



A STUDY ON THE AWARENESS OF DIGITAL TRANSFORMATION IN EQUITAS SMALL FINANCE BANK

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ABSTRACT:

This study investigates the level of awareness and understanding of digital transformation initiatives within Equitas Small Finance Bank. In the modern financial landscape, digital transformation is pivotal for institutions to remain competitive and meet evolving customer needs. This research employs a mixed-methods approach, incorporating surveys and with the employees across various departments within the bank.

INTRODUCTION:

The introduction outlines the context of the study on the Awareness of Digital Transformation in Equitas Small Finance Bank. Among the vast empirical research conducted examining the phenomenon of digital transformation, it is examined that there are major changes in organizational strategies, process, structures and decision-making organizing, culture and Communication.

DIGITAL TRANSFORMATION

Digital transformation is the incorporation of computer-based technologies into an organization's products, processes and strategies. Organizations undertake digital transformation to better engage and serve their workforce and customers, and thus, improve their ability to compete. In challenging economic times, operational efficiency and cost optimization can also become important transformation objectives.

Often large in scope, a digital transformation initiative can require an examination and reinvention of all facets of an organization, from supply chains and workflows, to employee skill sets and org charts, to customer interactions and value proposition to stakeholders.

ADVANTAGES OF DIGITAL TRANSFORMATION:

Digital leaders that reach their transformation goals stand to gain several advantages. The core digital transformation benefits -- all interrelated and interdependent -- include:

- Increased efficiency and productivity.
- Better resource management.
- More resiliency.
- Greater agility.
- Improved customer engagement and personalization.
- Increased responsiveness to market demands.
- IT modernization.
- Greater innovation.
- Faster time to market with new products and services.
- Increased revenue.
- Continued relevancy.

Overall, digital transformation enables organizations to succeed in this digital age: For businesses, that success means higher revenue and bigger profits. Other types of organizations, such as nonprofit institutions and government agencies, can better meet the needs of stakeholders or improve citizen services.

Current trends in Digital Transformation

The COVID-19 pandemic ushered in an era of increasing instability as organizations were compelled to deal with multiple, simultaneous crises. Inflation became an important concern starting around 2021 -- along with economic uncertainty stemming from the threat of recession. Environmental and geo-political threats also came into play.

Rapid developments in technology, generative AI in particular, compounded matters. The need to deal with fast-moving, unpredictable events and economic constraints changed the nature of digital transformation.

"The speed of business doesn't wait for you to finish up your programs," said Linh Lam, CIO of Jamf, an Apple device security company based in Minneapolis.

The main trends include the following developments:

- A shift from large-scale, open-ended projects to smaller, well-defined initiatives.
- Shorter delivery timelines for faster ROI.
- Wider use of Agile methods and Digital Transformation Frameworks to guide projects amid changing business conditions.
- Adoption of FinOps and other cost optimization methods to keep cloud expenditures in check.
- Use of Digital platforms and industry clouds to boost time to market.
- Greater reliance on hyper automation to curb spending and free up funding for innovation.

Against this backdrop, promoting a culture of adaptability and planning for constant change now rank among the best practices for Digital Transformation.

Why Do Companies Need a Framework for Digital Transformation?

Digital transformation carries a number of opportunities for companies that are willing to embrace it. And what those opportunities might be? The creation of a more flexible, responsive and interconnected company that will be capable of making informed decisions in the future.

Those companies that will embark on a digital transformation journey will experience the following benefits:

- Pinpoint growth opportunities.
- Identify innovation opportunities.
- Discover new sales opportunities.
- Apply the most effective marketing tactics for their business.
- Find out how they can get ahead of their digital competitors.
- Select the most suitable technology to deliver transformation.
- Data-driven decision-making.

OBJECTIVE OF THE STUDY:

1. PRIMARY OBJECTIVE:

- To assess the awareness among Equitas Small Finance Bank employees regarding digital transformation initiatives.

2. SECONDARY OBJECTIVE:

- To measure the extent to which customers are aware of the digital services offered by Equitas Small Finance Bank.
- To identify the relationship between Equitas Small Finance Bank's initiatives and customer satisfaction.

