

TRUST TO THRUST: HARNESSING CUSTOMER ENGAGEMENT TO ELEVATE EXPERIENCE AND GROWTH

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Abstract

Banking sector in India has conventionally focused on managing and experimenting with various service delivery channels for the customers. With the increasing digitalization of banking and financial services, the proliferation of banking facilities has become more intense and increasingly homogenous. This made customer retention a new pressing challenge for the banking industry. In this context, customer engagement is an area which holds the key to reinvigorate the entire banking system. The conventional models of customer engagement have been restrictive. This paper is based on a thorough analysis of key models of customer engagement and proposes a three-tiered approach to enhance customer engagement to ensure better customer retention as well as proliferation of banking products. The results of the study were discussed through three proposed frameworks, namely, a Gamified Unique Experience Service System (GUESS), a Personalized and Unbiased Responsive Enterprise (PURE) and a Brand Recognition, Association and Gesture (BRAG). These innovative frameworks proposed to introduce a more intense gamified banking environment to the consumer which could amplify the customer experience while invoking key human emotions. As a result of these frameworks, banks could find a niche position within the emotive space of each consumer, connecting and establishing more personal ties where both the bank as well as the consumer is able to find association with each other. Such model holds the key to reinforce the connection with the customer while also amplifying the potential for growth for the banks.

Keywords

Customer Engagement, Customer Service, Customer Experience, Personalization, Banking, Gamification

Introduction

The Banking, Financial Services and Insurance (BFSI) sector stands at the crossroad where the growth prospects are highly volatile and the technological changes and growing competition have made the pursuit of innovation and reimagination of their business models indispensable (McKinsey & Company, 2023). There is an urgent need of multifarious innovative and technology-driven

avenues in every realm of the economy (Reserve Bank of India, 2023b). With the unprecedented success and reach of Unified Payments Interface (UPI) and never-seen-before penetration of the BFSI players into every nook and corner of the economy, the Indian economy has already set an example of its ability to innovate and explore (IBEF, 2025). However, this promising picture of the economy also warrants an exploration of the underlying challenge for financial institutions.

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Banking sector displays a unique synergy when it comes to the macroeconomic trends of economy. This synergy could be observed through an unprecedented adaptiveness shown by the BFSI sector to the changing technology. However, this adaptiveness is also marked by the presence of a contagious effect which permeates through the entire banking system making the processes and products across the industry appear similar. This gives rise to a homogenizing trend in the banking and financial services sector (Rao & Moorthy, 2014). Another important development in this direction is the rising competition, further intensified by the multimodal penetration of new age financial service providers such as Payments Banks, Non-Banking Financial Companies (NBFCs) and Fintechs (Reserve Bank of India, 2023b). Owing to this commotion, the behemoth sized financial institutions have been forced to rethink and reimagine the entire gamut of banking services (Accenture, 2023; Accenture, 2025). Failure to engage in this contemplative reimagination of banking and financial service could cost the banks their sustained growth and profitability.

A major theme which holds the potential to act as the fulcrum for the BFSI sector amidst this transformative period is customer engagement (Ernest and Young, 2025). With the plurality of financial service providers and an entire market of similar appearing products and services, the service providers are faced with a situation to make their business proposition interesting for their customers to ensure a sustained customer engagement and interest (Accenture, 2025). Understood from a more fundamental perspective, this need to reimagine the ways of engagement between the customer and the service providers is not a passing fad but an instrumental theme of any business model. Extensive studies have been done on various models of customer engagement (Accion, 2018; Keller, 2010; Kini & Basri, 2022; Rao & Moorthy, 2014; Sharma, 2022; Sondinti et al., 2025). However, the reimagination of the banking sector in India

from a customer engagement perspective deserves a more focused approach. This paper explores how customer engagement could be introduced in conventional banking services in India to elevate its business growth and stability.

The unpredictable position of the customer emerges from the fact that the customer can freely choose from the available service providers in the market. Some studies have found that such volatile behavior is due to the lack of engagement avenues for the customer (Accenture, 2023). This might partly explain why the financial service providers find it difficult to retain their customers against the various marketing gimmicks of the other players. In such situations, the marketing campaigns lacking the avenues of engagement often lead to the underperformance or short-lived performances of such efforts.

A common approach adopted by the banks to cope with this challenge is to make the deal sweeter for the customer. The banking institutions, in India particularly, have often adopted the traditional business model of bouquet-of-services (also called 'bundled products') (Dimitrieska & Efremova, 2020; Reserve Bank of India, 2019, 2025). However, as such products become readily available, an ironic trend emerges. The customers often take-for-granted the bundled products and begin to find more meaningful and relatable avenues of engagement. Thus, when discussed from the business point of view, the bouquet of services approach proves to be outdated, if not irrelevant altogether. This aspect highlights an important gap in the marketing strategy of the banks in India where the focus needs to be brought to reimagination of ways of customer engagement instead of a projected display of things the banks have on offer. A study by McKinsey (2023) has suggested that hyper-personalization, supported by advanced analytics, could increase conversion and retention rates by three to five times. Similar observation have been given by a report published by Accenture (2023) which suggested

that by strengthening human-centric engagement and forging emotional connections, banks have the potential to boost revenues from primary customers by up to 20 percent. It would be dismissive to suggest an end of the marketing potential in the banking sector. The opportunities for the financial service providers can never cease to exist, provided an appropriate approach is maintained.

