

## **The Impact of Digital Transformation on the Use of Banking Services at Banking Halls of ACLEDA Bank Plc.**

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### **ABSTRACT**

*The existence of digital transformation enables banks to perform innovation of financial products and to provide quality service for customers. Digital transformation in banking not only helps the development of the latest financial products but also enhances the efficiency of a bank. This paper aims to investigate customers' satisfaction toward the impact of digital transformation on the service quality at the banking halls of ACLEDA Bank Plc. by applying the Service Quality Gap (SERVQUAL) model. The model is an assessment of level that shows how service is delivered to customers. The SERVQUAL model instruments are divided into five factors: tangibles, reliability, responsiveness, assurance, and empathy. This research study utilized a quantitative research approach and based on a survey in one commercial bank in Cambodia. A developed and validated questionnaire of 34 questions was used to gather data from the sample of 204 participants chosen from ACLEDA Bank customers living in Cambodia. Satisfaction is measured in respect of the level of staff and customer satisfaction toward the service quality at the banking hall of ACLEDA Bank Plc. The data were statistically analyzed using the Statistical Package for the Social Sciences (SPSS) software in order to determine service quality influenced on customer satisfaction. The results from the study imply that customers are satisfied with digital transformation on the quality of the services at the banking halls in terms of the four dimensions: tangibility, reliability, responsiveness, and assurance. Therefore, it is recommended that banks and financial institutions in Cambodia consider the adoption of the digital transformation for their service quality to enhance customers' satisfaction and improve their service performance.*

**Keywords:** Digital transformation, banking services, customer satisfaction, banking halls

## 1. Introduction

One of the global issues that many organizations might still be in denial about how Industry Revolution 4.0 could impact businesses (Marr, 2018). With such a revolution, computers are connected and communicate with one another to finally make decisions without human involvement (Marr, 2018). Moreover, digital transformation is the profound change in organizational and business activities and processes, which has provided huge opportunities for digital technologies towards the changes of society in Cambodia (I-SCOOP, 2015). Likewise, the digital transformation in financial and banking sectors is of no exception. It has also emerged due to the changes in consumers' habits as they demand new ways to use financial services, and the competition between each firm (Cuesta, Ruesta, Tuesta, & Urbiola, 2015). To add to the increased demand from customers, companies are facing even tougher competition due to globalization and pressure to go digital before others do, seeking to survive and attain competitive advantages. Hence, the digital transformation plays an important role to meet the customers' satisfaction in terms of the service quality.

Therefore, Cambodia have started to adopt the digital transformation since the 2000s, based on the biggest commercial bank in Cambodia, ACLEDA Bank Plc. According to Dr. In Channy, the Present & Group Managing Director of ACLEDA Bank Plc., the adaption to Industry Revolution 4.0 is important to provide customers with convenience and security of using banking services (Channy, 2019).

However, there are controversial ideas about customer satisfaction and dissatisfaction toward the change of digital transformation in the banking sector. In this sense, banks need to understand customers' satisfaction as it is the main factor which helps banks to take competitive advantages. The growth and advancement of technologies could help the banks provide better services for their customers (Ling, Fern, Boon & Huat, 2016). Knowing customers is the key to successful customer service as the idea is to create, deliver, and communicate superior value. That is, understanding customers is necessary because of not only their effect on marketing decisions but also the influence of customers' activities on the entire organization (Yusof, Hassan, Rahman & Ghouri, 2012). Eshghi (2008) has pointed out that, by defining service quality, companies will be able to deliver services with higher quality level, presumably resulting in increased customer satisfaction.

### 1.1 Research Objective and Research Question

The objective of this research is to find out customers' satisfaction toward the impact of digital transformation on the service quality at banking halls of ACLEDA Bank Plc. In this regard, the study aims to answer one research question: What is customers' satisfaction toward digital transformation on the service quality at banking halls of ACLEDA Bank Plc.?

