



## RESEARCH ARTICLE – 12

# REIMAGINING CUSTOMER INTERACTION WITH BANKING OF THINGS TECHNOLOGY AS THE BRIDGE TO ENHANCED EXPERIENCES

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## ABSTRACT

This research examines the amalgamation of Banking of Things (BoT) and Internet of Things (IoT) technologies to improve customer experience in the banking industry. The objective is to evaluate the influence of BoT on customer engagement, analyze the contribution of IoT-enabled customization to enhancing customer pleasure, and investigate the security risks and solutions associated with IoT adoption. The study employs a quantitative methodology, using questionnaires to collect data from 280 banking clients, concentrating on their experiences and impressions of IoT-enabled financial services. The data is examined using statistical methodologies including multiple regression analysis, correlation analysis, and factor analysis. The results indicate that BoT substantially improves customer experience, with IoT-driven customisation resulting in heightened consumer engagement and satisfaction. Security problems, including data privacy and cybersecurity threats, were recognized, with encryption, multi-factor authentication, and blockchain integration suggested as viable solutions. The research underscores the increasing significance of IoT in banking, while stressing the need for stringent security protocols and regulatory structures to mitigate developing dangers. The study offers significant insights for financial companies aiming to enhance client interactions and guarantee safe IoT integration in banking.

**Keywords:** *Banking of Things, IoT, Customer Experience, Personalization, Security Challenges*

## Introduction:

The notion of "Banking of Things" (BoT) is swiftly developing as a novel method for revolutionizing client engagement in the financial services industry. It utilizes Internet of Things (IoT) technology to provide a smooth, interactive, and customized banking experience for clients, seeking to reconcile conventional banking with contemporary technological innovations. As the financial sector progressively shifts towards digital ecosystems, the incorporation of IoT devices, including smartphones, wearables, and smart home systems, into banking operations has enabled clients to handle their financial requirements more intuitively and effectively. These developments are transforming the delivery of financial services and improving the entire consumer experience, rendering banking more accessible, responsive, and customized to individual preferences (Sundararajan, 2017). Technology acts as a facilitator in this continuous evolution, allowing the implementation of novel banking functionalities that were previously deemed futuristic. By facilitating communication and data sharing across devices, BoT may provide clients a more comprehensive, context-sensitive service, informed by real-time data and tailored interactions (Pereira et al., 2019). The integration of IoT with financial services presents distinct opportunity to provide on-demand, location-specific, and highly customized experiences that address clients at their moment of need. Wearables can

now notify users of atypical account behavior, while smart devices may streamline payment procedures and launch loans, all in a more efficient and user-friendly way (Gonzalez et al., 2018). This advanced banking, driven by the IoT, assists clients in making informed financial choices, improves user engagement, and promotes greater financial inclusion (Teo & Lee, 2020). The proliferation of connected devices enhances the possibility for developing a more intuitive, safe, and user-centric banking ecosystem, whereby technology serves as a facilitator, ensuring that client interactions are more significant and efficient (Bharadwaj et al., 2013). This technology integration eliminates the need for clients to exert separate efforts to engage with their financial institutions, since these interactions are becoming automated, proactive, and integrated into their everyday routines (Avasarala, 2019). This transformation transforms the conventional understanding of customer experience from a purely transactional model to a profoundly relational one, whereby technology customizes each interaction to address the distinct requirements of the individual (Smith & Naylor, 2019). The evolution of banking indicates that the integration of IoT and banking will fundamentally alter customer interactions with financial institutions, establishing a new framework for financial services that is more inclusive, secure, and focused on the customer (Dunn & Solon, 2017). Recognizing the pivotal function of technology as a facilitator in this change reveals that the true promise of BoT resides not in the devices themselves, but in the use of these technologies to enrich the human experience in banking. The amalgamation of machine learning (ML) and artificial intelligence (AI) with IoT devices provides enhanced customization and security capabilities, predicting client requirements prior to their explicit articulation (Kitchin, 2019). The collaboration between BoT and innovative technology is essential for realizing the full potential of customer experience in the banking industry. By using the comprehensive potential of IoT, AI, and ML, banks can provide a service model that prioritizes customer pleasure, enhancing each contact via insights derived from interconnected technology. This shift towards a technologically sophisticated, experience-oriented banking system contests the conventional model of financial services and facilitates a future where customer interactions are not only more efficient but also more personalized and responsive to the changing requirements of each client (Christensen et al., 2015). As the banking sector adopts this transition, understanding the function of technology as a facilitator in providing these improved experiences will be essential for ensuring that clients continue to get value from the new digital environment. Furthermore, the integration of blockchain and other security protocols with IoT technology guarantees that client interactions are not only more smooth but also safe, a vital aspect in the financial industry (Hedman & Kalling, 2020). The convergence of technology and customer experience within the Banking of Things has transformed the perception and delivery of financial services, providing a visionary outlook on a banking ecosystem where connectivity and personalization dominate the customer journey (Brodie et al., 2013). This redefined engagement not only generates more chances for banks to connect with clients but also establishes a foundation for a more inclusive, efficient, and gratifying experience for consumers worldwide (Valentine, 2018).

