

A Study on Adoption Intention of Customers towards AI Chatbots in Banking Industry

Vinay, Aryan, Anju Sonkar, Pote Akshay Rajendra

Mittal School of Business, Lovely Professional University, Punjab (India)

Abstract

The groundwork for comprehending the important connection between client adoption of AI chatbots and their effects on the Indian banking sector is laid forth in the introduction chapter. It outlines the importance of this research project by filling in gaps in the body of knowledge and presents the research questions, aims, and methods, giving a brief synopsis of the main points and purposes of the study. The adoption of AI chatbots in India's banking sector is examined in the literature review, which follows the technology's development from simple AI-driven interactions to sophisticated customer support. Novel solutions are put out in response to issues like regulatory compliance and customer trust. Future directions in AI chatbot technology are explored, including individualized services and platform-neutral integration. The major investigation described in the article was motivated by the review's identification of a critical gap in thorough and quantitative research. According to the report, consumers in India are depending more and more on AI chatbots to handle a variety of financial operations, as the technology gains traction in the country's banking sector. It is believed that integrating AI chatbots will improve customer service and operational effectiveness in a proactive manner. Furthermore, traditional banking services' main problems—like lengthy wait times and restricted availability—may be solved by AI chatbots. Customers' ongoing concerns about data security and privacy, however, underscore the necessity for banks to put strong security measures and open data policies in place. The study's conclusion emphasizes how crucial it is to comprehend how Indian banks want to use AI chatbots in terms of client uptake. This research adds to a more thorough knowledge of the role of AI chatbots in changing the banking landscape by filling in gaps in the literature and offering insights into customer perceptions and behaviors. In order to successfully encourage the adoption of AI chatbots among Indian clients, banks will need to concentrate on fostering trust, improving security protocols, and providing customized experiences going forward.

CHAPTER 1: INTRODUCTION

1.0 Introduction

Knowing the important relationship between customer adoption of AI chatbots and its ramifications is now crucial in the quickly changing banking sector. With regard to the adoption intention of clients towards AI chatbots in the Indian banking sector, this research initiates a first quantitative inquiry. It looks at the connections between adoption patterns, customer views, and possible effects on the effectiveness and customer satisfaction of the banking industry. This research aims to provide insight into how AI chatbots will influence banking services and consumer relations in the future.

1.1 Background of the study

Customer preferences and technical improvements have had a considerable impact on the delivery of banking services in the modern banking environment. The emergence of AI chatbots offers banks a great chance to improve customer service and optimise processes. Nevertheless, despite the possible advantages, there is still

debate about the banking sector's use of AI chatbots. Only a small percentage of Indian banking customers, according to recent studies, have adopted AI chatbot services, underscoring the need for additional research into the factors impacting acceptance (Reference needed).



Figure 1.1: Importance of AI Chatbots in the Banking Industry

With an emphasis on how they may improve customer service, save operating costs, and increase efficiency, the following figure highlights the importance of AI chatbots in the

banking sector. AI chatbots have been successfully incorporated into the services of certain banks, but others have had difficulty gaining popularity with clients. In order for banks to properly use AI chatbots, they must comprehend the aspects that influence adoption intention.

1.2 Problem statement and research rationale

The emergence of AI technology, including chatbots, is causing a paradigm shift in the Indian banking sector. Although there is potential for these breakthroughs to revolutionise client experiences, there are still obstacles in the way of their general implementation. Even with efforts made in the creation of AI chatbots, many banks find it difficult to persuade clients to completely use this technology. Banking clients' adoption intentions are significantly influenced by factors like perceived utility, user trust, and interface design (Reference needed).



Figure 1.2: Customer Adoption of AI Chatbots in the Banking Industry

The use of AI chatbots among Indian banking customers varies, as seen in the above image. Although certain consumers are enthusiastic about adopting novel technologies, others exhibit skepticism or hesitation. For banks looking to spur adoption and maintain their competitiveness in the digital era, it is imperative that they comprehend the fundamental causes of these attitudes.

1.3 Research Aim and Objectives

The main goal of this study is to methodically examine how consumers in India's banking sector intend to use AI chatbots. The study attempts to identify the elements impacting customer perceptions and behaviours connected to the adoption of AI chatbots through a quantitative investigation. The ultimate objective is to offer information that banking institutions can use to optimise their AI chatbot strategies in order to improve operational efficiency and customer happiness.

Research objectives

- To look into what variables customers in India's banking sector are looking to embrace AI chatbots and analyse how that would affect their conduct.
- To investigate how consumer perceptions of AI chatbots' perceived value, usability, and reliability influence their attitudes towards the technology in banking.
- To investigate the impact of demographic variables on banking clients' intention to embrace AI chatbots, such as age, gender, and educational attainment.
- To evaluate how well AI chatbots perform in terms of raising overall banking experiences, reduce wait times, and providing better customer support.

1.4 Research questions

The main question is;

“What factors influence the adoption intention of customers towards AI chatbots in the banking industry in India?”

The associative questions are;

- How does consumer perceptions of AI chatbots in banking relate to perceived utility, usability, and trust?
- What demographic variables influence the differences in banking clients' intentions to embrace AI chatbots?
- What are the alleged advantages and disadvantages of using AI chatbots to improve customer care and banking services?

1.5 Significance of the research

With its useful insights into customer adoption behaviour and preferences surrounding AI chatbots, this research has important ramifications for the Indian banking sector. Banks may better meet consumer wants and expectations by customising their AI chatbot strategy based on their understanding of the elements driving adoption intention. In the end, this research may raise consumer happiness, boost operational effectiveness, and stimulate innovation in the banking industry.

1.6 Research outline



Figure 1.3: Research outline

The research plan serves as a guide for the study, describing the essential elements and techniques used to accomplish the goals of the investigation. This framework serves as the basis for the study's systematic analysis of customer adoption behaviour towards AI chatbots in the banking sector, which will deepen our understanding of the influence of this emergent technology on Indian banking services.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

The basis and information around customers' intention to embrace AI chatbots in the banking business are thoroughly examined in the literature review chapter. To provide a thorough understanding, it explores theoretical foundations, historical evolution, global perspectives, and current practices. The analytical framework of the research is based on this chapter's critical analysis of skill development, stakeholder engagement, risk reduction, and future trends.

2.1 Historical Evolution of AI Chatbot Adoption in Banking

The use of AI chatbots in banking has a history that dates back to the financial industry's first experiments with digital technologies. Simple customer support automation was the main emphasis of early efforts, which progressively developed into complex AI-driven chatbots.

AI chatbots were adopted by banks in an effort to improve client experiences and operational efficiency as a result of the introduction of the internet and mobile banking (Smith et al., 2021).