### 1.2 Significance of the study

The study will help inform stakeholders such as students, banking staff, banks, customers and researchers in the field as follows. For students, they will expand their knowledge about the banking sector in Cambodia and consider the issue for future research.

For banking staff, they could leverage automation and advanced technologies analytics to provide up-to-date services for customers. For banks, the findings can help contribute to the creation of a more cohesive and personal digital customer journey. For other researchers, the study will enable them to identify the knowledge gap in the field in order to contribute to the existing body of knowledge in their future research. Last but not least, customers will be well aware of new technologies and contexts in order to keep themselves updated about the new trend of banking development.

## **2. Literature Review**

### **2.1 Digital Transformation**

Digital transformation is the new technology in the business's area through the change of how to manipulate and provide better value for customers. It is also a change in culture that requires organizations to challenge themselves with the experiments of new technologies to improving after failure from the past (Hamilton, 2019). Similarly, Salesforce (2019) defines digital transformation as the process of using digital technologies to generate and adjust existing business activities, culture, and customer experiences to meet the change in business and the requirements of the market. Besides, digital transformation expounds as a new consideration of how an organization uses technology, people, and processes to fundamentally adjust business performance (Ziyadin et al., 2019). Plus, digital transformation is the strategic adoption of digital technologies; it is used to develop processes of productivity, deliver better customer and employee experiences, manage endanger of business, and control costs (Citrix, 2019).

### **2.2 Banking Services**

Banking Services can be defined as the numerous ways in which a bank can help customers, such as operating accounts, making transfers, paying standing orders, or selling foreign currency (Investor Words, 2020). It refers to any of the following bank services provided for any individual or company such as commercial credit cards, stored value cards and Treasury Management Arrangements that include controlled disbursement, automated clearinghouse transactions, and interstate depository services (Laukkanen & Lauronen, 2005). Notably, all the banking services in Cambodia need to be approved and controlled by the National Bank of Cambodia (NBC).

### **2.3 Service Quality**

The most common definition used to define service quality is the extent to which a service meets customers' needs or expectations (Lewis & Mitchell, 1990). In today's world, the intensive competition happens without further doubt; once a business wants to survive, they have to improve the service quality that helps them to achieve a different advantage over their rivals. Service quality, therefore, has become one of the critical factors in satisfying and retaining valued customers in every industry as well as banking. The Service Quality Gap Model is used as an instrument to find out the customer satisfaction of

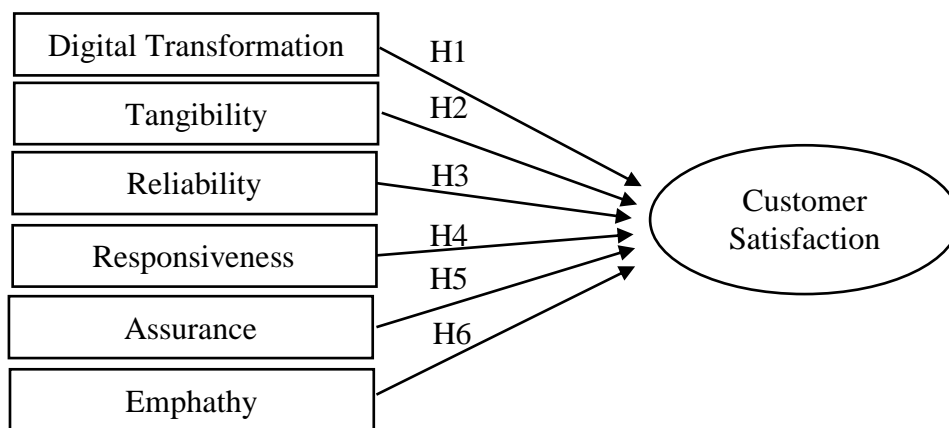
industries, companies, or institutions worldwide. This model was originally evolved by Parasuraman et al. (1985), and was refined in 1988 and 1991. The Service Quality GAP model depends on the customers' assessment of service quality, which is known as the customers' expectation, and the process of service provided gaps (Lee et al. 2016). Additionally, the GAP Model of Service Quality helps to understand the deviations of process delivery service to customers. It helps service companies to deliver efficiently and effectively to their customers (Lapaas, 2020). There are five gaps that service quality of customers' evaluation would impact on different industries such as retail banking, credit card, securities brokerage, product repair and maintenance. Firstly, it is the gap between customer expectation and management perceptions of customer expectation. Secondly, it is the gap between management perceptions and service quality specifications. Thirdly, it is the gap between service quality specifications and the delivered services to customers. Fourthly, it is the gap between the delivery service and external communication. Lastly, it is the gap between customer expectation and customer perception of service performance (Daniel & Berinyuy, 2010). The service quality has five dimensions such as tangibles, reliability, responsiveness, assurance, and empathy. Tangibles contain equipment, material, physical facilities, and appearance of personnel, while reliability includes the ability to dependably and accurately perform. Responsiveness consists of the willingness to help customers and give faster services to them, whereas assurance is comprised of trust and confidential information to customers (Shahin, 2006).