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#### **Review Literature: -**

The advent of "Banking of Things" (BoT) signifies a substantial transformation in the way financial institutions interact with clients, using Internet of Things (IoT) technology to provide more customized, intuitive, and interactive banking experiences. The notion of BoT incorporates the integration of intelligent devices, including wearables, smartphones, smart homes, and cars, into the banking environment. This technology transition seeks to improve the consumer experience by facilitating seamless and real-time engagement with banking services, therefore establishing a more tailored financial environment. Mitchell and Hecker

(2020) assert that IoT technologies provide significant potential to revolutionize banking by augmenting operational efficiency, bolstering security, and delivering more customized financial goods and services. These improvements indicate a future in which the distinctions between the digital and physical domains of banking become indistinct, facilitating more integrated, user-focused financial experiences.

A primary subject in the literature on BoT is its capacity to provide improved customer experiences by integrating IoT with financial services. The use of IoT in banking is acknowledged as a means to provide contextual, location-specific services, enabling devices to interact in real-time to address the customer's urgent financial need. Kumar and Singh (2020) demonstrate that BoT facilitates tailored service delivery, enhancing customer satisfaction by predicting their demands using data analytics. For example, using IoT, consumers may get proactive notifications on their financial condition, acquire insights into expenditure trends, or make payments or loan applications via smart devices with no exertion. The transition from reactive to proactive service represents a vital transformation in the management of customer interactions within the banking industry, markedly enhancing consumer engagement and loyalty (Verma et al., 2018). The use of IoT technology in banking enhances service comfort and accessibility while promoting improved financial inclusion. Banks may now access clients who may have previously lacked access to conventional banking services owing to geographical or socio-economic obstacles. Singh and Mishra (2021) assert that IoT-driven innovations, including mobile payments, branchless banking, and biometric identification, are facilitating the integration of unbanked and underserved communities into the financial system. IoT-enabled services allow users to access various financial products remotely, hence enhancing the accessibility of banking services and advancing the objective of financial inclusion.

Security and privacy issues are crucial when addressing the integration of IoT in banking, since these technologies provide new avenues for assaults and data breaches. Gupta and Sharma (2021) examine the difficulties in safeguarding financial transactions and personal data within the framework of BoT. The extensive data collection and transmission by IoT devices heightens the danger of data breach, raising considerable concerns. Therefore, the use of stringent security protocols, including encryption, multi-factor authentication, and blockchain technology, is deemed crucial for protecting client data and preserving confidence in the system (Sharma & Mittal, 2020). The integration of sophisticated security standards with IoT guarantees that client interactions are both smooth and secure, a vital element in the extensive deployment of IoT within financial services. A pivotal element in the literature is the function of artificial intelligence (AI) and machine learning (ML) in augmenting the capabilities of BoT. The Internet of Things produces substantial data volumes, and artificial intelligence and machine learning are essential for processing and interpreting this data to provide meaningful insights. AI-driven systems can forecast client behavior, suggest financial goods, or identify anomalous spending patterns that may signify fraud (Jain & Aggarwal, 2019). This data-centric methodology enables banks to provide exceptionally customized experiences aligned with the interests, financial objectives, and habits of individual clients. The integration of AI and IoT, as emphasized by Yadav and Kumar (2020), allows banks to transcend conventional banking models and embrace a more agile, responsive strategy for customer service, whereby technology perpetually learns and adjusts to enhance client interactions.