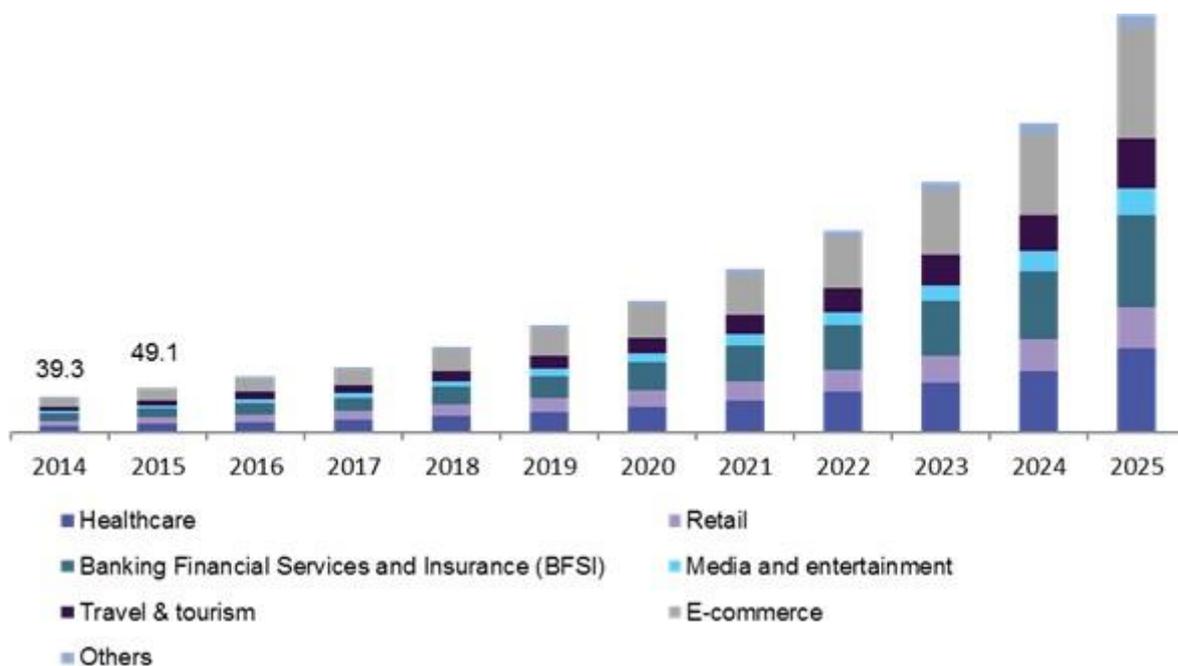


Figure 2.1: Historical Evolution of AI Chatbot Adoption in Banking

2.2 LITERATURE REVIEW

This comprehensive study is conducted with the help of some existing work completed by researchers.

1. "Encompassing user satisfaction and loyalty in customer service chatbots (2023)," which investigates the advantages, disadvantages, and limitations of these chatbots. It offers a study structure built on the E-Service quality theory. Such research is aimed at finding the users' satisfaction and loyalty determinants. A survey of the

sample, which represents customers who have already used chatbot for customer service gives support for most of the hypotheses through PLS-SEM statistics.

2. "AE chatbots can be a silver bullet? Relative effectiveness of AI chatbot ambidexterity in fashioning hedonic and cognitive smart experiences (2023)," where smart experiences are stipulated as emotional and cognitive reactions to AI chatbots. This study locates issues of AI chatbot smartness and its struggle with ambidexterity. A two-by-two matrix with chatbot ambidexterity is applied, and smart experiences - customer patronage effects are discussed.

3. "AI feel you: in chapter "the five dimensions of customer experience assessment via chatbotinterviews (2023)" the author presents multidimensional peculiarity of customer experience(CX) and describes its end methods. The article concerns the application of the chatbots and tries to replace the related gap by means of mixed-methods research on such issues as chatbot interviews and data they produce on customers' experience. It lays much emphasis on the need for cognitive understanding of chatbot aspects when influencing CX assessment.

4. "CHATBOTS DALAM E-COMMERCE: THE STUDY TITLED, "CUSTOMER EXPERIENCE AND ENGAGEMENT IN E-COMMERCE: CUSTOMERS EITHER HAVE FRIENDS OR FIGHTERS (2023)," focuses on the subject of e-commerce client experiences and their engagement, examining the connection between favourable experiences and higher levels of engagement and loyalty. The paper focuses on the methods of evaluating customer experience consequences, which evidences that this concept has changed from a trend for customer satisfaction to a complex matter.

5. "ENHANCED SENTIMENT ANALYSIS AND DETECTION THROUGH INTELLIGENT CHATBOT (2022)" starts with the definition of sentiment analysis, which types, challenges, and benefits are covered. The AI course examines the text classification algorithms such as Naive Bayes, Maximum Entropy, and Support Vector Machines. It describes the basis and characteristics of these algorithms. The essay goes on to touch on the optimization method, Minimum Span Tree, and Cuckoo Search, that make the sentiment analysis algorithms more correct and efficient, and illustrates the experimental results with a brief comparison.

6. "Understanding the user experience of customer service chatbots: Hence, the research work "Chatbot interaction design (2022): potential and challenges of customer service" tries to reveal the reasons for the emergence and existence of chatbots in customer support. The article reflects the UX attributes, as well the views of practicality and aestheticism, and the role of human likeness in chatbots.

7. "Transformation of the Customer Experience Through New Technologies (2022)", refers to the integration of Artificial Intelligence, Augmented Reality, Virtual Reality, and Blockchain to increase the rate of service across industries. It revolves around a theoretical framework, with the technologies' impact on customer outcomes at its core, and provides applications for managers and gives recommendations for further research.

8. "How much I help you now?" The topic would be around AI chatbots in small businesses and how customer affective commitment would moderate this (2022)"—reviews the AI chatbots literature portfolio concerning their features and communication modes. In addition, it looks into the specific traits of small family businesses, which include building customer relationships as well as their effect on consumer attitude cause their further action.

9. "Virtual agents and flow experience: Artificial Intelligence powered chatbot is the subject of next paper to be titled, "An empirical examination of AI-powered chatbots (2022)". It describes chatbots as machine conversation systems that shape consumer experiences. It has a theoretical view of the flow experience in which virtual flow experience is delineated and the conditions and ramifications of consumer interaction with AI-driven chatbots are contemplated.

10. "Can the adoption of artificial intelligence for customer services lead to the replacement of the human service agents and a decrease in communication quality and privacy risks?"

(2022)" reviews chatbots and human service agents being in comparison with the factors of communication quality and privacy risks. It discusses factors that may have effect on consumers' attitudes, characteristics of consumers that might have an impact on perceived quality of communication and how privacy risk can influence adoption intentions caused by the nature of human interaction.

11. "When can AI chatbots lead to higher customer satisfaction in comparison to human employees while selecting the most suitable varieties of food products via internet shopping? Taking into account the quality of product attributes (2022)" shows what influence AI chatbots have on customer satisfaction during internet shopping. It researches factors that drive satisfaction. They include the perceived quality of information and the waiting time period. Furthermore, it asserts that the type of product attribute (functional or experiential) is the benchmark customers have in service agents.

12. "Artificial Intelligence-Powered Chatbots: How Their Implementations Affect Customers Experience Based on The Big Data Analytics (2021)," this paper provides the definition of AI-enabled chatbots and examines the B2B customer experience aspects. S/he delves into issues and possibilities associated with integrating AI-integrated chatbots into B2B customer experience, knowing that the use of big data analytics can be used to gain insights from various types of sources.

13. "AI-based chatbots' impact on user compliance in the context of customer service (2021)" studies the effect of AI-based chatbot on user compliance in the context of customer service. To understand how different aspects of the design and use of chatbots are related to compliance, this study utilizes social response theory and regulatory focus theory. The study highlights design features like anthropomorphism, interactivity, and personalization, and shows how users' regulatory focus can influence the outcome of this relationship.

