is necessary to access inexpensive products and ensure the availability of the interface in several languages since a significant percentage of people improving their financial status live in rural areas or are women. Thus, strengthening the measures against threats, including introducing and enhancing two-factor identification and fraud-detection methods when using electronic financial

services, would contribute to the creation of a determined belief among people in the digital banking system.

## **6.5 Limitations of the Study**

The study offers some valuable information on digital banking usability and its relation to financial inclusion; however, there are some drawbacks as well. At 107 responses, it may not fully represent all of the bigger population of Bangladesh's rural area or people who do not have access to the digital banking service. Also, the survey centers on user experience and does not delve much into the viewpoints of financial institutions or regulatory institutions. Future research might need to develop a bigger sample size to include and incorporate qualitative information to obtain a more complete understanding of the digital banking adoption issues.

## **6.6 Recommendations**

The following are management recommendations arranged into three clusters to reflect the plans of action that must be taken by various stakeholders, which include the banks, the governmental regulators, future researchers, and developers of the system. Every single reural is based on the research evidence with reference to the problems and recommendation offering solution to those challenges.

### **6.6.1 For Banks**

#### **1. Targeting Gender Disparities in Digital Banking Adoption**

Banks need to devise particular initiatives used to persuade more women, especially in the hinterland, to use digital banking. To address this, banks can run campaigns to raise awareness regarding the need for women to bank digitally and how digital banking helps them in another

way in taking control over their money as well as via continuous access to financial services. In the same spirit, teaching women digital banking can also be a push; for example, simple, easy-to-follow online lessons can help build this confidence and include more women in banking. In rural areas, according to the study, women are less likely than men to use digital banking. Tailor-made outreach programs for women can bridge this gap and save equip women with the information necessary to thrive in digital financial services.

## **2. Youth Engagement through Specialized Digital Banking Products**

Banks should provide student-friendly products such as savings plans and fee-free accounts. Finally, banks should develop programs to educate younger consumers on how to manage their finances, focusing on the use of tools and services available digitally. That could include things like online tools, webinars and partnerships with colleges and universities to offer financial literacy programs to teach people about money. Young groups between 18 and 24 are found to be less likely to use digital banking. That translates into banks being able to serve this segment with products more tailored to their financial needs.

## **3. Enhancing Accessibility for Older Customers**

Banks need to simplify their interfaces so that older customers can use their digital services. That includes large text, simple navigation, and easy-to-understand tutorials. One way to get older people into the world of digital banking is for banks to offer in-person training sessions or online tutorials. The study notes that fewer people over the age of 55 use online banking. Simplifying interfaces and providing them with personalized assistance will allay their fears and facilitate adoption.

#### **4. Affordability for Low-Income Users**

For this, banks should make it possible to access digital banking services at a reasonably low cost e.g. (accounts carrying lowest monthly fees, and the lowest transaction charges.) Partnering with mobile financial service providers can transfer money to individuals without bank accounts. Providing multilingual customer service is another approach to ensuring that all user groups feel welcomed. Despite the fact that people with lower incomes are increasingly using digital banking, the data suggests that fewer can access it. By making it easier for this group of people to join, banks can attract more of them to use their services.

#### **5. Improving Digital Banking Usability**

Financial institutions must continue to add value to their digital banking propositions, including voice-assisted help, onboarding tutorials for new users, and customizable dashboards. Ensuring that different platforms and operating systems will be able to get along will smooth the user experience. Others complained of usability issues, especially with navigation and features. The apps will be more accessible and easier to use by more people with enhanced features.

#### **6. Streamlining Account Registration**

Banks need to simplify account opening and reduce paperwork and provide more options to provide identity, including documents over video calls. The process of registration in the mobile apps will be smooth if you provide users step-by-step instructions on how to register. Many responders indicated they had issues registering. If it's easier to sign up then fewer people will drop off and more people will be engaged.

## **7. Enhancing Security Features**

To calm people's worries about safety, banks should use high-tech safety measures like fingerprint verification, multi-factor authentication, and AI-based fraud detection systems. To find and fix vulnerabilities, penetration testing and cybersecurity audits should be done on a regular basis. Also, banks should have security education programs that teach people about phishing scams and how to use online banking safely. The safety of their digital banking transactions is still a worry for many users. More education and better security measures will help build trust and get more people to adopt.