#### 2.4 Conceptual Framework

Hadid et al. (2020) have found that service quality of commercial bank, reliability, tangibility, empathy, and assurance have positive influence on customer satisfaction. The service quality of responsiveness has a negative relationship with customer satisfaction in the banking sector. Miklos et al. (2019) have examined service quality dimensions by using the modified SERVQUAL model to measure customer satisfaction in the bank. In addition, three dimensions have been added, namely the access, financial aspects, and employee abilities with the SERVQUAL model for customer satisfaction analysis. The results have revealed that the first subscale such as assurance, reliability, access, and employee abilities have strong effects on customer satisfaction. The second subscale including the responsiveness and empathy also affects customer satisfaction. Muthoni and Otieno (2014) have used the five service quality dimensions among commercial banks with the different results in the satisfaction of customers. They have found out that all the five dimensions of service quality have different importance in explaining variance in overall service quality. The result has showed that reliability and responsiveness are more important dimensions, whereas empathy, tangible, and assurance are less important. Lastly, they have concluded that SERVQUAL is a great tool for service quality in the banking industry. Furthermore, Anthonysamy et al. (2010) have shown customers' perspective with the dimension of service quality. Empathy and accessibility have been figured out to be the result of high customer expectation; nevertheless, reliability and assurance have influenced the service quality that was arranged by the bank positively. Moreover, Molaee et al. (2013), analyzing the impact

of service quality dimensions on customer satisfaction and loyalty of banks in Iran, have shown that responsiveness, tangibility, reliability, and compliance have a positive and significant effect on customer satisfaction. On the other hand, assurance and empathy do not have any significant impact on customer satisfaction at all (Almomani, 2018; Molaei, et al. 2013; Priyanath & Anjalika, 2018).

- Digital transformation is the incorporation of new technology in the business's area through the change of how to manipulate and provide better value to customers.
- Customer satisfaction is the customer response before and after they consume the products or services.
- Tangibility is the equipment that customers can touch and feel; it mainly consists of modern materials, visually appealing facilities, employees who have a professional appearance.
- Reliability is that bankers have to perform service follow the promise dependably and accurately, which includes the ability to handle customer service problems and perform services right with promised time.
- Responsiveness is the willingness to help customers and give fast attentiveness, which includes the provision of quick service to customers, willingness to assist customers, and being ready to reply to customers' requests.
- Assurance contains trust and confidential information to customers, including the activities of making customers feel unharmed in their transactions, and consistently courteous.
- Empathy is associated with the care to customers, which indicates good understanding of the customers' needs and wants.