The meaning of the term 'customer' has transformed in the contemporary times. The role of the customer has changed from being a passive receiver to being an active stakeholder in the banking processes (Ernest & Young, 2025). The expanding frontiers of customer experience demand the ability to customize and personalize the financial services to match their ever-changing needs. This, in turn, affects the various processes and products of the bank and alters the very position of the customer within the BFSI multiverse. This shift is also underpinned by data: global studies revealed that approximately 75% of consumers are drawn to fintech alternatives that offer fast, seamless and cost-effective services, thereby, raising expectations for traditional banks (PTI, 2022).

The sensitivity towards the issue of customer engagement in banking has already knocked the doors of the Indian policymakers (Indian Banks' Association, 2025b, 2025a). But the narrative of the discourse on customer engagement remains largely limited to proliferation of various service delivery channels. This paper explores the avenues of engagement from a customer's point of view. Several insights could be drawn through different gamification models (Christopoulos & Mystakidis, 2023) which would help retain the customers while also improving the profitability of the service provider. Such business models have been effectively implemented in various industries. The paper attempts to explore and employ the logic used in different business sectors, like social media (Vaidhyanathan, 2018) to enhance customer engagement and retention.

Literature Review

The paper has made references to three prominent models on customer service and engagement: first, the SERVQUAL model; second, the Negotiation model and third, the Gamification model. Although elaborate work has already been done in these areas, several nuanced observations and arguments could be developed through these models with reference to the BFSI sector in India.

Firstly, the SERVQUAL model of Parasuraman, Zeithaml and Berry (1988) provides an early attempt to understand and improve the service quality and customer experience. The model has been effectively used across sectors such as banking, hospitality and healthcare; and helps to capture gaps and discrepancies between expectations and perceptions for the customers (Bhasin, 2024). The model has been developed to measure service quality through a multi-item scale based on a survey method which attempted to measure service quality by comparing service expectations and service perceptions (Jurevicius, 2025). The evolutionary development of the model has seen some realignment of the parameters used to assess the quality of service. As a result, the originally conceived 10 dimensions were segmented into the popular RATER model' of 5 dimensions (Bhasin, 2024; Jurevicius, 2025; Parasuraman et al., 1988).

Although the SERVQUAL model has been used to assess and improve the standards of customer service across different sectors. The perception of the model remains inclined towards the supply-side, that is, the service provider only. The fact that service delivery and service experience are two contrary ends of a business process pushes the Servqual model in a state of perpetual dilemma. A significant aspect of customer experience relates to the attitude and the state of mind rather than the materiality of the service itself. By keeping the service delivery and experience always apart, the servqual model undermines a key aspect.

Parasuraman's (1988) perception of service quality 'as the degree and direction of the discrepancy between consumers' perceptions and expectations does not take into account the role of creative expression of the consumer in defining the scope and experience of any service. The application of customer engagement in the service perception can alter the overall outcomes and results. For these reasons, while Servqual model might serve as a measure to study the relation between consumer expectations and organisational response, it falls short in drawing upon the potential of customer engagement in business processes.

Another widely referred model of customer service is the Negotiation model which emphasises upon the importance of customer engagement and a continuing process of deliberation (Fisher et al., 2011). While negotiation takes place in every business scenario, it is important to channelize and streamline such negotiations to reach the desired ends. The negotiation model is based on such planned process. This approach focuses on collaboration, mutual gains and problem solving on merits. The purpose of negotiation, under this model, is to arrive at agreements that are wise, durable and enhance relations between parties. This model proposes that service delivery should not be perceived as a one-sided process but a dynamic process, wherein, the meaning of the value is created through engagement and interaction.

Negotiation often reshapes the customer expectations and experience in real time (Parasuraman et al., 1988). As a result, the outcomes of a business process might alter as a result of interaction between the service provider and the customer. Vargo and Lusch (2004) have opined that values are not intrinsic to any specific service. Instead, value is created through the process of engagement and interaction. In this sense, customers have become an 'operant resources' (Constantin & Lusch, 1994) which play an equally important role in giving meaning to a service and an outcome.

Thinkers like Fisher (2011) have also believed that flexibility in service design often leads to a higher relational value. This flexibility connects customer engagement theory with customer service. However, the potential of the model can be extended to bring more productive outcomes if applied in collusion with gamification. This is partly because of the underlying models of engagement which impresses the attention of the customer and the service provider both.