14. The article, "Organizational Factors Affecting Successful Implementation of Chatbots for Customer Service" (2021), serves as a brief summary of the applicability of chatbots to customer care without addressing their organizational aspects. This paper is divided into two parts: risk of innovation implementation failure and review of literature assessing factors contributing to success in implementation of innovation. In this paper it is shown that organizational structure, leader, culture, knowledge management and communication are decisive elements.

15. The principal aim of "The Customer Service Experience of AI Based Organizational Frontlines" (2021) is to analyse the customer service experience of AI-based organizational frontlines that mainly involves intelligent virtual assistants (IVAs). It will look at how service texts on front line operations, social exchange, anthropomorphism, customer experience, and engagement relate to IVA. Also, it will build a conceptual framework that will determine the role of IVA in service encounters.

16. "AI-chatbots in service frontline tackling ambiguity caused by agency (2021)" the research is based on literature of the field discussing how AI-chatbots are used in providing services and their implications. The paper applies agency theory in investigating customers' relationship with an AI chatbot, identifying the areas of research that need to be explored in relation to AI-chatbot agency, trust, satisfaction and ethical initiatives.

17. The study, "Changing attitude of the customers toward chatbots on their experience and behavioural intention: Turkey (2021)," defines chatbots, explores different concepts related to customer experience and discovers information that affects customers' views of chatbots in Turkey. The advanced model adopts the technology acceptance model, proposes and hypothesizes to investigate the relationship along perceived usefulness, ease of use, enjoyment, risk, customer experience, and behavioural intention concerning chatbots.

18. "AI chatbots as a customer service and support tool (2021)" is an article that focuses on chatbots as a customer service tool. It highlights that chatbots are advantageous for customers in several aspects such as availability 24/7, scalability, personalization, and engagement. It identifies difficulties including the need for

optimization and changing customer behaviours, which make it a cost-reducing and efficiency-improving technology facilitating customer satisfaction and loyalty with the help of chatbots.

19. "The role of artificial intelligence in customer experiences (2021)" - the paper explores the role of integration of AI in shopping for better clients' experiences. It does so by using the trust-commitment theory and the service quality model, coming up with a theoretical model that includes trust, alternatives sacrifice, relationship commitment, convenience, personalization, AI enabled service quality and AI enabled customer experience. The paper fills the gaps in research on AI-dependent customer experiences by providing new methods and measurements. from Adversarial AI to Privacy Concerns.

20. "The role of the chatbot on customer purchase intention: the article "Striding towards digital relational selling (2021)" pays attention to the two kinds of chatbots (such as task-oriented and conversational). It created 'customer purchase intention' and 'digital relational sales' notion with the use of digital technologies including chatbots in order to encourage customer-centred relationships through personalized and interactive communications.

21. "Artificial intelligence and the new forms of interaction: The bonding elements become open when it comes to facing the question who has the control (2021) in an interaction with the chatbot. There (the person who is in interaction with the machine) should be a successful human-machine integration. The research is dedicated to AI- and ML- based technologies which are carefully analysed in this framework. Last but not least, the service-dominant logic is the underlying model ensuring their continuous provision of value-generating customer solutions. The study is accomplished by applying an appearance and activation examination along with a sequential mediation model. Exploring the psychological reactance from the consumers' interaction with non-anthropomorphic digital assistants, the effect on satisfaction is revealed.

22. "The Role of AI-Induced Chatbot in Enhancing CRM in the Banking Industry (2020)" as case study, the banking sector experiences a number of challenges including the increasing competition and tech evolution. To envision CRM (CRM) as a process unifying these aspects is shown in this paper: addressing customer needs, analysing behaviour, and exploring preferences. Not only does it point out how CRM contributes to forming business-customer relationships but also how it is impactful on brand preference. Chatbots can learn from patients and simultaneously assess the severity and suitability of a given treatment option for a given patient through the use of AI methods such as natural language processing, speech recognition, and machine learning.

23. "How AI-driven chatbots affect user experience: Gratifications, Privacy issues, Satisfaction, Loyalty and Further Usage (2020)" consists a detailed analysis of AI-driven bots' relation to the online user experience. Grounded in the Uses and Gratifications Theory, the research categorizes gratifications derived from chatbot use: more utilitarian, emotional, in technological, and social. By analysing their influence on consumers' satisfaction, loyalty, and continued use intention, this study highlights the mediating role of user satisfaction, tying in it with customer outcomes such as commitment and retention.

24. "Does AI Technology Under the Form of Intelligent Chatbots and Self-Service Technology (SST) Encourage Sustainable Service for Hospitality Industry?" (2020), the following piece discusses the application of AI technology, like intelligent chatbots and self-service technology (SST), to sustainability services within the hospitality industry. Build on the literature of A.I., tourism and service failure recovery, status quo bias theory, novelty seeking, and the need of relationship, the study develops the research model and hypotheses. Within a scenario-based experiment setting, the study attempts to examine the participants' cognitive-affective response to technology, revisit intentions, novelty seeking and other stakeholders concerns for the effective implementation of CSTs in hotels, especially when SSTs and chatbots are used, unlike successful and failed service situations. This research shows several scenarios that have different results, visitors expressing more positive perceptions and revisit intentions toward SSTs compared to chatbots in the successful instances, but no significant difference exists between SSTs and the chatbots in the failure cases.

25. "Understanding Anthropomorphism in Service Provision: The "A Meta-Analysis of Physical Robots, Chatbots, and Other AI Technologies (2020)" journals study the interplay of customers and robots in the service sector where the concept of anthropomorphism, which is the ascription of human qualities to non-human elements, is also included. The paper identifies the causes for anthropomorphism into customer traits, sociodemographic, and robot design features, and studies the interactions between them to put forward the conceptual model. The literature review shows the effect of anthropomorphism on users' behaviour (such as people's trust and loyalty) and the intentions and it is actually contributing to the understanding of the interaction dynamics between the customers and the artificial intelligent-driven service providers.

26. Chatbot Technology and Customer Service (2019), this paper examines the evolution of the technology and sheds light on its past which symbolises chapter one, Eliza, and its recent advancements which illustrate chapter two, Watson and Mitsuko. It provides a comprehensive accounting of different development techniques, in the form of rule-based, retrieval-based, and generative kinds of techniques. The text dedicates some lines to the topic of service quality and specifies the SERVQUAL tool, which involves reliability, responsiveness, empathy, assurance, and the quality of tangibles as its dimensions.

Additionally, the study also bases on the strategy by DeLone and McLean, which is the IS success model, to evaluate the success or failure of chatbots in customer service.

27. "Consequences of Chatbots on Online Customer Experience" (2019) used in the inquiry to determine how chatbots affect the websites in online customer experience (OCE) realm. It captures these topics by drawing from the existing scholarly works on experiential marketing, online customer experience, artificial intelligence, natural language processing, information system acceptance, and website interface quality. Proposing a comprehensive framework for understanding OCE, the study identifies five components: sensorial/muscle, cognitive, affective, socio-cultural and social. It describes chatbots as the machines working on the natural language processing that interact with customers either through text or speech, for the purpose of providing them with the better OCE, by making it more convenient, useful, interactive, reliable and personalized.