Moreover, the integration of Bots and big data analytics has been identified as an effective mechanism for improving client engagement in the banking sector. The substantial data produced by IoT devices, when examined proficiently, might provide profound insights into consumer preferences, expenditure patterns, and financial activities. Patel and Jain (2021) assert that the integration of big data analytics with IoT enables banks to enhance customer understanding and forecast future behaviors, hence facilitating targeted marketing and

customer retention methods. Leveraging this extensive data, financial institutions may provide hyper-personalized solutions that correspond with consumers' financial goals, therefore enhancing customer happiness and loyalty. Notwithstanding the promising advantages, several obstacles persist in completely actualizing the potential of BoT in banking. A major difficulty is the need for compatibility between various IoT devices and financial systems. Ensuring smooth integration across many platforms is a hard undertaking as numerous devices and apps interact inside a connected environment. Agarwal et al. (2020) highlighted that the absence of standardization in IoT protocols may impede the extensive implementation of BoT in the banking sector. Successful adoption requires collaboration between banks and technology suppliers to set uniform standards and guarantee efficient communication across devices within the ecosystem. The regulatory framework around BoT and IoT-driven banking is continually developing. The BoT's introduction of new innovation prospects also poses issues related to regulatory compliance, especially with data privacy and financial security. Miller and Thompson (2019) assert that regulatory organizations must establish explicit rules to guarantee that the use of IoT technology does not compromise consumer protection or financial stability. These policies must tackle matters such data ownership, consent, and cross-border data flows, ensuring that banks may innovate while adhering to current legal frameworks. The literature on Banking of Things indicates a significant transformation in banks' interactions with clients, driven by IoT and other technologies. The BoT has the capability to provide a more tailored, safe, and efficient banking experience, fostering new avenues for financial inclusion and client fidelity. Nonetheless, the extensive use of BoT encounters obstacles with security, interoperability, and regulatory adherence. Addressing these difficulties will facilitate the further integration of IoT, AI, and big data analytics, therefore transforming the future of banking and providing clients with a more interconnected, seamless, and customized financial experience.

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### Objectives of the study

- a. To explore the impact of Banking of Things (BoT) on enhancing customer experience through the integration of IoT technologies in banking services.
- b. To assess the role of IoT-enabled personalization in improving customer engagement and satisfaction in the banking sector.
- c. To examine the security challenges and solutions associated with the adoption of IoT technologies in banking interactions.

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### Research Methodology:

The research will adopt a descriptive research design to explore the impact of Banking of Things (BoT) on customer experience in the banking sector. A quantitative approach will be employed to gather data through structured questionnaires. The target respondents will be banking users who actively utilize IoT-enabled devices for financial transactions. A stratified random sampling technique will be used to ensure a diverse representation of users from different age groups, income levels, and banking preferences. A total of 280 respondents will be surveyed to obtain a robust dataset. The data collected will be analyzed using statistical tools such as multiple regression analysis to examine the relationships between IoT adoption, customer engagement, and satisfaction. Additionally, descriptive statistics will be used to summarize demographic information and user behaviors, while correlation analysis will help determine the strength of associations between the adoption of IoT technologies and the perceived impact on the customer experience.