The Gamification theory taps upon the fundamental emotions that play an important role in shaping our behaviour and response (Christopoulos & Mystakidis, 2023). The application of gamification in banking has multifarious dimensions which extends the conception of financial services beyond need satisfaction and towards the realms of exploration and achievement in personal and professional aspects of life. Gamification introduces elements of enthusiasm and engagement through game-design concepts and techniques (M. & Aithal, 2023).

The evolution of the gamification theory is generally traced to the first decade of the 21st century and in the works of Shirky and Terrill (Christopoulos & Mystakidis, 2023; Deterding, 2015). The tenets of gamification have been applied to various educational fields as an attention and interest enhancement method (Christopoulos & Mystakidis, 2023). However, an important application of gamification has been found in the business world through various models calling for a deeper customer engagement and involvement. Through various instruments such as campaign design, product association and recognition matrix, the business models are transformed into a lifecycle of rewards and achievements which are linked to the personal ambitions of the consumer. The narratives, themes and metaphors used by the corporate world are sometimes used to guide and motivate the consumer to get involved with the product or service. The framework of games in education, involving rules, goals and logics, is often directly employed in real life scenarios involving finance.

¹RATER model is based on 5 broad parameters, namely - Reliability (4-items), Assurance (5-items), Tangibles (4-items), Empathy (5-items) and Responsiveness (4-items). This major change was done in 1988 and widely used across different industries. The overall model was further modified several times later, but the teleological approach remained, more or less, the same.

Several frameworks² have been developed under the overall umbrella of gamification model (Christopoulos & Mystakidis, 2023). Every framework explores different aspects of engagement and behaviour. The overall impact of these frameworks is positive in terms of interest and involvement of the stakeholders. For instance, it is argued that people tend to engage better and take initiatives in the acts or processes which impress and entertain them. These aspects of engagement at an individual level also accords the corporate services an important dimension, that is, Personalisation. The gamification framework establishes an affirmative belief and confidence in the participant which helps reinforce the relevance of the learning environment. The same logic is often employed by the businesses to maintain their relevance and continuity in the market.

Based on the psyche of different players (participants), the game scenario adopts a different approach to present itself as a desirable and achievable objective (Christopoulos & Mystakidis, 2023). The contemporary business models often apply these logics while building the business environment for their prospective clients. Some studies have explored the compulsive aspects of these models which often act as an external coercive force upon the customer (Vaidhyanathan, 2018). An application of these business models has been observed to have an compelling effect on their consumer base which result in significant increase in sales and performance.

The logics of gamification can be observed being applied in various contemporary industries ranging from consumer goods to social media. Interestingly, the advent of digital age has acted as a catalyst in increasing the use of gamification and other models of customer engagement. The growth of these models can prove to be instrumental in reinvigoration of the banking sector as it holds the avenues for unleashing the untapped potential of customer engagement in banking and finance industry.

Objectives

The multifarious concerns and challenges faced by the BFSI sector warrants a focussed analysis. The primary concerns of this paper focus on three broad objectives related to banks in India, namely:

- To understanding customers' expectations from the bank and linking this aspect with service design and delivery.
- To study the avenues of customer retention, specifically, amid growing homogenisation of the banking industry.
- To study the avenues of increasing bank's business and profitability through better customer engagement.

The relevance of these objectives can be observed throughout the evolution of banking sector from being transaction-oriented to being based on Banking as a Service (BaaS) (Hodges, 2023). The continued relevance of these areas could also be observed through the incumbent waves of Enhanced Access and Service Excellence (EASE) reforms in Public Sector Banks (PSBs) in India (Indian Banks' Association, 2025a, 2025b). Thus, this study acts as an intervention to address the limitations of the conventional bundled products approach which attempts to bombard the customers with a mix of banking services without being empathetic and aware of the customer's expectations (Accenture, 2023).

As an epistemic endeavour, the paper attempts to find an application of the various models of customer engagement and customer service in the Indian banking sector. Through the various deliberations and reforms in the banking sector in India (Indian Banks' Association, 2025b; Reserve Bank of India, 2023b), the need for a deliberation on more adequate framework of customer engagement and service is orchestrated. This paper attempts to curate such framework for the banking system.

²Christopoulos and Mystakidis (2023) have observed around 40 such frameworks under the Gamification model. Some of the popular ones are - Mechanics, Dynamics, Aesthetics (MDA); Fogg behavioral model; Attention, Relevance, Confidence and Satisfaction (ARCS); Oktalysis; RECIPE and 6D.

Methodology

The paper explores the dimension of banking from a customer engagement perspective and attempts to discuss a human-centric customer engagement model for the banks in India. The study undertakes a secondary study approach, dwelling primarily upon an analytical reading of the vast literature on various aspects related to marketing and customer service. A critical reading of the theoretical models has helped to synthesise the arguments from different fields of knowledge to be applied to the specific case of banking. The synergy of the theoretical models supplemented with various research and reports suffice to offer adequate grounds to test the proposed model in real life scenarios. The study also attempts to explore the nuances of customer engagement through examination of established pedagogical approaches. This framework has been helpful to understand the business ecosystem and consumer mindset.