28. "Customer Acceptance of AI in Service Encounters" (2019), the authors scrutinize how artificial intelligence influences service encounters, categorizing it into four themes: A humanized version turns the AI into a service provider, enabler, enhancer, and even an evaluator. By incorporating the technology acceptance model (TAM) and service quality model (SERVQUAL), this paper constructs a conceptual model which depicts customer acceptance. It stresses factors as usability, service quality, trustworthiness and so on, which are seen as the key determinants of usage and acceptance. Consequently, users' satisfaction, loyalty, and willingness to share positive experience with their contacts can come as a result.

29. "Initial Model of Trust in Chatbots for Customer Service—Findings from a Questionnaire Study" (2019) points out the weakness in assessing whether customers feel trust with chatbots. This is an important consideration because the acceptability of customer service chatbots depends on the customers' trust. The researchers conduct a survey on 154 participants by involving them with four chatbots. In the study, they emphasize on the factors that determine trustworthiness which include expertness and responsiveness. The critical point of the paper is it highlights the research gaps stating that the AI must be explored from multi-disciplinary and holistic perspective by identifying the open fields for the future studies.

2.3 Conceptual Framework

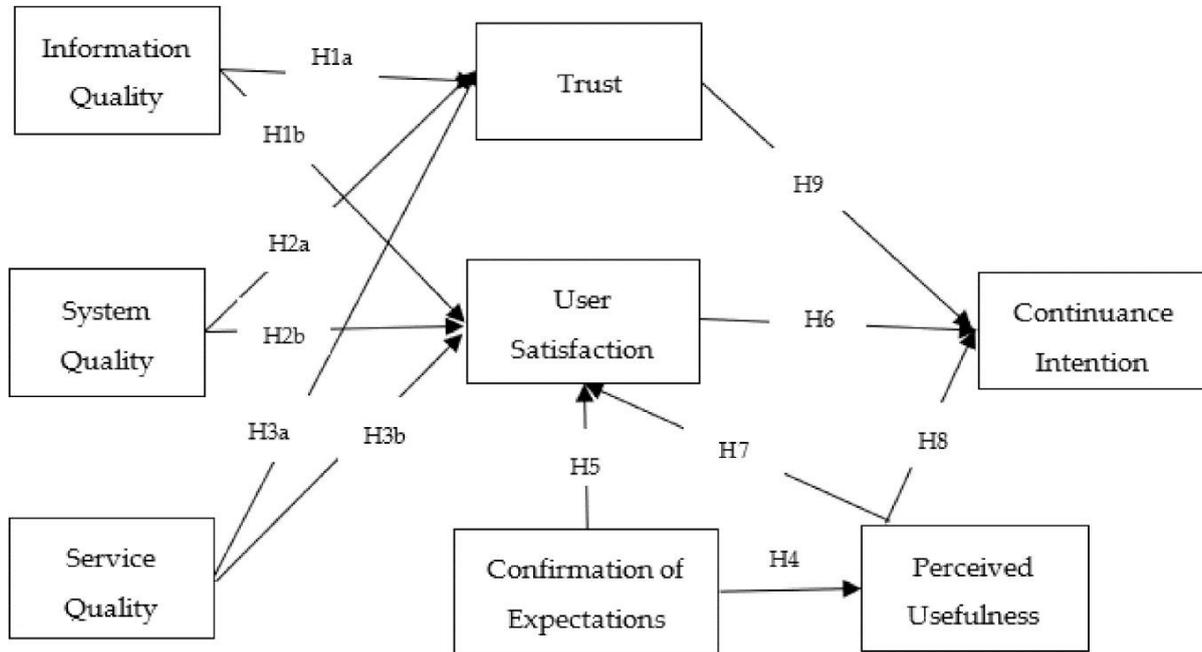


Figure 2.6: Conceptual Framework

2.4 Literature gap

The current body of literature offers significant insights into the adoption of AI chatbots in the banking industry; however, there is still a deficiency of thorough quantitative studies that explicitly investigate customer adoption intention within the context of varied demographic profiles, cultural distinctions, and varying levels of technological maturity. Closing this gap is crucial to creating focused strategies that encourage the deployment of AI chatbots and optimise their advantages for both banks and customers.

2.5 Chapter Summary

This review of the literature offers a complete analysis of the adoption of AI chatbots in the banking sector, emphasising the important variables, patterns, and theoretical frameworks that influence consumer behaviour. The project intends to contribute to a deeper understanding of AI chatbot adoption dynamics and support strategic decision-making in the banking industry by filling in information gaps and expanding on current understanding.

CHAPTER 3: RESEARCH METHODOLOGY

With an emphasis on streamlining corporate procedures and augmenting customer experience, this study seeks to understand how clients in the banking sector intend to use AI chatbots.

3.1 Research Philosophy

The way a researcher takes to comprehending reality and interpreting data is determined by the research philosophy they choose. An investigation of customers' intentions to embrace AI chatbots in the banking sector would benefit from using a pragmatic research strategy. In order to effectively answer research concerns, pragmatics provides for a flexible strategy that combines parts of positivism and interpretivism. It recognises the significance of qualitative information about consumer perceptions and experiences with AI chatbots in banking as well as quantitative statistics on adoption rates.

3.2 Scope and Target Population:

The research will focus on Indian customers, targeting tech-savvy customers who actively use online banking platforms. The primary data collection method will involve conducting an online survey using Google Forms, targeting approximately **126 customers actively engaging with AI chatbots in the banking sector.**

3.3 Survey Design:

The purpose of the poll is to get feedback from clients who are already utilising AI chatbots for banking. It will investigate elements including perceived utility, usability, and confidence in AI chatbots that impact adoption intentions. The format of the questions will be in line with the goals of comprehending consumer preferences and expectations for AI chatbot interactions in the banking sector.

3.4 Literature Review:

There will be a thorough analysis of the body of knowledge on AI applications in Indian banking, as well as theoretical research. The theoretical groundwork for comprehending the wider context of AI deployment in the banking sector will be supplied by this overview of the literature.

3.5 AI Chatbot Best Practices Study

The study will identify best practices specific to the digital banking industry based on its results and the difficulties encountered in using AI. This useful feature attempts to assist financial institutions in using AI chatbots in a way that meets client expectations and improves their overall banking experiences.

3.6 Research Approach

Considering that the study is exploratory in character, an inductive research methodology is suitable. With the use of inductive reasoning, hypotheses and insights based on actual data collected in the field can be developed. The study intends to discover patterns and trends in adoption behaviour and attitudes towards AI chatbots in the banking sector by directly gathering data from consumers and assessing their replies.

3.7 Research Strategy

For this study, a mixed-methods approach was selected as the preferred research strategy, incorporating both qualitative interviews and quantitative surveys. While qualitative interviews offer deeper insights into consumers' motives, fears, and experiences with AI chatbots in banking, quantitative surveys will provide quantifiable data on adoption rates and demographic aspects impacting adoption intention.

3.8 Data Collection Techniques

The study will apply a quantitative approach. The Google Forms poll will be used to gather quantitative data on consumer expectations and preferences for AI chatbots used in front offices.

3.9 Development of Instruments

The survey's questions will be created using existing technology adoption scales and metrics and tailored to the banking sector's use of AI chatbots. The questions will be created to gather qualitative information about client impressions as well as quantitative data on adoption intention. In a similar vein, in order to ensure thorough data collection, the interview guide will be designed to address important issues including trust, privacy concerns, perceived benefits, and adoption barriers.