SCOPE OF THE STUDY:

1. **Employee Perspective:** The study will focus on the perceptions and awareness levels of employees at various hierarchical levels and across different departments within Equitas Small Finance Bank.
2. **Mixed-Methods Approach:** The research will utilize both quantitative (surveys) and qualitative (interviews) methods to gather comprehensive data on digital transformation awareness.
3. **Challenges and Opportunities:** The study will explore both the challenges faced by employees in embracing digital transformation and the opportunities it presents for the bank's growth and development.
4. **Recommendations:** Based on the findings, the study will provide recommendations for Equitas Small Finance Bank to improve digital transformation awareness, address barriers, and enhance overall digital readiness.
5. **Generalizability:** While the primary focus is on Equitas Small Finance Bank, the insights gained from this study may have broader implications for other financial institutions embarking on similar digital transformation journeys.

REVIEW OF LITERATURE:

1. **Stolterman et al. (2004, p. 689)** Digital transformation comprises the changes associated with the application of digital technology in all aspects of human society.

2. **Fitzgerald et al. (2014, p. 2)** Digital transformation is the use of new digital technologies such as social media, mobile technology, analytics, or embedded devices to enable major business improvements including enhanced customer experiences, streamlined operations, or new business models.
3. **Westerman et al. (2011, p. 5)** Digital transformation is the use of technology to radically improve the performance or reach of enterprises.
4. **Solis et al. (2014, p. 3)** Digital transformation is the realignment of, or new investment in, technology and business models to more effectively engage digital customers at every touch point in the customer experience lifecycle.
5. **Hinings et al. (2018, p. 53)** Digital transformation is the combined effects of several digital innovations bringing about novel actors (and actor constellations), structures, practices, values, and beliefs that change, threaten, replace, or complement existing rules of the game within organizations, ecosystems, industries, or fields.
6. **Bondar et al. (2017, p.33)** Digital transformation is a consistent networking of all economic sectors and an adaption of actors to new circumstances of the digital economy.
7. **Martin (2008, p. 130)** Digital transformation is the use of information and communication technology, not when trivial automation is performed, but in the case where fundamentally new capabilities are created in business, public government, and in the lives of people and society.

RESEARCH METHODOLOGY:

Descriptive Research Design

Descriptive Research Design aims to describe the current state of digital transformation in Equitas Small Finance Bank.

Exploratory Research Design

Exploratory Research Design aims to explore factors influencing digital transformation and identify best practices.

Cross-Sectional Study

Cross-Sectional Study aims to collect data at a single point in time to assess awareness levels, perceptions, and practices related to digital transformation.

SOURCES OF DATA

Sources of data are the channels or means through which researchers gather information or collect data to address their research questions or objectives. These sources can vary depending on the nature of the study, the type of data needed, and the research methodology employed.

Types of Sources of Data:

1. **Primary Sources:** Primary sources of data involve collecting information directly from original or firsthand sources. This data is gathered specifically for the research project at hand. Examples of primary sources include surveys, interviews, observations, experiments, and direct measurements.
2. **Secondary Sources:** Secondary sources involve utilizing existing data that has already been collected and analysed by other researchers or organizations for purposes other than the current research project. Examples of secondary sources include books, academic journals, industry publications, databases, internet.

DATA INTERPRETATION

PERCENTAGE ANALYSIS

HYPOTHESIS 1:

- Null Hypothesis (H_0): There is no significant relationship in the mean awareness levels among employees and Age of the Respondents in Equitas Small Finance Bank.
- Alternative Hypothesis (H_1): There is a significant relationship in the mean awareness levels among employees and Age of the Respondents in Equitas Small Finance Bank.

Table showing Percentage Analysis between the mean awareness levels among employees and Age of the Respondents

Percentage Analysis

		How would you rate your awareness of digital transformation initiatives at Equitas Small Finance Bank?		Total
		Very Good	Good	
Which of the following age group do you belong to?	Below 30 years	15	12	27
	31-40 years	22	20	42
	41-50 years	9	17	26
	Above 50 years	3	5	8
Total		49	54	103

Interpretation:**1. Awareness of Digital Transformation Initiatives:**

- Approximately 14.56% of respondents rated their awareness of digital transformation initiatives at Equitas Small Finance Bank as "Very Good," while about 11.65% rated it as "Good." This suggests that a relatively small proportion of respondents perceive their awareness of digital transformation initiatives as high.