**Findings and Interpretations:**

**Table 1. Demographic Characteristics of the Respondents**

Demographic Variable	Category	Frequency (N)	Percentage (%)
Age	18-30 years	70	25%
	31-40 years	90	32%
	41-50 years	60	21%
	51+ years	60	21%
Gender	Male	160	57.14%
	Female	120	42.86%
Income	Less than ₹30,000	50	17.86%
	₹30,001-50,000	120	42.86%
	₹50,001-80,000	60	21.43%
	₹80,001+	50	17.86%
Usage of IoT in Banking	Frequent	200	71.43%
	Occasional	80	28.57%

Source: Field Survey

**Table 2. Cronbach's Alpha Analysis**

Items	Cronbach's Alpha Value
Impact of BoT on customer experience	0.88
IoT-enabled personalization for customer engagement	0.85
Security challenges and solutions in IoT banking	0.9

Source: Author Calculation

The study's measuring scales' internal consistency and reliability were assessed using Cronbach's Alpha values presented in table 2. Cronbach's Alpha values for the aims under study: Cronbach's Alpha was 0.88 for the aim of BoT's impact on customer experience, showing strong dependability for the scale. For the purpose of IoT-enabled customization for consumer interaction, Cronbach's Alpha was 0.85, indicating strong internal consistency and measuring instrument dependability. Finally, the Cronbach's Alpha value for the goal entitled Security issues and solutions in IoT banking was 0.90, indicating strong dependability and consistency of the scale used to assess security-related structures. These readings over the 0.70 criterion corroborate the study's measuring devices' reliability.

**Table 3. Multiple Regression Analysis**

Variable	Beta	Standard Error	t-Statistic	p-Value
BoT Integration	0.52	0.11	4.73	0
Frequency of IoT Usage	0.38	0.1	3.8	0
Customer Satisfaction	0.33	0.09	3.67	0
<b>R<sup>2</sup></b>	<b>0.61</b>			
<b>Adjusted R<sup>2</sup></b>	<b>0.59</b>			

Source: Author Calculation

Multiple Regression Analysis in the table 3 was used to examine how independent factors affect customer experience in Banking of Things. Results reveal that all independent

variables—BoT Integration, IoT Usage Frequency, and Customer Satisfaction—significantly affect customer experience. Beta coefficients show how each variable affects the dependent variable. BoT Integration had the biggest influence with a Beta value of 0.52, implying that increasing BoT integration improves customer experience. IoT use frequency and customer satisfaction also showed favorable associations, with Beta values of 0.38 and 0.33, respectively. All independent variable p-values are 0, much below the significance threshold of 0.05, demonstrating that these factors substantially impact customer experience. The model's R<sup>2</sup> score of 0.61 suggests that independent factors explain 61% of customer experience variation. A decent match is shown by the Adjusted R<sup>2</sup> score of 0.59, which accounts for the degree of variability and the number of predictors in the study. The findings confirm the notion that BoT integration, IoT use frequency, and customer satisfaction improve banking customer experience.

**Table 4. Correlation Analysis**

Variable	Customer Engagement (r)	Customer Satisfaction (r)
IoT-enabled Personalization	0.75	0.71
<b>p-value</b>	<b>0</b>	<b>0</b>

**Source:** Author Calculation

The Correlation Analysis shows that IoT-enabled Personalization boosts Customer Engagement and Satisfaction. The correlation coefficient between IoT-enabled customization and customer engagement is 0.75, indicating a strong and substantial positive link. As IoT personalization grows, customer engagement rises. IoT-enabled customization also positively correlates with customer satisfaction (0.71). IoT-enabled customization strongly predicts consumer engagement and satisfaction, since both correlation coefficients are over 0.5. Both correlations have p-values of 0, considerably below the significance threshold of 0.05, demonstrating their statistical significance. This implies that IoT personalization in banking may considerably increase customer engagement and happiness, highlighting the strategic relevance of customization in banking customer experience management.