3.10 Sampling Technique and Samples

To make sure that the sample of banking clients is representative and diversified, stratified random sampling will be employed. To capture a variety of viewpoints, the sample will be stratified according to demographic variables like age, gender, income, and geography.

Diverse avenues, including social media, community networks, and online banking systems, will be used to attract participants.

3.11 Research Ethics

The entire study process will give priority to ethical considerations. Every participant will be asked for their informed consent, and their privacy and confidentiality will be safeguarded. Anytime they choose to leave the study, there won't be any repercussions for them. To avoid unwanted access or exposure, data will be anonymised and stored securely.

3.12 Reliability and Validity of Your Data

Standardised survey devices and strict data collection protocols will be employed to guarantee the accuracy of the data. Cross-verification of the results is made possible through the triangulation of data sources and procedures, which improves the validity of the findings. To further strengthen the study's credibility and authenticate participant interpretations of the qualitative data, member checking will also be carried out.

3.13 My Approach to the Analysis of Data

Descriptive statistics, regression modelling, and correlation analysis are all used in quantitative data analysis to look at how variables relate to one another and find factors that influence adoption intention. Thematic analysis will be used in qualitative data analysis to find recurrent themes and patterns in interview transcripts. An in-depth grasp of consumers' adoption intentions for AI chatbots in the banking sector can be obtained by combining

quantitative and qualitative data.

3.14 Future Scope of research

Research on the adoption intention of customers towards AI chatbots in the banking industry offers promising avenues for exploration. Key areas for future study include assessing the effectiveness of AI chatbots compared to traditional channels, exploring the impact of user experience and interface design, examining trust and privacy concerns, analyzing customer segmentation, investigating social influence factors, studying organizational influences, conducting cross-cultural comparisons, and tracking long-term adoption trends. By delving into these areas, researchers can deepen our understanding of customer attitudes and behaviors towards AI chatbots in banking, informing the development of more effective strategies and enhancing the overall customer experience.

3.15 Data visualization

Capstone Project

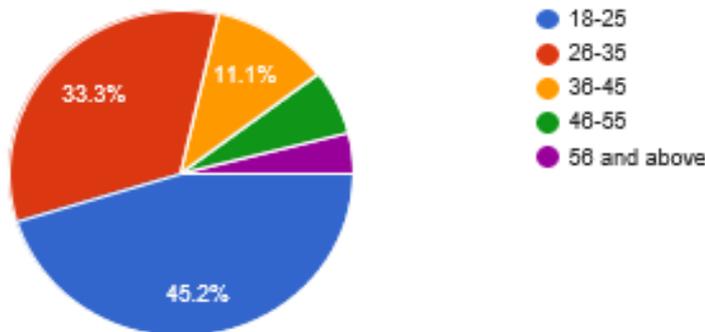
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1. What is your age group?

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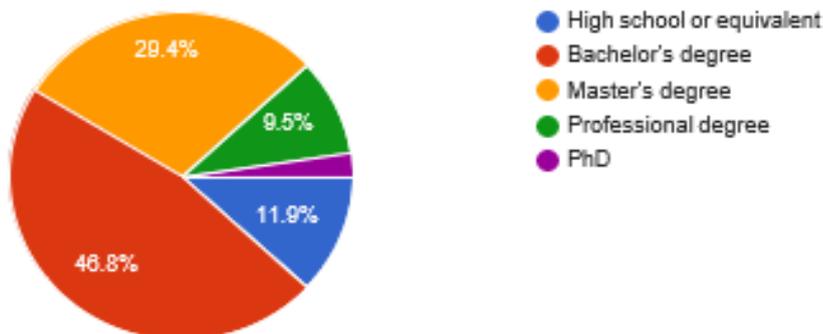
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2. What is your highest level of education?

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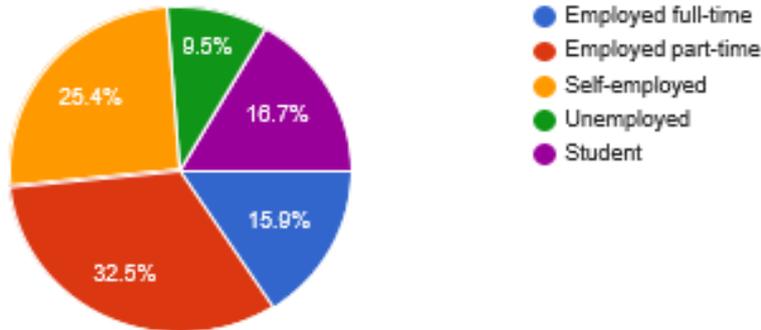
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3. Which of the following best describes your employment status?

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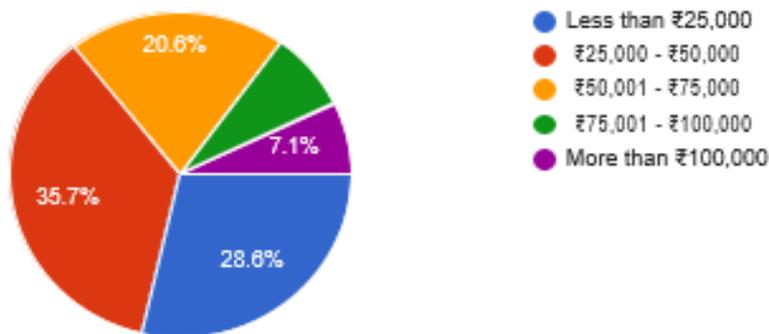
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4. What is your monthly income?

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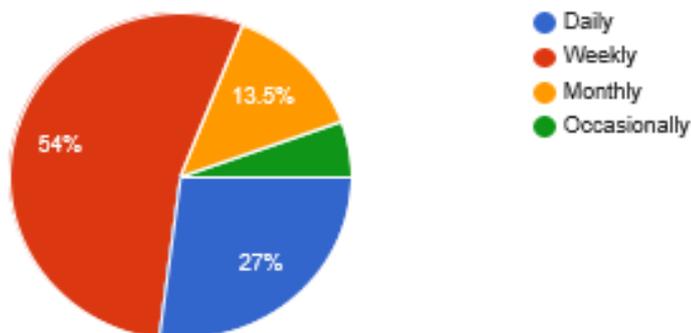
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5. How frequently do you use online banking services?

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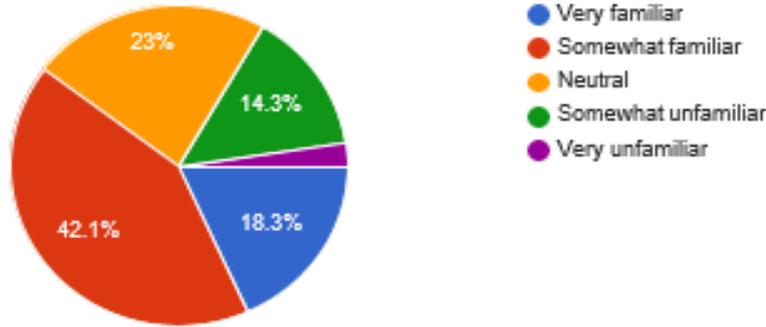
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6. How familiar are you with AI technology in banking?