*Figure 1: The service quality dimensions of customer satisfaction*

## 2.5 Research Hypotheses

The hypotheses designed for this research are based on the following assumptions to find out customers' satisfaction toward the impact of digital transformation on the service quality:

- H<sub>1</sub>: Customers are satisfied with digital transformation on the service quality at banking halls of ACLEDA Bank Plc.
- H<sub>2</sub>: Tangibility has a positive impact on the service quality of digital transformation in banking halls of ACLEDA Bank Plc.
- H<sub>3</sub>: Reliability has a positive impact on the service quality of digital transformation in banking halls of ACLEDA Bank Plc.
- H<sub>4</sub>: Responsiveness has a positive impact on the service quality of digital transformation in banking halls of ACLEDA Bank Plc.
- H<sub>5</sub>: Assurance has a positive impact on the service quality of digital transformation in banking halls of ACLEDA Bank Plc.
- H<sub>6</sub>: Empathy has a positive impact on the service quality of digital transformation in banking halls of ACLEDA Bank Plc.

### 3. Methods

This section is comprised of research design, sampling design, research tool, and data collection and analysis. This study used a quantitative approach to collect and analyze data. Quantitative research utilizes deductive logic, in which researchers start with hypotheses and then collect data to test the hypotheses (Cooper & Schindler, 2012).

#### 3.1 Target Population and Sample

In this study, the target population was all the customers of ACLEDA Bank Plc. Cambodia. The researcher adopted cluster and convenience sampling technique where the researcher divided the population into multiple groups for research. ACLEDA Bank Plc. has millions of customers; hence, collecting data from all of them is impossible. For this reason, the researcher collected data from customers by dividing them into internal customers and external customers. For the cluster of external customers, researcher used convenience sampling method due to time constraint and the pandemic outbreak. The researcher selected only those who could be easily reached and have involved in using digital transformation. Internal customers are the staff of ACLEDA Bank Plc. who use the services of the bank. In this research, internal customers include the staff of ACLEDA Bank Plc., lecturers, and staff of ACLEDA Institute Business, whereas external customers are students or the public who use the bank's services at ACLEDA Bank Plc. with the digital transformation. Based on Yamane (1967), with the precision level of +/-7%, Confidence Level of 95%, P=5%, and size of population of more than 100,000, the sample size (n) for this study is 204.

#### 3.2 Research Tool

The research tools for collecting customers' satisfaction toward digital transformation on the use of banking services at the banking hall was developed with a set of questionnaires. Questionnaire was divided into 3 components as following table:

Table 1: Measurement of construct

No.	Items	References
1.	The background is comprised of gender, age, qualification, work, and experience of staff and customers of ACLEDA Bank Plc.	(Dr. Pandey, 2015)
2.	Satisfaction 1 evaluates on the level of staff and customer satisfaction toward the service quality at the banking hall of ACLEDA Bank Plc. by following SERQUAL model.	(Temba, M. L., 2013)
3.	Satisfaction 2 evaluates on the level of staff, and customer satisfaction levels toward the Impact of digital transformation on the use of banking services at the banking hall of ACLEDA Bank Plc.	(Farnsworth, 2019)

### 3.3 Data Collection and Analysis

Data were collected from internal customers who work for ACLEDA Bank Plc., and those who work at AIB from June 2020 to July 2020, using questionnaires. The researcher also used self-administered questionnaire using Google form to send to the selected respondents via email, chat in messenger, and telegram, from June 2020 to July 2020. The Google form was used due to the outbreak of the COVID-19 pandemic.

The data were analyzed using both descriptive and inferential statistics. The results from the analysis was compared with those from the previous studies and theories in relation to the customer's satisfaction toward the impact of digital transformation on the service quality at the bank. The first hypothesis was tested by describing demographic response. The other five hypotheses were tested by transforming all of them into codes and entering into spreadsheet packages.

### 3.4 Reliability Test

Researcher did the pilot test by sending a set of questionnaires of 35 questions to the respondents who are using ACLEDA Bank Plc. services. Moreover, those questionnaires were tested three times for the reliability in Statistical Package for the Social Sciences (SPSS) software. With a total of 20 participants in the pilot test, reliability was shown to be comparable among all the five variables. The table of reliability test shows that in the pilot test, the Cronbach's Alpha of each variable is above 0.7. All the constructed variables and factors are reliable for the research when the number of pilot Cronbach's Alpha is above 0.7 (Nunnally, 1994).