The exploration of an appropriate model of customer engagement for the banking sector in India entails an engagement with some prominent theoretical models of customer service, namely, SERVQUAL (Parasuraman et al., 1988), Negotiation model (Fisher et al., 2011) and Gamification (Christopoulos & Mystakidis, 2023; Deterding, 2015) to find a niche framework which could be applied to the banking sector in India. In doing so, such understanding would find a practical application in the banking industry and in this way, it would become more than an epistemic activity. The application of such insights could be cross-sectional as it would be equally relevant for the bank management, policymakers and other direct and indirect stakeholders.

The theoretical positions have been grounded through reference to various reports and publications from various financial institutions and corporate bodies. Such reports and publications serve as a mirror to the changes taking place in the BFSI sector in India and abroad. The reading of published reports also assists in an epistemic activity of enrichment of

the prevailing frameworks. The reports of different Government and non-Government bodies has been referred to understand the nuances of potential and scope of customer engagement in financial services (Accenture, 2023, 2025; Ernest & Young, 2025; McKinsey & Company, 2023; Indian Banks' Association, 2025b). These reports found to be instrumental in projecting the results of an engaging model of customer engagement in the Indian context and in establishing the positive correlation between the arguments presented and the possible trajectory of the banking sector in India.

Discussion

Changing Paradigm of Banking Sector

The banks, in India, have gained a kaleidoscopic experience since the nationalisation of banks in 1969 (International Monetary Fund, 1973). The banking industry has witnessed an evolutionary change from being transaction-oriented to a more Customer Experience (CX) and relationship-centric model. This changing approach can be observed clearly through the changing industrial outlook itself (Indian Banks' Association, 2025b; Reserve Bank of India, 2019).

The changing stance of the banking sector can be well captured through the waves of Enhanced Access & Service Excellence (EASE) reforms (Indian Banks' Association, 2025b). What started with a noble reform objective of bringing responsiveness and responsibility among banks has now been transformed into an innovation driven Business Process Reengineering and customer-centric effort. The reformed outlook of the banking industry today is based on the themes - Risk & Resilience, Innovation, Excellence and Socio-economic Impact (Indian Banks' Association, 2025b). The changing outlook combined with the digitalisation of banking industry has further radicalised the aspects related to CX and capability. This enhancement of capability is also key to the growth and development of the consumer as well as the economy (Sen, 1999).

The inclination of banking sector towards customer service and experience has forced the banks to rethink the ways to engage their customers and other stakeholders in more meaningful ways (Ernest and Young, 2025). The market experience have informed the banking sector of the receding relevance of banking as a bouquet of services model (Reserve Bank of India, 2019). The turn of the century took place along with the advent of the digital age of banking where the dependence upon the brick-and-mortar model of banking has given way to the digital banking channels. This paradigmatic shift from a transaction-based banking to a model of emotive banking has changed the way banking is imagined in the contemporary times.

The framework of giving boost to the business through a better customer engagement model follows some key arguments and assertions which can be elaborated using findings from this study.

Gamified Unique Experience Service System (G.U.E.S.S.)

The changing paradigm of banking has made a significant impact upon the psyche of the consumer. A reference to the customers' inclination towards banking services shows that a bank customer is now more inclined to regularly use multiple banking services across a wide spectrum of asset and liability products (Ernest and Young, 2025). The propagation of the banking products among customers is often viewed as an effective tool for business promotion and profitability. This proliferation of the bank service delivery channels have been actively pursued by the banks and could also be observed in the annual reports of several banks (Bank of Baroda, 2022; HDFC Bank, 2022; State Bank of India, 2022). This approach bears a close resemblance to the SERVQUAL model approach (Parasuraman et al., 1988) which attempts to improve the quality of service from a service providers' end. However, the restriction of such approach has been felt lately as the banking industry

have moved towards a greater homogenisation of the service offerings and product modelling (Reserve Bank of India, 2023b).

A positive impact of the digital revolution on the banking sector in India is the acquaintance of the lay consumer with the expanding possibilities of banking (McKinsey & Company, 2023). The rising use of multiple banking services and proactiveness from the consumers towards digital innovations indicates the rising scope of customer engagement. For an economy like India, this is a welcome development as it opens up the scope for bridging the sectoral gaps such as the rural-urban divide and the rich-poor dynamics. However, the primary driving factor of this penetration of banking services amongst the masses is the realisation of the financial needs which motivates the customers to explore the avenues to meet their demands.

While the conventional demand for bank facilities appear to be increasing for some time, such expansion might face a staggered growth once the fundamental needs are fulfilled. At this juncture, the banks might be forced to ponder about the ways to further engage the customers. This need for increasing engagement with banking services can be developed through application of gamification in BFSI sector. The various related frameworks, can be used to tap upon key human emotions to pursue various tangible ends (Christopoulos & Mystakidis, 2023). A study by Ernest and Young (2025) highlighted some of the important takeaways from such gamified models as: Increased customer margin/value, increased customer retention, improved brand relationship, improved CX, increased sales and a better competition strategy. It is ironic that the existing literature on gamification has not been optimally utilized to curate adequate banking services.