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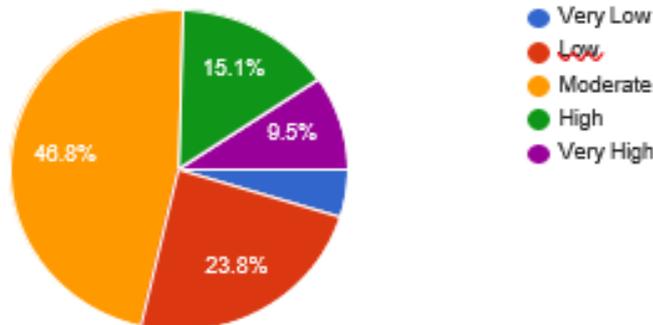
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7. How would you rate your knowledge about AI chatbots used in banking?

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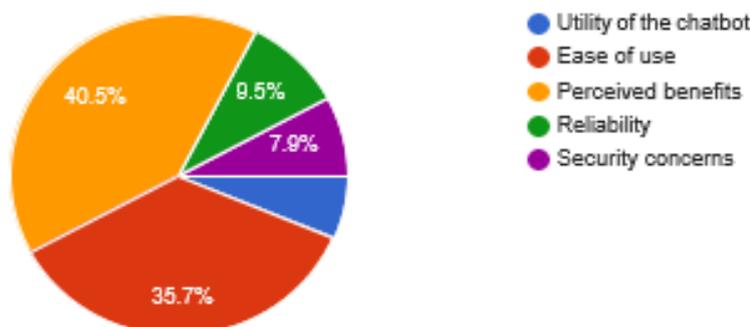
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8. What factor influences your decision to adopt AI chatbots in banking the most?

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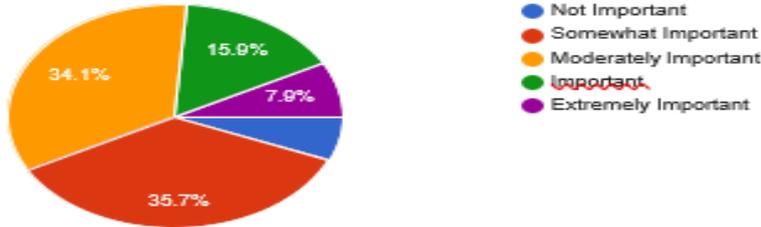
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9. How important is a positive user experience in your decision to use AI chatbots in banking?

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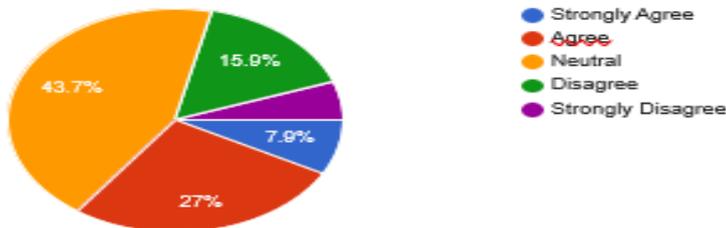
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10. Do you think the impact of chatbots on customer satisfaction in banking sector?

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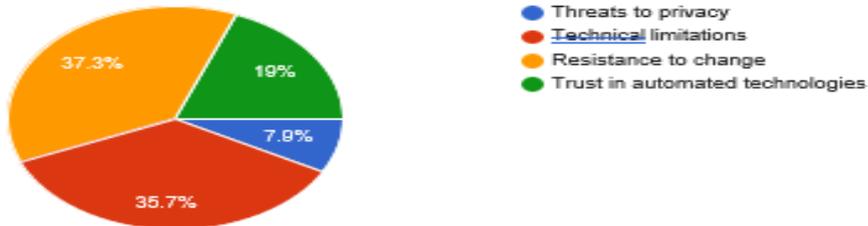
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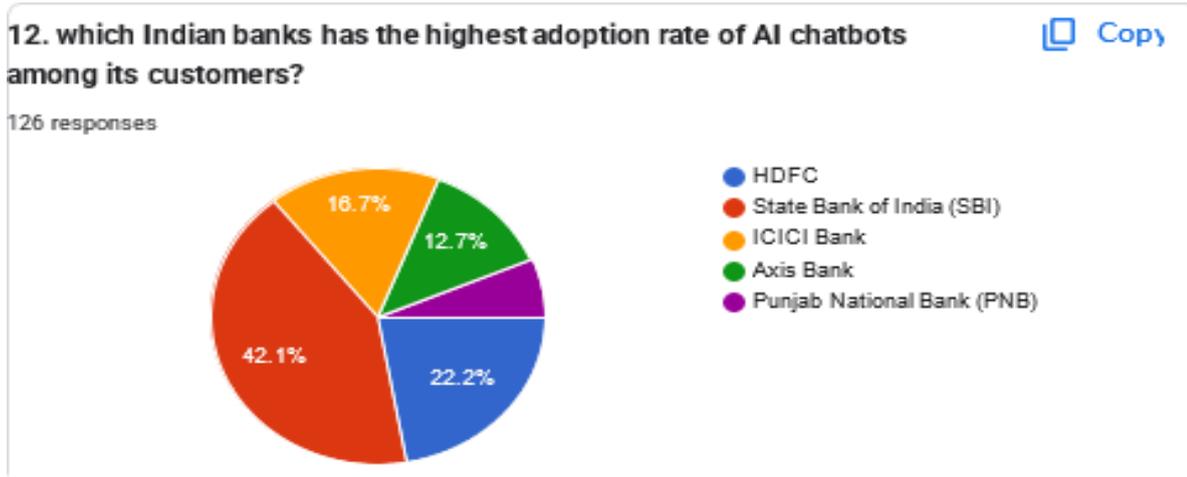


11. What concerns you the most about using AI chatbots in banking?

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126 responses





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Google Forms

CHAPTER 4: RESULTS

4.1 Introduction

This chapter summarises the results of in-depth interviews with banking industry clients about their intentions to employ AI chatbots. Through insights from the interviews, the research objectives are addressed, with an emphasis on customers' attitudes, experiences, and perceptions regarding the use of AI chatbots.

4.2 Theme 1: Customer Perception of AI Chatbots in Banking

This study intends to investigate how consumers view AI chatbots in the banking sector and how they affect customer service. Responses to interviews show that customers have differing views regarding the usage of AI chatbots. While some are sceptical about their use because they worry about security and privacy, others value the efficiency and ease that these systems provide. A consumer once said, "I'm hesitant to use AI chatbots for banking tasks because I worry about my personal information being compromised." as an example. One consumer, on the other hand, said, "I find AI chatbots very helpful for simple banking transactions like checking account balances and transferring funds quickly."

4.3 Theme 2: Factors Influencing Adoption Intention

This section examines the factors that influence customers' willingness to accept AI chatbots in banking. The interviewees identified several important qualities, such as perceived utility, ease of use, faith in technology, and previous experience with AI chatbots. A customer commented, "I would be more likely to adopt AI chatbots if they were easy to use and provided accurate responses to my inquiries." Another customer highlighted the significance of trust by saying, "I need to feel confident that my interactions with AI chatbots are secure and my data is protected."

4.4 Theme 3: Customer Experience with AI Chatbots

Clients discussed both the good and bad parts of their contacts with AI chatbots in banking. Positive experiences included help with simple banking tasks, round-the-clock availability, and prompt response times. Nevertheless, a few users experienced problems like misinterpretations, restricted features, and trouble contacting human representatives with intricate inquiries. A consumer said, "I appreciate the convenience of AI chatbots for simple tasks, but I've had frustrating experiences when they couldn't understand my questions or provide helpful responses."