## 4. Results and Discussions

### 4.1 Demographic Factors

The majority of respondents (34.8%) have 1 to 5 years' experiences using the services of ACELEDA Bank Plc, while 21.6% use bank services between 11 to 15 years. 19.6% of the customers use bank services less than a year; 17.2% use bank services between 6 to 10 years; and only 6.9% use bank services above 15 years. In terms of the frequent use of the digital transformation with the bank services, in a month, the customers use it over 12 times, accounting for 33.8%, while only 3.9 % of customers never use it.

Regarding the customers’ satisfaction with the digital transformation in the banking services, the majority of customers think that digital transformation is slightly reliable, accounting for 59.8%, while 22.5% think that digital transformation is very reliable. 16.7% think that digital transformation is neutral, whereas only 1% think that digital transformation is not very reliable. Regarding how digital transformation meets customers’ needs, 47.5% think that it very much meets their needs; 14.7% think that digital transformation slightly meets their needs; however, 1% think that it does not meet their needs. Moreover, many customers are satisfied with the digital transformation in banking services because of faster transactions within 24 hours. Customers are satisfied with the change of technology in bank service (58.3%); 27% are extremely satisfied with the transformation of digital banking services; 14.2% is neutral with digital transformation and bank services; and 0.5% is not satisfied with the digital transformation in bank services. Besides, some customers think that digital transformation in the bank is hard to use; 42.6% is neutral toward the idea of difficulty in using digital transformation. 41.7% think that digital transformation in banks is easy to use; while 9.8% think that it is very easy to use the digital of bank service. However, 5.4% think it is hard to use digital transformation with bank; and 0.5% of all the participants think it is very hard to use the digital transformation with bank services.

Concerning technical issues, there are a number of customers who face technical issues while using technology in the bank. Most respondents rarely face problems (65.7%); 19.1% often face problems; 5.9% encounters technical issues very often; and 5.4% always face problems. There is only 3.9% of the whole sample who never meet any technical issues between digital transformation and bank. Lastly, there are some factors which make customers decide to use banking services at the banking hall of ACLEDA Bank Plc. instead of the new technology. More than half of customers (65.7%) think that some transactions require customers directly to come to the banking hall; 14.7% of the customers want to come to the banking hall because of the new technology there; 6.9% of customers think there is a lack of instruction about the usage of digital banking; and 6.4% of customers feel unsecured about digital transformation, and digital technology is complicated to use.

Table 2: Demographic of respondents related to customer satisfaction

Items	Category (n=204)	Frequency	Percentage
Usage experiences	Less than 1 years	40	19.6
	1 to 5 years	71	34.8
	6 to 10 years	35	17.2
	11-15 years	44	21.6
	Above 15 years	14	6.9
Frequency of usage per month	Never	8	3.9
	1 to 3 times	63	30.9
	4 to 8 times	45	22.1
	9 to 12 times	19	9.3
	Over 12 times	69	33.8

(Continued)



Table 2: Demographic of respondents related to customer satisfaction

Items	Category (n=204)	Frequency	Percentage
Reliable between digital and bank services	Very reliable	46	22.5
	Slightly reliable	122	59.8
	Neutral	34	16.7
	Not very reliable	2	1
	Not at all reliable	0	0
Digital meet your needs	Very much meets my needs	97	47.5
	Slightly meets my needs	30	14.7
	Neither	75	36.8
	Doesn't meet my needs	2	1
	Doesn't meet my needs at all	0	0
Satisfied with 24 hours' service	Extremely satisfied	55	27
	Satisfied	119	58.3
	Neutral	29	14.2
	Dissatisfied	1	0.5
	Extremely dissatisfied	0	0
Digital in bank is hard to use	Very hard	1	0.5
	Hard	11	5.4
	Neutral	87	42.6
	Easy	85	41.7
	Very easy	20	9.8
Frequency of facing problems	Always	11	5.4
	Very often	12	5.9
	Often	39	19.1
	Rarely	134	65.7
	Never	8	3.9
Factors come to banking hall	Due to new technology	30	14.7
	Feel unsecured	13	6.4
	Digital technology is complicated to use	13	6.4
	Lack of instruction about using	14	6.9
	Any transactions require customer to directly come to banking hall	134	65.7

#### 4.2 Analysis of Level of Agreement

The table below shows the minimum, maximum, mean, standard deviation, and the level of agreement. The Five-point scales were used to measure the following variables: tangibility, reliability, responsiveness, assurance, and empathy with the mean between 3.9277 and 4.0846 classified as Agree.