Some of the strategies which could be adopted by the banks are discussed below:

Reward and Concession System

Banks essentially deals with wealth which is a key driving force and motivational factor for any individual or entity. The growth of the cashback model as a marketing tool has already proved to be an effective instrument for most financial service providers. Vana & Bertini (2018) have drawn the impact of giving cashbacks to an increased probability of purchase as well as an increased probability of a magnified purchase. The system of cashbacks and rewards have been well tapped upon by the BFSI sector but in a focussed and product specific manner. For instance, the system of reward programs³ is well experimented with in the credit card segment where different banks have floated different programs enabling customers to earn rewards based on their spendings. Several of the major banks in India have their presence in the credit card business where customers are offered multiple options to redeem their accumulated reward points (The Mint, 2024). However, when it comes to the conventional banking channels, the use of reward programs has remained understated, if not ignored altogether.

The consumer behaviour demonstrates an inclination towards the reward-based banking system. It is common to observe different banks and other financial intermediaries use the reward programs as the pivots around which the entire marketing campaigns are crafted. With a diverse options for using the reward points (often rechristened as loyalty points), the new age customers are often inclined to change their decisions on the basis of these reward programs (Ernest & Young, 2025; KPMG, 2024; The Mint, 2024). These observations point towards a general inclination of the consumer towards a better rewarding framework.

Before drawing a possible framework of a reward program for banking, it is also pertinent to note that the

Reserve Bank of India (2011 & 2016) has mandated a restriction upon the financial institutions from distributing monetary rewards and incentives to its customers for mobilisation of deposits and business.⁴ This is done to curb unethical practices in banking industry (Nair, 2024). The purpose of the financial regulator in placing restrictions over incentives and gifts in lieu of mobilisation of business is only to ensure fair practices and competition in the banking sector.⁵ A further analysis of the RBI guidelines inform that while there are restrictions on monetary rewards and incentives (Reserve Bank of India, 2011b, 2011a, 2016), financial institutions are free to allow their customers the option to choose from select benefits. This is where the reward programs find a niche space.

It is true that the banks have to bear a cost to offer each freebie within the bundled products. It is legitimately possible for the banks to customize their products so as to trim the unrecognized freebies and offer the option to choose the most desired reward or service in lieu of certain milestones or actions. In short, the outline of the reward program would suggest a transaction induced reward cum loyalty program where the customer might be allowed the options to choose for concessions and fee waivers for their future transactions. Such program would fall within a permissible framework of the regulator as there is no aspect of chance or lottery involved and the bank is not offering any monetary commission. The waiver and modification of service charges fall within the purview of the financial institutions which could be used to augment a financial gamification channel for the consumers. This model of reward program is premised upon a theoretical foundations of the ARCS model discussed by Keller (2010) and aims to enhance “attention-relevance-confidence-satisfaction” (Christopoulos & Mystakidis, 2023) of the consumer.

³Reward Programs are those schemes linked to a credit card or debit card whereby the card-issuer or associated merchant establishments, upon use of the card/s, offer digital coupons, points, discounts, cashbacks or other benefits having monetary value that can be used/redeemed for the same transactions or other future transactions after accumulation.” (Reserve Bank of India, 2022).

⁴Banks should not offer any banking products, including online remittance schemes etc, with prizes/lottery/free trips etc or any other incentives having an element of chance, except inexpensive gifts costing not more than ₹250/- as such products involve non-transparency in the pricing mechanism and therefore, go against the spirit of the guidelines.” (Reserve Bank of India, 2011a, p. 14).

⁵There is no objection to banks offering incentives to promote debit card usage without prior approval of RBI, provided that no element of lottery or chance is involved in such incentives schemes.” (Reserve Bank of India, 2011b, pp. 12-13).

This framework of rewards program by the banks also serves to satiate the emotive needs of different personality traits of consumers by giving a sense of achievement in both - intrinsic as well as extrinsic levels - and thus, ensuring consumers' satisfaction and long-term engagement (Christopoulos & Mystakidis, 2023). This earned rewards system also help the financial institutions put a check on the unrestricted flow of freebies which often go unrecognized. Thus, a reward program by the banking institutions serves as a prudent tool to make the banking experience of the existing customers more meaningful and relevant.

Certification and Recognition

Recognition and appreciation are the important aspects of any gamification model (Herzberg et al., 2011). The arrival of the digital era has further accentuated the meaning of 'recognition' by expanding its meaning to include various types of engagements and associations. The reference and application to this aspect of human psyche has been put to use in several sectors ranging from payment aggregators to social media (M. & Aithal, 2023; Vaidhyathan, 2018). The use of various recognition programs has been extensively done in the digital world to confer various badges, certifications and other recognitions on the basis of consumer activism and interaction.