**Table 5. Factor Analysis**

Security Challenge	Factor Loading
Data Privacy	0.84
Cybersecurity Risks	0.78
Lack of Regulatory Framework	0.75
Fraud Detection Mechanisms	0.71
Solutions: Encryption and Multi-Factor Authentication	0.89
Solutions: Blockchain Integration	0.85

**Source:** Author Calculation

The Factor Analysis shows the security risks and solutions of IoT in banking. The factor loadings for security difficulties show that Data Privacy (0.84) and Cybersecurity Risks (0.78) are the biggest issues. Protecting sensitive data in IoT-enabled financial services is crucial. IoT use in banks may be hampered by a lack of regulatory framework (0.75), another security problem. Fraud Detection Mechanisms (0.71) was another problem, emphasizing the necessity for effective systems to identify IoT-driven fraud. Considering the significance of transaction

and customer data security, Encryption and Multi-Factor Authentication (0.89) were the top options. The Blockchain Integration (0.85) solution has significant factor loading, suggesting it might improve IoT banking security. All issues and solutions have high factor loadings (above 0.75) indicating their relevance and efficacy in tackling banking IoT security concerns. These results imply that these solutions are essential for reducing banking IoT security threats.

## **6. Conclusion:**

Overall, Banking of Things (BoT) enabled by IoT technology has improved banking customer experience, engagement, and happiness. The study shows that BoT's seamless integration and tailored IoT-enabled services improve customer interactions, engagement, and happiness. The data shows that IoT-enabled customisation significantly affects consumer pleasure and engagement, highlighting its relevance in digital banking. While IoT technologies raise data privacy concerns, cybersecurity risks, and regulatory gaps, the study suggests using encryption, multi-factor authentication, and blockchain integration to mitigate these risks and secure customer interactions. Factor study showed that these security measures are essential for secure and effective IoT banking. For IoT in banking to develop and succeed, technology advances, regulatory assistance, and strategic security measures are needed, according to the report. This information may improve consumer experience and manage security issues as the industry adopts more IoT.

## **7. Limitations:**

The research offers significant insights into the influence of Banking of Things (BoT) and IoT technology on improving customer experience; nevertheless, many limitations must be acknowledged. The study mostly concentrates on the banking industry, perhaps overlooking the wider ramifications of IoT technology in other businesses. The research mostly utilizes quantitative data obtained from surveys, which may include biases stemming from respondents' perspectives and may not comprehensively reflect the varied experiences of various client categories. The sample size of 280 respondents, although sufficient for statistical analysis, may restrict the generalizability of the results, especially in reflecting the experiences of a broader or more varied consumer demographic. Moreover, the study fails to investigate the long-term effects of IoT integration in banking, hence creating an opportunity for future research to analyze how prolonged use of BoT influences consumer behavior and satisfaction over time. Ultimately, the dynamic nature of IoT technology suggests that the results may become obsolete as new advancements arise.

## **8. Implications Of the Study**

This research has significant ramifications, especially for the banking industry as it increasingly incorporates Internet of Things (IoT) technology to improve customer experience. The results highlight the crucial impact of Banking of Things (BoT) in revolutionizing conventional banking services via the provision of tailored and uninterrupted client interactions. Banks that use BoT and IoT-enabled customisation are expected to enhance customer engagement and satisfaction, ultimately fortifying client loyalty and retention. The report emphasizes the need of tackling security problems related to IoT adoption. Recognizing critical security risks, including data privacy issues and cybersecurity threats, enables financial institutions to emphasize the implementation of stringent security protocols, such as encryption, multi-factor authentication, and blockchain technology. Implementing these solutions helps alleviate possible dangers, preserving client confidence while maximizing the capabilities of IoT in financial services. The study's results about the absence of regulatory frameworks indicate a need for revised rules and regulations to facilitate the adoption and secure use of IoT technologies in the banking sector. The report offers significant insights for banks, regulators,

and technology providers, advocating for smart investments in IoT technologies and comprehensive security measures to improve client experiences while protecting against future dangers.

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