Table 3: Level of Customer Satisfaction

Variables	Min	Max	Mean	SD	Level of Agreement
Tangibility	1.00	5.00	4.0846	0.61978	Agree
Reliability	1.75	5.00	3.9277	0.65275	Agree
Responsiveness	1.00	5.00	3.9534	0.70556	Agree
Assurance	2.00	5.00	4.0993	0.65813	Agree
Empathy	2.50	5.00	4.0674	0.65704	Agree

Note: 2.60-3.39 as neutral, 3.40-4.19 as an agree, and 4.20-5.00 as strongly agree

### 4.3 Correlation Analysis

The level of correlation was tested by using the form of Item-Objective Congruence (IOC) index, which ranges from -1 to +1. The -1 means that the statement does not measure the operational definition, 0 means it is not sure if the statement measures the operational definition or not, and +1 means the statement measures the operational definition.

Table 4: Pearson Correlation Matrix

	Tangibility	Reliability	Responsiveness	Assurance	Empathy	CSTD
Tangibility	1					
Reliability	0.753**	1				
Responsiveness	0.744**	0.850**	1			
Assurance	0.757**	0.820**	0.859**	1		
Empathy	0.725**	0.808**	0.792**	0.855**	1	
CSTD	0.582**	0.656**	0.643**	0.655**	0.598**	1

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

There are six significant variables at the 0.01 level with the lowest value 0.582\*\*, and the highest value 0.859\*\*.

### 4.4 Regression Analysis

Linear regression analysis was used to test hypotheses related to the research model between both independent variables and dependent variables. There are five regression analyses, each of which runs for a hypothesis. Tangibility, Reliability, Responsiveness, Assurance, and Empathy are independent variables, while customers’ satisfaction toward digital transformation is the dependent variable. The overall significance of the model can be accessed by the F statistic. The proposed hypothesis will be accepted when the p-value is less than 0.05. The null hypothesis is rejected if the p-value is smaller than 0.05. It also means that at least one of the independent variables impacts the dependent variable (Mackinnon, Krall & Lockwood, 2000). Following the regression analysis, the correlation between CSTD and Tangibles was assessed to further test the relationship between the two variables. Tangibles was the most important dimension which is statistically significant

(Beta= 0.582). The result showed a high correlation between the two variables (R-square= 0.339,  $P < 0.01$ ). The correlation between CSTD and Reliability was assessed to test the relationship between the two variables. Reliability was also statistically significant (Beta= 0.504). The result showed a high correlation between the two variables (R-square= 0.448,  $P < 0.01$ ). The correlation between CSTD and responsiveness was assessed to test the relationship between the two variables; and it was found out that responsiveness was statistically significant (Beta= 0.254). The result showed a correlation between the two variables (R-square= 0.465,  $P < 0.05$ ). The regression analysis, the correlation between CSTD and assurance was assessed to test the relationship between the two variables. Assurance was the least important dimension that was statistically significant (Beta= 0.257). The result shows a correlation between the two variables (R-square= 0.479,  $P < 0.05$ ). The correlation between CSTD and empathy was also assessed to test the relationship between the two variables and empathy was not found statistically significant (Beta= -0.022) with R-square= 0.479,  $P > 0.05$ .