Vaidhyathan (2018) has studied the impact of social media on communities and institutions and observed that digital presence and activism of individuals could affect their behaviour and decisions. The growing practice of awarding certifications and badges, as a sign of recognition, can be evidently observed among the technology giants like Google and Facebook. Conferring various badges, certificates and other awards could effectively lead to several behavioural, financial and emotive changes (Ifenthaler et al., 2016; Vaidhyathan, 2018).

It is notable to observe that owing the influence and success of this strategy, several banks have

already started their own certification and recognition programs (Axis Bank, 2025; Bank of Baroda, 2025; HDFC Bank, 2025). While the material aspects of these programs offer a distinct set of services and privileges, it is the recognition as a preferred client which is often used as the unique selling proposition for marketing these services. Customers also enjoy and highlight the special identity conferred upon them by their financial service provider. For the financial institutions, the benefits of such a gamified environment start flowing through an emotive association of the customer with them. Some of the direct results of such gamified environment are improved sales through repeated sales. An aggravated impact of the gamified environment is also observed through a compulsive shopping spree (Black, 2007). Such compulsive and habitual purchases help the banks build a sustainable flow of business. This practice is specifically true for the Gen-Z customer base where an engaging environment and milestone-based journey becomes the key retention strategy for any bank.

The possible framework of recognition-based program for banks might be premised around a multi-layered recognition system. Just like a gamified ecosystem, banks might create a multi-tiered recognition program to accord special recognition and privileges to the customers having significant business with the banks. Banks might also positively recognize the customers who opt for multiple banking services or upscale their existing services. Doing so would not only enhance the profitability of the banks through cross-selling and up-selling but also excite the customers' emotions and awareness towards bank's business framework. Small instances of such recognition become instrumental in marketing bank's image and services because customers start taking initiatives to showcase their preferred status and identify their social circles.

Personalized and Unbiased Responsive Enterprises (P.U.R.E.)

Contemporary banking has transformed from being transaction-based to being modelled in terms of Banking as a Service (BaaS) (Hodges, 2023). However, the customer base for any bank remains highly volatile and ambiguous. Due to this, it becomes difficult to curate a universal model of banking services. The attempt to improve customer service and create an empowered customer has been an ongoing challenge (Accion, 2018; Indian Banks' Association, 2025b). Different segments of customers have different appetite and needs. In such scenario, personalisation of banking services has been seen as an effective solution (Accenture, 2023; Deloitte, 2025; Ernest & Young, 2025). In this respect, personalisation could be introduced through two perspectives, namely, from supplier's view and from consumer's view.

Here, the possible approaches by banks to offer more personalized and relevant services has been discussed.

Customization in Services

Banking products and services are generally designed to cater the needs of a specific customer type. This makes the conception of a one-size-fits-all type of banking implausible. The enrichment of the customer experience and customer delight are important parameters of the trajectory desired by the banking fraternity in India (Indian Banks' Association, 2025b; Reserve Bank of India, 2023b). To ensure this, an effective and interesting approach is to introduce an element of customization in the banking services.

It would be correct to claim that some degree of customization has always existed in banking industry either in the form of special facilities or through scheme-based customized products. Apart from being a financial service provider, banks also serve as a data repository of customers through periodic customer information and records of financial choices

(Reserve Bank of India, 2023a). This information is often utilised and put to use for customisation of banking products. However, such customization can be considered more meaningfully through a reference to the 'hygiene' and 'motivation' factors discussed by Herzberg (Herzberg et al., 2011). The 'hygiene' related aspects of banking services would be those which are fundamental to define and distinguish them and without which banking service cannot be rendered. For instance, the distinguishing features of banking services such as a savings account and a current account would be the number of free transactions allowed or the range of alternate delivery channels. The 'motivation' related aspects, on the other hand, would imply those features of a banking service which attracts the attention of the consumer or addresses some unique needs.

The growing competition among banks have led to a mushrooming of such customized products, ranging from especially customized bank account facilities, combination of different but complementary financial offerings or different combinations of focussed offerings and discounts. Some of the key Public Sector Banks in India positively showed this aspect of customization in the savings account offerings (Bank of Baroda, 2026; Canara Bank, 2026; State Bank of India, 2026). Different banks have curated their specific product offering to suit the needs and attention of their targeted customer segment (Accion, 2018). This approach helps the bank to increase the possibility of converting a lead into a business proposition while ensuring better customer experience.

Customization of services and product offerings has been the most effective tool for the service providers. Banks, in India, can effectively utilize this aspect of customization to make their services more relevant and meaningful to the customers. Customisation of products also specifically benefits in areas where customer financial literacy is low or customers are unaware about the potential application of various banking products (Accion, 2018).

Personalisation and Aspiration Based Banking

While customization has been discussed as a supplier-end change in the service model, this study refers personalisation as a consumer-oriented effort. With the proliferation of the banking service delivery channels, it has become difficult to impress the consumers merely with such offerings. The digitalisation of the banking industry has radicalized the customer expectations. Instead of mere transactional-relations, the expectations of the customer have moved towards a model of relational-banking where the emotive aspects of financial relationship plays a vital role. The personalisation of banking relates to this emotive aspect of banking in the 21st century.