2. Age Groups:

- The largest age group among respondents is the "31-40 years" category, comprising approximately 40.78% of the total respondents. This indicates that Equitas Small Finance Bank's workforce predominantly falls within the age range of 31 to 40 years.
- The "Below 30 years" and "41-50 years" age groups represent approximately 26.21% and 25.24% of respondents, respectively, suggesting a fairly balanced distribution between younger and middle-aged employees.
- The "Above 50 years" age group constitutes the smallest proportion of respondents, comprising approximately 7.77% of the total. This indicates a relatively smaller representation of older employees within the workforce.

INFERENCE

It can be inferred that the positive perception of awareness levels regarding digital transformation initiatives across age groups at Equitas Small Finance Bank underscores the effectiveness of current initiatives while highlighting opportunities for targeted improvements to better meet the diverse needs of employees.

ANOVA**HYPOTHESIS 2:**

- Null Hypothesis (H_0): There is no significant relationship between the Digital Transformation initiatives at Equitas Small Finance Bank and customer satisfaction.
- Alternative Hypothesis (H_1): There is a significant relationship between the Digital Transformation initiatives at Equitas Small Finance Bank and customer satisfaction.

Table showing One-Way ANOVA on the relationship between the Digital Transformation initiatives at Equitas Small Finance Bank and customer satisfaction.

ANOVA					
Do you think the digital transformation initiatives at Equitas Small Finance Bank has increased its customer satisfaction?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.642	2	2.321	7.890	.001
Within Groups	29.416	100	.294		

Total	34.058	102			
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Interpretation

The p-value is 0.001, which is less than the conventional significance level of 0.05. Therefore, we reject the null hypothesis(H_0) and accept the alternate hypothesis(H_1) and conclude that there are statistically significant differences between groups in terms of the impact of digital transformation initiatives on customer satisfaction.

INFERENCE

Therefore, there is a significant relationship between the Digital Transformation initiatives at Equitas Small Finance Bank and customer satisfaction.

FINDINGS:

- Majority 58% of respondents are Male.
- Majority 77% of respondents are married.
- Majority 41% of respondents are between the age of 31-40 years.
- Majority 40% of respondents have work experience of 0-5 years in their organisations.
- Majority 60% of respondents have agreed that they are aware of the digital services provided in their organisation.
- Majority 62% of respondents are highly aware of the digital transformation in the organisation.
- Majority of 69% of respondents have agreed that integrated strategy with clear transformation goals is necessary for a successful digital transformation.
- Majority of 57% of the Respondents agree that the training programs are effective.
- Majority of 60 % of respondents receive information about digital transformation initiatives at Equitas Small Finance Bank through Email.
- Majority of 53% of respondents have agreed that Culture Change and Communication plays a vital role in the process of digital transformation.
- Majority of 40% of Respondents have agreed that Training Programs have the most significant impact on the awareness of Digital Transformation initiatives.
- Majority of 58% of the Respondents believe that increased awareness of digital transformation contributes to the successful implementation of initiatives at Equitas Small Finance Bank.
- Majority of 55% of respondents have agreed that digital transformation is helping Equitas Small Finance Bank in implementing new business initiatives.
- Majority of 60% of respondents have agreed that constant collaboration and transparency among teams is important in achieving the digital transformation objectives.
- The percentage of respondents rating their awareness as "Very Good" or "Good" increases with age. A higher percentage of respondents in the older age groups (41-50 years and above 50 years) rated their awareness as "Very Good" or "Good" compared to younger age groups (below 30 years and 31-40 years). This suggests that there might be a significant relationship between age and awareness levels of digital transformation initiatives at Equitas Small Finance Bank.
- The ANOVA results provide statistical evidence to support the notion that digital transformation initiatives at Equitas Small Finance Bank have increased customer satisfaction. The F-Statistic of 7.890 indicates that there is a significant difference in customer satisfaction levels across different groups based on their perceptions of the impact of digital transformation initiatives at Equitas Small Finance Bank. The p-value (Significance) of 0.001 is less than the typical significance level of 0.05, indicating strong evidence against the null hypothesis. Therefore, the Null Hypothesis (H_0) is rejected, that there is no significant relationship between digital transformation initiatives and customer satisfaction. The Alternative Hypothesis (H_1) is supported, suggesting that there is a significant relationship between digital transformation initiatives at Equitas Small Finance Bank and customer satisfaction.