Table 5: Regression Analysis

Independent Variables	Unstandardized Coefficients		Standardized Coefficients		
	Beta	Std. Error	Beta	<i>t</i>	Sig.
Tangibility	0.574	0.056	0.582	10.170	0.000**
Reliability	0.472	0.075	0.504	6.321	0.000**
Responsiveness	0.220	0.089	0.254	2.461	0.015*
Assurance	0.239	0.102	0.257	2.342	0.020*
Empathy	-0.020	0.099	-0.022	-0.203	0.839

\*\* $p < 0.01$ ; \* $p < 0.005$

The result displayed that five hypotheses among six hypotheses were supported, while the last hypothesis was unsupported.

Table 6: Hypothesis testing results

	Hypotheses	Sig.	Result
H <sub>1</sub>	Customers are satisfied with digital transformation on the service quality at the banking hall of ACLEDA Bank Plc.	0.000**	Support
H <sub>2</sub>	Tangibility has a positive impact on service quality at the banking hall of ACLEDA Bank Plc.	0.000**	Support
H <sub>3</sub>	Reliability has a positive impact on service quality at the banking hall of ACLEDA Bank Plc.	0.000**	Support
H <sub>4</sub>	Responsiveness has a positive impact on service quality at the banking hall of ACLEDA Bank Plc.	0.000**	Support
H <sub>5</sub>	Assurance has a positive impact on service quality at the banking hall of ACLEDA Bank Plc.	0.000**	Support
H <sub>6</sub>	Empathy has a positive impact on service quality at the banking hall of ACLEDA Bank Plc.	0.839	Unsupported

## 4.2 Discussion

The result has shown that customers' demand for new technologies keeps increasing from day to day, with the frequent use of digital technology with bank services of over 12 times and at least 1 to 3 times per month (64.7%) of the total responses from all the respondents. This study is consistent with the study of Tolboom (2016), showing the necessary aspect of digital transformation as the change in customer demand since new technologies keep increasing and developing in daily life. This study has also shown that digital transformation worked well with banking services. More than half of the total respondents thought that digital transformation meets customers' need. This finding is compatible with two related studies from Anton (2014) and Czesla (2014), which revealed that customers have positive behavior after the adoption of digital technologies in banks. This is known as a good signal because customers become more and more familiar with digital transformation in the bank services. The majority of customers' answers (65.7%) indicated that they need to come to the banking hall because some transactions require them to come. This study is aligned with a related study from Muluka (2015), who signified that there were no specialized services provided to customers with digital banking. Moreover, many customers (85.3%) were satisfied with the digital transformation in banking services because of faster transactions within 24 hours. This study is in line with a related study from Amir, and Sheykh (2017) who found that customers were satisfied with the use of digital transformation for their transactions. They also changed their tools to attract customers by developing their digital technologies.

Another important finding was that digital transformation provided good overall service quality at the banking hall of ACLEDA Bank Plc. The study has indicated that digital transformation has a positive impact on service quality at the banking hall in terms of the tangibility and reliability dimensions, which have been proved statistically significant. Yousuf (2017) has found that tangibility is significant among the other four dimensions of customer satisfaction in the bank industry. Subsequently, banks need to strongly depend on the tangible aspects for satisfying customers because tangibility is significant for creating differentiation and sustainable growth. Furthermore, it does not only improve customers' satisfaction, but also helps foster a long-term relationship between banks and clients (Yousuf, 2017).

Reliability is also a strong significant dimension because promise-keeping is really important for service firms. It can be interpreted as the on-time delivery of services to customers. If banks adopt digital transformation on their services, then it will help provide reliable services. Consequently, this will make the customers highly satisfied with banks (Muthoni & Otieno, 2014). This study related with many other related studies such as Hadid et al. (2020), Miklos et al. (2019), Muthoni, and Otieno (2014), found out that the service quality of tangibility and reliability have a positive relationship with customers' satisfaction in the commercial banking sector. Customers are satisfied with the new digital provided by banks at the banking halls such as the modern equipment and professional performance of the staff.