### **6.6.2 For Government and Regulators**

#### **1. Facilitating Digital Literacy Programs**

The government must work with banks to promote digital initiatives and educate people, especially in the hinterland, about how to make the best use of these services. High awareness and adoption rates can be achieved by providing free or subsidized training. A large segment of the population, especially the elderly and women, lacks basic digital literacy. Number of digital bank accounts increases, it leads to better financial inclusion in the region.

#### **2. Establishing Cybersecurity Standards**

Relevant regulatory authorities must lay down precise cybersecurity guidelines for digital banking to standardize security practices across banks. Auditing should also be in place to check the compliance digitally

in the banking environment. Security concern is one of the most prominent hurdles; having a standard set of rules will improve the ecosystem, making it work.

### **3. Creating Incentives for Rural Adoption**

The government can also encourage banks to provide digital banking in rural and underdeveloped areas in order to do so by providing tax breaks or subsidies for banks. These incentives help to encourage banks to spend on outreach and set up infrastructure. However, the report indicates that adoption rates of digital banking in rural areas are lower and targeted incentives can help to reach more customers.

#### **6.6.3 For Future Research and System Developers**

##### **1. Exploring Blockchain for Digital Banking**

Future studies could address the usage of blockchain technology within the world of digital banking in order to improve security, transparency, and efficiency. Developers can get creative in finding new ways to use blockchain to enable faster, more secure cross-border transactions. Update Users were interested in hearing about blockchain-based solutions and said there is potential for broader adoption if the benefits of the technology are effectively communicated and demonstrated.

##### **2. User-Centered Design for Digital Banking**

System developers need to follow a user-centered design to improve digital banking applications, especially for older adults and less tech-savvy users. Thus, we will test and iterate continuously with mixed demographic groups to fine-tune features and functionality. Usability challenges are among the most impactful, especially for older customers, according to

the research data. A user-centered design can also alleviate barriers and optimize engagement.

### **3. Advancing AI and Personalization in Banking Services**

Further research needs to understand how the use of AI could affect the delivery of customized banking solutions, like personalized financial advice and at-a-glance predictive analytics, to clients. If developers use AI-powered assistants, they can offer instant support and guide users through complex financial decisions. Many of these survey respondents expressed excitement about AI-powered banking features, meaning that banks have an opportunity to exploit AI to provide customers with a tailor-made experience and so drive customer satisfaction.

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## APPENDICES

### Questionnaire of This Thesis:

1. Gender

- Male
- Female

2. Age Group

- 18-24
- 25-34
- 35-44
- 45-54
- 55 and above

3. Monthly Income Level (in BDT)

- Below 20,000
- 20,001-40,000
- 40,001-60,000
- 60,001 – 80,000
- Above 80,000

4. The digital banking platform I use has an intuitive and user-friendly interface.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

5. I find digital banking services more efficient than traditional banking methods.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

6. The onboarding and account registration process for digital banking was easy and hassle-free.
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
7. I feel confident in the security measures (e.g., OTP, biometrics) provided by my digital bank.
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
8. I am concerned about potential fraud or data breaches in digital banking.
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
9. Digital banking has improved my access to financial services compared to traditional banking.
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
10. I believe digital banking has significantly contributed to financial inclusion in Bangladesh.
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree

11. The customer support provided by my digital bank is responsive and helpful.

1.  Strongly disagree
2.  Disagree
3.  Neutral
4.  Agree
5.  Strongly agree

12. I rarely experience transaction failures or technical issues while using digital banking services.

1.  Strongly disagree
2.  Disagree
3.  Neutral
4.  Agree
5.  Strongly agree

13. I am willing to use emerging technologies like AI-driven banking assistants or blockchain-based transactions.

1.  Strongly disagree
2.  Disagree
3.  Neutral
4.  Agree
5.  Strongly agree

14. I believe that in the next five years, digital banking will completely replace most physical banking activities.

1.  Strongly disagree
2.  Disagree
3.  Neutral
4.  Agree
5.  Strongly agree