4.5 Theme 4: Perceived Benefits and Drawbacks of AI Chatbots

Based on their observations and experiences, interviewees talked about the advantages and disadvantages of AI chatbots in banking. Time savings, accessibility, and efficiency are highlighted as advantages; privacy problems, impersonal encounters, and limits on resolving complex inquiries are mentioned as disadvantages. A customer said, "I like that AI chatbots are available 24/7 and can quickly assist with basic transactions, but I worry about privacy issues and prefer speaking with a human agent for sensitive matters."

4.6 Summary

The results of the interviews provide insight into how consumers want to use AI chatbots in the banking sector. For banks looking to deploy AI chatbot services, customer perceptions, adoption-influencing factors, experiences, and perceived benefits and drawbacks offer insightful information. In order to create AI chatbots that satisfy customers' requirements and preferences and eventually increase customer happiness and engagement in the banking industry, it is imperative to comprehend customers' views.

CHAPTER 5: DISCUSSION

5.1 Introduction

Chapter 5 aims to bridge the gap between the primary interview data on customers' adoption intention towards AI chatbots in the banking industry and existing research in the field. By categorizing the data into four themes similar to Chapter 4, this discussion provides a comprehensive analysis of the findings and their implications for understanding customers' attitudes and behaviours towards AI chatbot adoption in banking.

5.2 Theme 1: Customer Perception of AI Chatbots in Banking

The way that customers view AI chatbots in banking has a significant impact on whether or not they intend to embrace them. The attitudes expressed in the interviews ranged from suspicion about security and privacy issues to enthusiasm for the efficiency and convenience that AI chatbots provide. Research already conducted indicates that users' perceptions regarding the adoption of AI technology are influenced by perceived utility, trustworthiness, and ease of use (Borges et al., 2020). Adoption rates in the banking sector may rise if AI chatbots are used to address consumer concerns and highlight their advantages.

5.3 Theme 2: Factors Influencing Adoption Intention

Customers' intention to embrace AI chatbots in banking is influenced by a number of factors, such as prior experience with AI chatbots, perceived utility, ease of use, and faith in technology. Similar results from earlier studies demonstrate the importance of these elements in influencing the way people adopt technology (Venkatesh et al., 2012). Banks may utilise this information to create AI chatbots that are easy to use, foster trust through open communication, and offer tailored experiences to increase client adoption rates.

5.4 Theme 3: Customer Experience with AI Chatbots

Positive client experiences with AI chatbots in banking include speedy response times and help with simple tasks; unfavourable ones include miscommunication and difficulties with sophisticated queries. Consistent with previous research, favourable encounters enhance contentment and the probability of prolonged usage, but unfavourable interactions could discourage clients from pursuing additional adoption (Fornell et al., 2006). In order to increase customer happiness and adoption rates, banks should concentrate on enhancing the capabilities of AI chatbots and resolving consumer complaints.

5.5 Theme 4: Perceived Benefits and Drawbacks of AI Chatbots

Consumers view AI chatbots in banking as having both positive and negative aspects, such as time savings and accessibility, as well as worries over privacy and impersonal interactions.

These results confirm earlier research' findings, which highlight the significance of weighing the advantages of AI chatbot adoption against any potential disadvantages in order to promote favourable views towards their adoption (Lee et al., 2020). Banks have the ability to reduce perceived disadvantages by means of proactive communication, strong security protocols, and tailored interactions in order to improve client adoption and acceptance.

5.6 Summary

The conversation emphasises how crucial it is to comprehend how consumers intend to use AI chatbots in the banking sector. Through a contextual analysis of the interview data, important insights about customers' perspectives, experiences, and perceived benefits and drawbacks of AI chatbots become apparent. These findings can be used by banks to develop and deploy AI chatbot systems that satisfy client demands, improve user experience, and promote industry adoption. This chapter adds to the body of knowledge regarding the use of AI technology in banking and offers useful advice for banks looking to use AI chatbots to enhance client engagement and service.

Chapter 6: Conclusion

6.1 Summary of the Study

This study examines consumers' intentions to embrace AI chatbots in the banking sector, concentrating on their perceptions and satisfaction levels across various demographic groups. The bulk of participants, who were primarily women, were in the age range of 18 to 35, had a bachelor's degree, and worked as their primary occupation.

The findings show that while a minority of respondents expressed high levels of discontent, over half of respondents expressed happiness with AI chatbot assistance in daily banking chores. There was no discernible relationship between familiarity and contentment with chatbots in banking, despite different levels of familiarity with them; this suggests that the adoption of AI chatbots has a beneficial impact on client satisfaction.

In a study comparing customer opinions from India, slight variations were noted, yet no discernible changes were observed in how AI chatbots influenced customer satisfaction levels. Additionally, the study investigated the impact of age groups on satisfaction, revealing that younger consumers exerted a greater influence on satisfaction compared to older age groups. A substantial correlation between age and satisfaction levels was uncovered during the investigation.

The results are consistent with the body of research on the use of AI chatbots for customer service and the acceptance of technology in banking. Empirical data is provided to bolster the positive effects of AI chatbots on consumer satisfaction with banking tasks. The report does, however, acknowledge some limitations as a result of its limited sample size, and it suggests more research with a bigger sample size to improve generalizability and offer more comprehensive insights into the influence of AI chatbots on customer satisfaction in the banking industry.

6.2 Contributions of the Study

The research on consumers' intentions to embrace AI chatbots in the banking sector makes a substantial contribution to improving banking experiences and satisfying changing consumer demands. Banks may interact with consumers on their preferred channels and enhance accessibility and communication by utilising chatbot systems such as Inbenta's. Improved

FAQs and multichannel chatbot features driven by natural language processing and symbolic AI technology improve customer service by automating processes and translating between different human languages.

Artificial intelligence (AI) chatbots make it possible for clients to use banking services without physically visiting branches by streamlining procedures including application processing, account verification, and information retrieval. Chatbots also improve agent productivity and cost savings by lowering inbound contacts by an average of 40% and giving agents pertinent client information.

There is potential for major contributions to the banking industry from the research study on customers' intention to embrace AI chatbots. It looks into how chatbots affect customer happiness, providing information about how well these systems meet the demands and preferences of users, resulting in better experiences and higher satisfaction levels. The research may also point out potential flaws and limitations in chatbots used for banking help, offering fixes to raise customer satisfaction and boost productivity in the sector.

In the end, the study might help define industry best practices and encourage the use of chatbots, which would be advantageous to banking institutions and their clients both. The study has the potential to improve customer satisfaction and service standards in the banking industry by optimising operations and successfully meeting client requests.

6.3 Contributions of the study Limitations of the study

There are a number of issues with the study on customers' intention to embrace AI chatbots in the banking sector that should be taken into account in further studies. One major issue that may jeopardise the findings' generalizability is the limited sample size. In order to improve the credibility of findings regarding customer

adoption intention, future research should place a higher priority on using bigger sample sizes in order to achieve more representative results.

Moreover, the participant demographic imbalance, which includes an overrepresentation of women, people in the age range of 31 to 40, people with bachelor's degrees, and those in employment, limits the applicability of the findings to a larger population. To ensure wider relevance of results, future study should aim for a more diverse sample spanning different genders, age groups, educational levels, and jobs.

