

CONSEQUENCES OF PERSONALIZATION ACROSS BANKING PRODUCTS ON CUSTOMER RETENTION

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ABSTRACT

Customer retention in the highly competitive banking environment turns a key factor for long term profitability and growth of the sector. The study focused around exploring the personalization in banking products and increasing customer loyalty services. Personalization of banking services examines the inter relationship between five dimensions, product personalization, Communication Personalization, Service Personalization and Digital Personalization. The study adopts a quantitative, descriptive and causal research design to explore the impact of products personalization and customer retention in the Indian banking sector. Structured questionnaire is used for data collection and validated with scales from existing literature. Data was collected from 549 respondents by combination of online and questionnaire mixed model approach is adopted for wider reach and inclusivity and non-probable purposive sampling technique is adopted. Statistical tools like descriptive statistics, reliability analysis by Cronbach's Alpha assessed for internal consistency and validated. Subsequently correlation analysis was conducted to explore relationship among the variables.

Key words: personalization, Banking products, Customer retention and Tailored banking experience

INTRODUCTION

The Indian banking sector is experiencing high transformation since the financial reforms-initiated from 1991, the reforms introduced remarkable shift in regulated framework to provide liberalized and market-intensive economy. (Al-Quraishi et al., 2025) The major drive of the transformation increased competition especially due to the entry of foreign banks in India. In the recent past technology brought catalyst for changes and revolutionized the banking services and delivery of financial services across the country (Shafiquzzaman Bhuiyan, 2024a).

The liberalisation and influx of foreign banks into the Indian market brought new style of customer service expectations. (Tochukwu Ignatius Ijomah et al., 2024) The foreign banks differentiated themselves by providing superior quality of services in the field of employee interaction, advanced technology and reduced transaction times. , many customers began shifting their preferences from public sector banks to these foreign counterparts. Recognizing

this trend, private sector banks also began emphasizing customer service and retention strategies. Over time, this led to a (Shafiquzzaman Bhuiyan, 2024b)noticeable transition of business from public sector institutions to private and foreign banks, driven largely by the evolving expectations of Indian banking customers.

Statement of the Problem

In the contemporary banking landscape, customer retention has emerged as a critical challenge due to increased competition, (Lubis et al., 2020)technological disruption, and rapidly changing consumer preferences. Despite significant investments in customer relationship management and digital transformation, many banks continue to struggle with high attrition rates and low customer loyalty. (Shafiquzzaman Bhuiyan, 2024c)Although several studies have explored the impact of and service quality on retention, limited attention has been given to the role of personalisation across multiple banking products. Personalisation is often confined to marketing communications or digital interfaces, rather than being deeply embedded into the design and delivery of various banking services such as personal loans, mutual fund advisory, insurance plans, and credit products. (Arriola, 2025a)

OBJECTIVES OF THE STUDY

The huge rising competition among public, private, and foreign banks, providing tailored banking experiences has become essential not only for customer satisfaction but also for long-term retention. This study aims to explore how personalization across multiple banking products enhances, loyalty, and engagement. The research focuses on understanding the dimensions of personalized banking that vibrate most with customers and how such strategies can be effectively used by banks to create sustainable relationships and competitive advantage.

RESEARCH METHODOLOGY

The research methodology serves as the foundation for systematically investigating the impact of personalisation on customer satisfaction and retention within the Indian banking sector. This part outlines the structured approach adopted to design,(Arriola, 2025b) develop, and implement the study in a manner that ensures scientific rigor and reliability.

This study adopts a quantitative, descriptive, and causal research design to explore the impact of products personalisation and customer retention in the Indian banking sector. Given the dynamic and highly competitive nature (Paramadana et al., 2025)of banking services, particularly in the private sector, a structured and empirical approach is essential to understand the influence of different dimensions of personalisation.

To accurately measure the constructs involved, a structured questionnaire was developed based on validated scales from existing literature(Abapo, 2025) and adapted to the banking context. The construct of personalisation was measured using four dimensions: Product Personalisation, which includes customer-specific banking solutions; Communication Personalisation, which covers tailored messages and service interactions; (Aria & Sacco, 2023)Service Personalisation, involving human touch, relationship management, and customer attention; and Digital Personalisation, reflecting technology-enabled (Malempati, 2022)customization in mobile and online platforms. Each dimension was operationalized using multiple items on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).(Gorgoglione & Panniello, 2011)

Data was collected from 549 respondents using a (Ganguly et al., 2025)combination of online surveys and maid questionnaires in the urban and semi urban regions in India. Mixed model

approach ensured wider reach and inclusivity.(Zariman et al., 2023) A non -probably purposive sampling technique is adopted the largest sample size provides to adopt the powerful analysis.

HYPOTHESES

H1: There is a positive correlation among PP1-PP5 representing product personalisation

H2: There is a significant and positive correlation among CP1 to CP5 representing communication personalisation.