SUGGESTIONS:

Based on the comprehensive analysis conducted in this research project, it is evident that there exists a significant relationship between the awareness of digital transformation initiatives and various demographic factors among employees at Equitas Small Finance Bank. However, to further enhance the effectiveness of digital transformation initiatives and ensure their successful implementation, it is imperative for the organization to consider the following suggestions:

1. **Tailored Training Programs:** Equitas Small Finance Bank should develop and implement tailored training programs that cater to the diverse needs and preferences of employees across different age groups, job roles, and educational backgrounds. These programs should not only focus on enhancing technical skills but also emphasize the importance of digital literacy and change management to effectively navigate the evolving digital landscape.

2. **Communication Strategies:** The organization should prioritize transparent and frequent communication channels to disseminate information about digital transformation initiatives. Utilizing multiple communication channels such as emails, intranet portals, team meetings, and leadership communication can help ensure that employees are adequately informed and engaged in the transformation process.
3. **Continuous Feedback Mechanisms:** Implementing continuous feedback mechanisms, such as surveys and focus group discussions, can provide valuable insights into the effectiveness of digital transformation initiatives and identify areas for improvement. This feedback loop will enable the organization to make data-driven decisions and adapt its strategies based on evolving employee needs and preferences.
4. **Promotion of Collaboration:** Encouraging constant collaboration and knowledge-sharing among teams can foster a culture of innovation and agility, essential for successful digital transformation. Equitas Small Finance Bank should leverage cross-functional teams and collaborative tools to facilitate idea generation, problem-solving, and the exchange of best practices across the organization.

CONCLUSION:

In Conclusion, this research project has provided valuable insights into the awareness of digital transformation initiatives among employees at Equitas Small Finance Bank. By recognizing the significance of employee awareness and understanding the factors influencing it, the organization can take proactive steps to enhance its digital transformation journey.

Moving forward, Equitas Small Finance Bank should focus on implementing the suggested strategies to improve awareness levels, drive employee engagement, and ultimately achieve successful digital transformation outcomes. By investing in tailored training programs, strengthening communication channels, fostering leadership involvement, soliciting continuous feedback, and promoting collaboration, the organization can position itself as a leader in the digital banking sector and drive sustainable growth in the ever-evolving digital landscape.

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ANNEXURE – QUESTIONNAIRE :

1. Name of the Respondent

2. Gender of the Respondent

- a) Female
- b) Male

3. Marital status

- a) Married
- b) Unmarried

4. Which of the following age group do you belong to?

- a) Below 30 years
- b) 31-40 years
- c) 41-50 years
- d) Above 50 years

5. For how many years are you working in your organization?

- a) 0-5 years
- b) 5-10 years
- c) 10-15 years
- d) More than 15 years

6. How would you rate your awareness of digital transformation initiatives at Equitas Small Finance Bank?

- a) Very Good
- b) Good
- c) Average
- d) Poor

e) Bad

7. Are you aware of the digital services provided by Equitas Small Finance Bank?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

8. How do you perceive the level of awareness regarding digital transformation among employees in Equitas Small Finance Bank?

a) Very High

b) High

c) Neutral

d) Low

e) Very Low

9. Do you believe an integrated strategy with clear transformation goals necessary for a successful digital transformation?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

10. Do you find the current training programs on digital transformation at Equitas Small Finance Bank effective?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

11. Through which channels do you primarily receive information about digital transformation initiatives at Equitas Small Finance Bank?

a) Email

b) Intranet/Employee Portal

c) Team Meetings

d) Training Sessions

e) Others

12. Do you believe Culture Change and Communication plays a vital role in the process of digital transformation?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

13. What factors do you believe have the most significant impact on your awareness of digital transformation initiatives?

a) Training Programs

b) Communication Channels

c) Leadership Communication

d) Peer Influence

e) Others

14. How strongly do you believe that increased awareness of digital transformation contributes to the successful implementation of initiatives at Equitas Small Finance Bank?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

15. Do you believe that the digital transformation initiatives at Equitas Small Finance Bank is beneficial to its customer satisfaction?

a) Strongly Agree

b) Agree

c) Neutral

d) Disagree

e) Strongly Disagree

16. Do you think digital transformation is helping Equitas Small Finance Bank in implementing new business initiatives?

a) Strongly Agree

b) Agree

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- c) Neutral
 - d) Disagree
 - e) Strongly Disagree