Digital transformation has a positive impact on service quality at the banking hall noted in the remaining dimensions such as responsiveness, assurance with a less significant level and empathy has no significant level. The service quality of responsiveness has less relationship with customers' satisfaction because digital transformation does not involve much with how staff at the banking hall help their customers, whereas customers tend to have more trust in the bank, and they come to the bank because banking halls make them feel safe in their transactions (Mcintyre, 2019). Furthermore, it seems that the customers of the bank rate responsive services as the third most important determinant of service quality because bankers at the banking hall deliver the same level of service quality; therefore, customers tend to pay more attention to the aspects related to staff's behaviors in order to differentiate the excellent provider from the poor one. This finding is in line with Lesin, and Vance (2001); Olatokun, and Ojo (2016); Parasuraman et al. (1988) who discovered that responsiveness was in the third place in dimensions' relative importance. Besides, assurance has been recognized as a less significant dimension of service quality. Assurance also enhances customers' satisfaction if the employees of banks display trustworthy behavior; and this may also positively influence the repurchase intension of clients (Khan & Fasih, 2014). The result of this study is similar with that of Anthonysamy et al. (2010), who considered assurance as positive influence on service quality with less significant level, based on the Multi regression analysis. Among the five dimensions, only empathy has no significant level. The results of the research suggest that there is no significant positive relationship between the empathy and service quality. Although most of the customers would like to use the new facilities in the bank, there are still groups of people prefer a face-to-face service by the banks. Priyanath and Anjalika (2018) have found that there is no significant positive relationship between empathy and service quality when there is an involvement of digital transformation in bank services. Molaei et al. (2013) have shown that the empathy did not have a positive and significant impact on customers' satisfaction.

## **5. Conclusion and Recommendation**

### **5.1 Conclusion**

Digital transformation is a beneficial change in the bank industry, which provides many great opportunities for innovation in the society of Cambodia in the future. Banks need to comprehend customers' satisfaction because it is the fundamental factor that causes banks to continue upper hands. The development and improvement of advancements could change the way that banks provide services for customers.

The present study examined customers' satisfaction toward the impact of digital transformation on the service quality at banking halls of ACLEDA Bank Plc. by using the SERVQUAL. Additionally, the service quality at banking halls were influenced by Tangibility, Reliability, Responsiveness, Assurance, and Empathy. The result of this study discovered that tangibility and reliability dimensions of the service quality model have a strong positive significant impact on the service quality at banking halls. Nonetheless, responsiveness and assurance had a less significant impact on service quality. Lastly,

empathy was one of the lowest significant impacts on service quality among the five dimensions compared with the theory of SERVQUAL Model and the real practice in ACLEDA Bank Plc. It is recommended that bank policy decision-makers in Cambodia use the findings of this study to analyze customers' satisfaction on digital transformation towards the adoption of the SERVQUAL dimension. The digital revolution has disrupted and brought benefits to the financial and banking industries at the same time; thus, digital transformation in banking should include relevant technologies that can bring the most value for both banks and their customers.

## 5.2 Implication for Finance and Banking

The findings of this research study have highlighted some valuable implications that are specific to the financial and banking context. Bank policy decision-makers can use the findings of this study to analyze customers' satisfaction on digital transformation towards the adoption of the SERVQUAL dimension. The digital revolution has disrupted and brought benefits to the financial and banking industries at the same time; thus, digital transformation banking strategy should include relevant technologies that can bring the most value for both banks and their customers.

## 5.3 Limitations and Future Research

The researcher suggests future researchers to consider implementing similar studies in other commercial banks and in other major cities of Cambodia to guarantee the efficiency of digital quality services among customers in the country. Larger samples of participants doing surveys should be involved in future studies to obtain more reliable, accurate, and dependable outcomes that can be generalizable to all banks and customers in Cambodia. The study should be based on the qualitative method or mixed methods to collect and interpret the data. Other researchers, moreover, could choose to study in other financial sectors such as insurance companies, specialized banks, and Micro Finance Institutions and make an effort to compare the application of digital quality services, customer satisfaction, and loyalty in different institutions and levels. Lastly, future studies should consider the utilization of more of the SERVQUAL model and other related models.

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