H3: There is a positive correlation among SP1 to SP5 representing Service Personalisation dimension.

H4: There is a significant and positive correlation among the DP1 to DP5 representing digital personalisation dimension.

STATISTICAL TOOLS

To analyse the collected data and test the proposed hypotheses, a combination of descriptive and inferential statistical techniques was employed. Initially, (Hoang et al., 2023)descriptive statistics were used to understand the demographic profile of respondents and the central tendencies of each construct. (Walia, n.d.)Reliability analysis using Cronbach’s Alpha assessed internal consistency, ensuring that the measurement scales used were both valid and reliable. Subsequently, correlation analysis was conducted to explore the relationships between variables. (Capponi et al., 2021)

ANALYSIS AND INTERPRETATION

Table 1 Demographic details of the Respondents

| Bio data | Statement | Frequency | Percentage |
|-----------------------|-------------------------|-----------|------------|
| Gener | Male | 282 | 51.4 |
| | Female | 267 | 48.6 |
| Age | Below 30 years old | 101 | 18.4 |
| | 31 to 40 years old | 108 | 19.7 |
| | 41 to 50 years old | 113 | 20.6 |
| | 51 to 60 years old | 110 | 20.0 |
| | above 61 years old | 117 | 21.3 |
| | Below 30 years old | 101 | 18.4 |
| Occupation | Public Sector Employee | 128 | 23.3 |
| | Private Sector Employee | 156 | 28.4 |
| | Free Lancer | 135 | 24.6 |
| | Owning Business | 130 | 23.7 |
| Income level | Less than Rs.30000 | 143 | 26.0 |
| | Rs 30001 to 40000 | 127 | 23.1 |
| | Rs. 40001 to 50000 | 126 | 23.0 |
| | Above Rs.50001 | 153 | 27.9 |
| Educational | Under graduate | 119 | 21.7 |
| | Post graduate | 139 | 25.3 |
| | Technical Education | 137 | 25.0 |
| | Professional | 154 | 28.1 |
| Working sector | Public Sector | 244 | 44.4 |
| | Private Sector | 305 | 55.6 |

| | | | |
|-----------------|--------------------|-----|------|
| Duration | Less than 8 years | 181 | 33.0 |
| | 8 to 15 years | 187 | 34.1 |
| | More than 15 years | 181 | 33.0 |

Table no 3 Reliability Statistics

| | |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| .905 | 20 |

Table 2 Item-Total Statistics for Personalization of Banking Products in Different Dimension

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| PP1 | 70.2623 | 195.281 | .556 | .900 |
| PP2 | 70.5246 | 215.195 | -.012 | .915 |
| PP3 | 70.2842 | 196.744 | .534 | .900 |
| PP4 | 70.2842 | 198.321 | .505 | .901 |
| PP5 | 70.2477 | 196.639 | .546 | .900 |
| CP1 | 70.2568 | 194.425 | .595 | .899 |
| CP2 | 70.3078 | 193.943 | .605 | .898 |
| CP3 | 70.3224 | 194.865 | .583 | .899 |
| CP4 | 70.3097 | 194.842 | .586 | .899 |
| CP5 | 70.2514 | 197.024 | .546 | .900 |
| SP1 | 70.3297 | 194.710 | .602 | .898 |
| SP2 | 70.2678 | 195.638 | .550 | .900 |
| SP3 | 70.3060 | 195.855 | .558 | .900 |
| SP4 | 70.2696 | 195.580 | .572 | .899 |
| SP5 | 70.3534 | 195.627 | .554 | .900 |
| DP1 | 70.3206 | 193.536 | .621 | .898 |
| DP2 | 70.3060 | 194.654 | .607 | .898 |
| DP3 | 70.4026 | 195.226 | .560 | .899 |
| DP4 | 70.2842 | 194.766 | .584 | .899 |
| DP5 | 70.3169 | 194.640 | .587 | .899 |

Correlational analysis – Personalization dimensions

The partial correlation analysis presented examines the inter-relationships between five items (PP1 to PP5) representing Product Personalization, while controlling for the variable Sector (public vs. private). The results reveal several significant and moderately strong positive correlations among most items, indicating consistency in how respondents perceive product personalization features. Specifically, PP1 (bank recommends products based on financial history) is significantly correlated with PP3 (customized product bundles, $r = 0.305$), PP4 (flexible terms on loans or deposits, $r = 0.341$), and PP5 (products aligned with life goals, $r = 0.386$), all at $p < 0.001$. These values reflect a meaningful alignment among customers' experiences or perceptions related to personalized offerings.