Self-reporting bias can affect the accuracy and dependability of reported satisfaction levels when self-reporting measures are used to assess consumer satisfaction and familiarity with AI chatbots. In order to reduce the bias associated with self-reporting and offer a more accurate evaluation of customer happiness, future research should think about combining additional techniques like observation or objective performance measures.

To provide a fuller knowledge of the impact across different cultural contexts, future studies should investigate cultural variations in customers' views of chatbot support, even if the study compared how India perceived the impact of AI chatbots on customer satisfaction and found no discernible differences. It's important to recognize the impact of cross-cultural variances in India and elsewhere.

Furthermore, the study's narrow focus—which mostly focuses on quantitative measurements of customer happiness and familiarity levels—restricts investigation into other crucial aspects of the customer experience, like security, privacy, and general trust in chatbot technology.

Future research should broaden its focus to include these elements in order to provide a more comprehensive picture of how AI chatbots affect customers' intentions to adopt in the banking industry.

Important approaches to address these constraints include taking into account cross-cultural variations, using a variety of data collection techniques, including larger and more diverse samples, and broadening the investigation's scope to include more aspects of the customer experience. In this way, future research can produce more comprehensive and nuanced understandings of consumers' intentions to embrace AI chatbots in the banking sector, enhancing the validity and applicability of the findings.

6.4 Managerial and policy implications

Based on its findings about customer satisfaction with chatbot assistance in routine banking procedures, the study on customers' desire to embrace AI chatbots in the banking industry presents important managerial and regulatory implications.

First off, the study emphasises how AI chatbots improve customer happiness and recommends that banks invest in and enhance chatbot technology to offer effective and efficient customer support. Banks can improve customer experience and satisfaction by utilising chatbots for repetitive chores.

Different age groups also have varying degrees of satisfaction, which emphasises the significance of customised marketing plans and communication methods. In order to increase customer satisfaction and draw in a tech-savvy clientele, financial institutions should push chatbot services and use personalised messaging to target younger clients.

Although there was no discernible variation in the influence of chatbots on satisfaction across nations, institutions that operate globally nevertheless need to take cross-cultural considerations into account. Regional satisfaction can be maximised by localising chatbot interactions and taking into account cultural quirks.

It will take constant development of chatbot features to handle the tiny proportion of extremely dissatisfied respondents. Frequent improvements and updates help reduce errors and technological issues, and informing

users of the advantages and restrictions of chatbotshelps control expectations and foster familiarity.

It is advised that bigger sample sizes be used in future studies to improve validity and generalizability. Investigating the effects of chatbots in various settings can yield thorough understandings of consumer preferences and guide the creation of cutting-edge chatbot systems.

The report underscores the significance of chatbots in augmenting client satisfaction withinthe banking industry. Banking organisations can use this information to optimise chatbot services, increase customer satisfaction, and provide better customer experiences by implementing policies and making well-informed managerial decisions.

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Appendices

Appendix1: Questionnaire

1. How do you define 'adoption intention' of customers towards AI chatbots in the banking industry?
2. In your opinion, what factors play a crucial role in determining customers' adoption intention towards AI chatbots in the banking sector?
3. Can you provide an example of how the effective implementation of AI chatbots has positively impacted customer experience in banking?
4. What are the most significant challenges faced in fostering adoption intention towards AI chatbots in the banking industry?
5. How were these challenges addressed, and what were the outcomes?

Appendix 2: Transcript

Question 1

Person	Response
Person 1	"Adoption intention in the banking sector refers to customers' willingness or readiness to utilize AI chatbots for their banking needs. It includes factors like perceived usefulness, ease of use, and trust in the technology."
Person 2	"Adoption intention is about customers' inclination to engage with AI chatbots for banking tasks, such as inquiries, transactions, or account management. It's influenced by perceived benefits and convenience."
Person 3	"Adoption intention involves customers' openness to embracing AI chatbots as a part of their banking interactions. It's about whether they see value in using chatbots for quick resolutions and assistance."

Person 4	"In the context of the banking industry, adoption intention refers to customers' likelihood of accepting and using AI chatbots for various banking services, driven by factors like efficiency and accessibility."
Person 5	"Adoption intention signifies customers' readiness to integrate AI chatbots into their banking routines, influenced by factors such as previous experiences, perceived benefits, and trust in technology."

Question 2

Person	Response
Person 1	"Factors like user-friendly interfaces, personalized recommendations, and seamless integration with existing banking services are critical to driving adoption intention."
Person 2	"The reliability of AI chatbots, data privacy assurances, and the ability to handle complex queries are key factors influencing customers' adoption intention in the banking industry."
Person 3	"Clear communication of the benefits, ease of access, and availability of human support alongside AI chatbots can enhance customers' adoption intention."
Person 4	"Effective marketing campaigns highlighting the convenience, security features, and time-saving benefits of AI chatbots can significantly impact customers' adoption intention."
Person 5	"Customization options, proactive assistance, and seamless omnichannel integration are crucial for encouraging customers to adopt AI chatbots in banking."

Question 3

Person	Example of HRM Impact
Person 1	"Implementing AI chatbots for basic customer inquiries reduced wait times and improved overall service efficiency, leading to higher customer satisfaction scores."
Person 2	"The introduction of AI chatbots for account balance inquiries and transaction history retrieval resulted in quicker responses and freed up human agents to handle more complex issues."
Person 3	"AI chatbots offering personalized product recommendations based on transaction history increased cross-selling opportunities and improved customer engagement."
Person 4	"Integrating AI chatbots into the mobile banking app enhanced user experience by providing instant assistance for frequently asked questions, leading to higher app retention rates."
Person 5	"AI chatbots analysing customer feedback in real-time helped identify pain points and improve service offerings, ultimately boosting customer loyalty and adoption rates."

Question 4

Person	HR Challenges
Person 1	"Customer scepticism towards AI technology and concerns about data privacy have posed significant barriers to fostering adoption intention."
Person 2	"Ensuring AI chatbots understand and respond accurately to diverse customer queries while maintaining a natural language interface has been a challenge."
Person 3	"Overcoming resistance from customers accustomed to traditional banking methods and persuading them to embrace AI chatbots has been challenging."

Person 4	"Creating awareness about the capabilities and benefits of AI chatbots amidst existing customer preferences for human interaction has been a hurdle."
Person 5	"Addressing technical glitches and ensuring the reliability and consistency of AI chatbot responses have been primary challenges in fostering adoption intention."

Question 5

Person	Response to HR Challenges
Person 1	"We conducted extensive data security awareness campaigns and implemented stringent privacy measures to alleviate customer concerns, thereby fostering greater trust in AI chatbots."
Person 2	"Continuous refinement of AI algorithms and natural language processing capabilities improved the accuracy and effectiveness of AI chatbot interactions, enhancing customer confidence."
Person 3	"Providing personalized demonstrations and offering incentives for trying out AI chatbot services helped overcome resistance and encouraged customers to give them a chance."
Person 4	"We launched targeted marketing campaigns highlighting the convenience and time-saving benefits of AI chatbots, gradually shifting customer preferences towards adoption."
Person 5	"Regular monitoring and feedback analysis enabled us to swiftly address technical issues, ensuring a seamless and reliable experience with AI chatbots, thus fostering adoption intention."