The meaning of the term 'personalization' in banking has undergone a significant change over the years. Originally conceived through the idea of 'personalized banking' translated as dedicated banking services to the customers (Accenture, 2025), the personalisation of banking services has expanded itself into a broader framework where the banks start to touch the non-financial aspects of the consumers' life. Some aspects of personalisation of the banking processes can already be observed through some trivial but relevant changes. Several banks have now started sending digital greetings to the customers on their birth anniversaries and other important life events. Similarly, various channels of banking have been observed to make suggestions and referrals related to lifestyle and other non-financial aspects of consumers' life. While these trivial-looking changes might not impress at a cursory glance, its far-reaching implications are realised when consumer behaviour is understood in a more detailed manner. This integration of banking into the personal aspects of the consumer's life has become the defining feature of contemporary banking.

In the context of changing banking ecosystem, banks are turning into platforms of convergence between

commerce, finance and lifestyle. This changing conception of the new age banking has also been captured by King (2018) through the conception of "Bank 4.0" where places and processes have given way to customer experience. This changing theme of financial services has knocked upon the doors of the Indian banks and now being recognised in the waves of reforms taking place at the industry level (Indian Banks' Association, 2025b). Banking is becoming ubiquitous and invisible to the naked eye, yet omnipresent and omniscient when it comes to customer experience.

The personalisation of banking industry has become the first-principle of banking in the 21st century in the sense that customer experience has become the defining norm of every service and process design (King, 2018). With the expanding possibilities emerging from fintech and Artificial Intelligence (AI), the scale and potential of personalisation in banking services have surpassed the limits of any dedicated relationship manager. However, the guiding principle, in this regard, is the feeling of association and emotive connect by the customer for the bank.

The framework of personalisation of banking services is built upon the specific consumer preferences and interests. The preliminary steps, in this regard, could be taken through targeted and life-event based display of services and recommendations and further clubbed with AI-assisted user experience models to bring banking services at the fingertips and preserve it in the conscience of the consumer. Accenture's report on Banking Consumer Study (2025) discussed a relevant and much needed idea of a 'digital memory' where banks could create a lived experience around the customer's behavior and financial activities. Such digital memories of consumer's financial existence could reinforce the emotive connect between the banking ecosystem and the customer's life, thus, building a reinforced bond (Anderson, 2006; Gupta, 2022). Another report by Ernest and Young (2025) suggested a similar

tendency among customers where they grow an expectation to have a personalised experience rather than mere transactional offerings. When banking amalgamates with the personal aspects of the consumer's life, it becomes integrated with every life decision of the consumer, thus, ensuring a repeated and habitual reference point. This not only ensures a smooth business but also opens up hitherto unexplored opportunities for expansion and growth.

Brand Recognition, Association and Gesture (B.R.A.G.)

The exposure to the plurality of service providers has made brand association an important aspect of customer experience. When it comes to Indian banks, the brand promotion framework appears to have taken a Janus-faced approach. On the one hand, on account of the delegated goals of financial inclusion and other aspects of socio-economic development, the public sector banks are required to remain accessible and approachable to the layman (Reserve Bank of India, 2019 & 2025). On the other hand, the expanding appetite of these growing banks make it necessary to invest in the brand value to ensure a positive brand recognition and association. This emphasis on the brand value is also important in the context of a trend towards homogenisation of the banking services which has resulted into a shift from transactional banking to relational banking (King, 2018).

Today, brand value and brand association are key aspects behind the marketing strategies of key business models. A KPMG report (2024) has highlighted consumer experience, personalisation and brand association as major factors behind customer retention. From luxury brands to social media platforms, the role of brand association is central in achieving a sustainable growth in a long run (KPMG, 2024; Vaidhyanathan, 2018). It is not surprising to observe the major Banks in India investing towards brand building campaigns (Axis

Bank, 2025; Bank of Baroda, 2025; HDFC Bank, 2025). The emphasis of the contemporary marketing campaigns by prominent banks in India has gradually shifted to brand image building rather than product pitching. This shift is even traceable in the customers' inclination to maintain their status as a preferred client with their service provider. Indeed, the personalisation of the banking industry arrived as the game changer in the BFSI sector.

Banks can effectively use their brand position in the finance market to reinforce their position and find a niche status to support long-term growth and affirmation. Different brands find different models to reinforce their brand value through focussed themes such as - social responsibility, ethical and transparent business, sustainability, customer experience and innovation (Paul, 2022). The social media pages⁶ of the banks showed the increasing number of pompous customer meets focusing on improving brand association and value. A cross country study by Accenture (2025) has suggested that bank brand recognition and association could transform customers into brand advocates who proactively recommend the brand to others. This inference is also supported by another study carried out by Deloitte (2025) which suggested that word-of-mouth and personal referrals are major sources of banking decisions.