Table 3 Correlations for Personalization dimensions

| Control Variables | | PP1 | PP2 | PP3 | PP4 | PP5 | |
|-------------------|-----|-------------------------|-------|-------|------|------|------|
| Sector | PP1 | Correlation | 1.000 | -.026 | .305 | .341 | .386 |
| | | Significance (2-tailed) | . | .536 | .000 | .000 | .000 |

| | | | | | | |
|-----|-------------------------|-------|-------|-------|-------|-------|
| | df | 0 | 546 | 546 | 546 | 546 |
| PP2 | Correlation | -.026 | 1.000 | -.031 | -.002 | -.069 |
| | Significance (2-tailed) | .536 | . | .465 | .955 | .107 |
| | df | 546 | 0 | 546 | 546 | 546 |
| PP3 | Correlation | .305 | -.031 | 1.000 | .268 | .336 |
| | Significance (2-tailed) | .000 | .465 | . | .000 | .000 |
| | df | 546 | 546 | 0 | 546 | 546 |
| PP4 | Correlation | .341 | -.002 | .268 | 1.000 | .278 |
| | Significance (2-tailed) | .000 | .955 | .000 | . | .000 |
| | df | 546 | 546 | 546 | 0 | 546 |
| PP5 | Correlation | .386 | -.069 | .336 | .278 | 1.000 |
| | Significance (2-tailed) | .000 | .107 | .000 | .000 | . |
| | df | 546 | 546 | 546 | 546 | 0 |

The partial correlation analysis for the Communication Personalization dimension (CP1 to CP5), while controlling for the variable Sector, reveals strong and statistically significant positive relationships among all five items. This indicates a high level of internal consistency within the construct of communication personalization. CP1 (personalized messages or emails) shows strong correlations with CP2 (tailored alerts based on account activities, $r = 0.411$), CP4 (preferred communication channels, $r = 0.403$), and CP5 (relevant promotional messages, $r = 0.343$), all significant at $p < 0.001$. Similarly, CP2 exhibits significant positive correlations with CP3 (relevant language and content, $r = 0.397$), CP4 ($r = 0.388$), and CP5 ($r = 0.301$), further emphasizing the cohesive nature of how customers perceive personalized communication efforts from banks.

Table 4 Correlations for Communication Personalization dimension

| Control Variables | | CP1 | CP2 | CP3 | CP4 | CP5 | |
|-------------------|-----|-------------------------|-------|-------|-------|-------|-------|
| Sector | CP1 | Correlation | 1.000 | .411 | .317 | .403 | .343 |
| | | Significance (2-tailed) | . | .000 | .000 | .000 | .000 |
| | | df | 0 | 546 | 546 | 546 | 546 |
| | CP2 | Correlation | .411 | 1.000 | .397 | .388 | .301 |
| | | Significance (2-tailed) | .000 | . | .000 | .000 | .000 |
| | | df | 546 | 0 | 546 | 546 | 546 |
| | CP3 | Correlation | .317 | .397 | 1.000 | .390 | .322 |
| | | Significance (2-tailed) | .000 | .000 | . | .000 | .000 |
| | | df | 546 | 546 | 0 | 546 | 546 |
| | CP4 | Correlation | .403 | .388 | .390 | 1.000 | .397 |
| | | Significance (2-tailed) | .000 | .000 | .000 | . | .000 |
| | | df | 546 | 546 | 546 | 0 | 546 |
| | CP5 | Correlation | .343 | .301 | .322 | .397 | 1.000 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 | . |
| | | df | 546 | 546 | 546 | 546 | 0 |

The correlation analysis for the Service Personalization dimension (SP1 to SP5), controlling for the variable Sector, reveals moderately strong and statistically significant relationships among all five variables.

SP1 (dedicated relationship manager) is positively correlated with SP2 (personalized financial advice) at $r = 0.332$, SP3 (priority service) at $r = 0.381$, SP4 (remembrance of past queries) at $r = 0.375$, and SP5 (proactive service suggestions) at $r = 0.286$, all significant at p

< 0.001. These results show that when customers are assigned a dedicated relationship manager, they are also likely to receive customized support and quicker services.

SP4, which measures how well banks remember past queries and preferences, is significantly correlated with all other variables but slightly lower compared to SP1 and SP3, indicating that although important, memory of previous interactions may be experienced somewhat independently by some customers.

Table 5 Correlations Service Personalization dimension

| Control Variables | | SP1 | SP2 | SP3 | SP4 | SP5 | |
|-------------------|-----|-------------------------|-------|-------|-------|-------|-------|
| Sector | SP1 | Correlation | 1.000 | .332 | .381 | .375 | .286 |
| | | Significance (2-tailed) | . | .000 | .000 | .000 | .000 |
| | | df | 0 | 546 | 546 | 546 | 546 |
| | SP2 | Correlation | .332 | 1.000 | .320 | .329 | .352 |
| | | Significance (2-tailed) | .000 | . | .000 | .000 | .000 |
| | | df | 546 | 0 | 546 | 546 | 546 |
| | SP3 | Correlation | .381 | .320 | 1.000 | .298 | .401 |
| | | Significance (2-tailed) | .000 | .000 | . | .000 | .000 |
| | | df | 546 | 546 | 0 | 546 | 546 |
| | SP4 | Correlation | .375 | .329 | .298 | 1.000 | .296 |
| | | Significance (2-tailed) | .000 | .000 | .000 | . | .000 |
| | | df | 546 | 546 | 546 | 0 | 546 |
| | SP5 | Correlation | .286 | .352 | .401 | .296 | 1.000 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 | . |
| | | df | 546 | 546 | 546 | 546 | 0 |

The correlation analysis for the Digital Personalization dimension (DP1 to DP5), with Sector as a control variable, demonstrates strong and statistically significant positive relationships among all the items. This suggests a high level of internal consistency within this construct, indicating that respondents perceive various aspects of digital personalization as interconnected and mutually reinforcing in their banking experience.

DP1 (relevant content on mobile/website) has moderate to strong correlations with DP2 (customizable dashboard) at $r = 0.421$, DP3 (smart insights) at $r = 0.397$, DP4 (AI/chatbot responsiveness) at $r = 0.427$, and DP5 (unique online experience) at $r = 0.412$, all significant at $p < 0.001$. These correlations suggest that when users perceive content relevance, they also report better experiences across digital personalization aspects such as interface customization and intelligent system responses.

Table 6 Correlations Digital Personalization dimension

| Control Variables | | DP1 | DP2 | DP3 | DP4 | DP5 | |
|-------------------|-----|-------------------------|-------|-------|-------|------|------|
| Sector | DP1 | Correlation | 1.000 | .421 | .397 | .427 | .412 |
| | | Significance (2-tailed) | . | .000 | .000 | .000 | .000 |
| | | df | 0 | 546 | 546 | 546 | 546 |
| | DP2 | Correlation | .421 | 1.000 | .436 | .333 | .357 |
| | | Significance (2-tailed) | .000 | . | .000 | .000 | .000 |
| | | df | 546 | 0 | 546 | 546 | 546 |
| | DP3 | Correlation | .397 | .436 | 1.000 | .372 | .366 |
| | | Significance (2-tailed) | .000 | .000 | . | .000 | .000 |
| | | df | 546 | 546 | 0 | 546 | 546 |

| | | | | | | |
|-----|-------------------------|------|------|------|-------|-------|
| DP4 | Correlation | .427 | .333 | .372 | 1.000 | .415 |
| | Significance (2-tailed) | .000 | .000 | .000 | . | .000 |
| | df | 546 | 546 | 546 | 0 | 546 |
| DP5 | Correlation | .412 | .357 | .366 | .415 | 1.000 |
| | Significance (2-tailed) | .000 | .000 | .000 | .000 | . |
| | df | 546 | 546 | 546 | 546 | 0 |

CONCLUSION

Personalization of banking services examines the inter relationship between five dimensions, product personalization, Communication Personalization, Service Personalization and Digital Personalization. The inter-relationship between five items PP1 to PP5, shows that PP1, PP2 and PP5 significant positive relationship and PP1 and PP5 ($r = 0.386$, $P < 0.001$), highlighting customer's alignment in perceiving tailored offerings. PP3 and PP4 and PP5 also correlated significantly with each other. Communication personalization CP1 demonstrates strong links with CP2, CP4 and CP5 shows alignment in personalization messages. Alers and promotions. The strongest association observed between CP1- CP2 and CP3 to CP3 highlights the importance of timely delivery relevant content and preferred channels. Service personalization shows moderately strong and strong relationship among all five service personalization items SP1 shows consistent relationship with SP2, SP3, SP4 and SP5 shows alignment between personalized support and customer service experience. The strongest relationship appears between SP3 and SP5, that is priority service and proactive suggestions with $r = 0.401$. digital personalization items confirming high internal consistency that is relevant digital content (DP1) shows significant associations with DP2, DP3, and DP5 demonstrates the interconnectedness of interface customization, smart insights and responsive systems. The strongest association prevails between customizable dashboard and smart insights (DP2), and (DP3) with $r = 0.436$ highlights the role of tailored interfaces in delivering meaningful suggestions.

AUTHOR'S CONTRIBUTION

Anthony Gruze Thangaraj J has developed the concept of “Consequences of personalization Across Banking Products on Customer retention” with the help of Uma Parameswari. K, and conducted detailed review of literature and developed questionnaire for collection of data for the study. Harini . I, and Reena A, developed google questionnaire and circulated to collect online data sheet. And the first and second authors have completed data analysis process, followed by it is, the remaining authors have checked the flow of the paper and give correction. And the it is critically reviewed and finalised by the authors.

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