Brand value is an important intangible asset for any corporate institution as it helps bridge the distance between the consumer and the business model. Brand building has turned out to be an indispensable exercise for any corporate playing in a competitive market. The results of this exercise often help to defy the logical forces of financial reasoning and common sense. In this way, banks struggling to retain their customers amidst fierce competition, are able to build an emotional connection through brand association which helps to retain customers. Accenture's study (2025) has suggested that 'consumers trust their

⁶Bank of Baroda: <https://www.instagram.com/officialbankofbaroda/>; State Bank of India: <https://www.instagram.com/theofficialsbi/?hl=en>; Punjab National Bank: <https://www.instagram.com/pnbindia/?hl=en>

primary bank twice as much as they trust tech companies for quality products and advice.’ The Indian Banking sector is primarily premised on ties of confidence and long-term relations which can be utilised to deepen the bonds of trust and confidence.

Benefits and Opportunities

This paper has discussed a three-pronged approach to invest in the emotive aspects of banking to ensure a better customer connect. Each of the methods suggested here have been put to use, in some way or the other. However, a more focussed effort towards a relational paradigm of banking could help consolidate the gains. While the benefits and opportunities from this change in the outlook is multifarious, some of the prominent aspects could be discussed here.

The primary impact of building a connect with the customers through a gamified environment in banking services reflects in the proliferation of services rendered. Popularly understood as - cross-selling and up-selling, this achievement takes place as a result of a more intense customer engagement with banking ecosystem. The model of loyalty programs, earned rewards and milestones tap upon the aspirational side of the consumer and encourages them to interact with the financial services in a more positive manner. This results in better business figures as well as profitability. A study by Accenture (2025) has also suggested that a 10% increase in customer association (advocacy) lead to an increase in business growth by 1%.

The second aspect of this approach is reflected in terms of lower marketing costs. As the banking ecosystem is transformed into an interactive gamified environment, the customer feels encouraged to test and employ the different products. Moreover, such model acts like a fix-and-forget type of arrangement which requires minimal human intervention and structural requirement. Due to the digitalisation of

the banking ecosystem, the customer is able to navigate through the entire gamut of facilities and arrangements. This has an alleged positive impact on profitability of the banks.

Another area where the banks might witness a positive impact on their profitability is the realigned use of freebies associated with financial services. Banks should not let the complementary services be taken for granted. A more prudent position in this respect would be to curate their specific products on parameters of profitability and consumer interest. Such strategy could make the CX more enriching and meaningful while also helping the banks save on ancillary services projected under the bundled approach.

Another area of benefit for the banks through this strategy relates to customer segmentation. While banks are already doing segmentation of customers for various business related purposes, a refined customer engagement model would help the banks curate dedicated products based on the customer interests and needs. This segmentation could be done on lines of better cross-selling matrix or customer behaviour and propensity to engage with bank’s services. This would also help the banks focus on segments which require more handholding in terms of their banking needs.

A major outcome for the bank, through this engagement model, could be in terms of its financial literacy and inclusion. The financial regulator has already put upon the banks a responsibility toward financial inclusion and promotion of financial literacy in the country (Reserve Bank of India, 2025). Through a more intense customer engagement model and by building an environment of trust, the banks can foster a gamified learning environment. Learning experiences become more productive and meaningful when the participants take interest and get involved with it (Christopoulos & Mystakidis, 2023). When customer

are offered services and channels for getting involved in a more personalized manner, the acceptability of the service models increases.

Conclusion

The digital transformation of the BFSI sector in India has led to a paradigmatic change in the realm of marketing. The challenges of customer retention and business growth have taken new shapes for the banking sector. There is an urgent need to shift from the transactional model of banking towards a relational model of banking which taps upon the engagement of customer as the key to a positive growth and profitability for the banks. The applications of a gamified model of banking can provide an environment to facilitate an interactive and engaging model of customer service.

A gamified model of banking holds the potential to foster a self-indulging and self-motivating model which taps upon the various human emotions of the customer to invoke curiosity, zeal, excitement, happiness and satisfaction. The receptiveness of this model would be positive and motivating for the customers as well as the banks. The new age customers are demonstrating an inclination towards choice-based reward programs and greater flexibility in deciding the service design. Such gamified environment might help the banks retain their existing customers as well as attract new customers to experience the unique financial ecosystem (GUESS).

The personalization of the banking environment is yet another trend in the banking sector which defines the quality and impact of the financial services. The model discussed here (PURE) makes personalization of banking experience as an important factor for enhancing customer experience and expectations. With the rapidly changing world, customer expects the warmth of reassurance and assistance which could be introduced through an environment of trust and engagement (Accenture, 2025).

A framework of personalized banking environment clubbed with a strong sense of brand association and loyalty (BRAG) leads to a culture of loyalty and involvement between the bank and the customer. Such approach is specifically relevant in the socio-economic context of India where customers grow a sense of emotional connection with their bank and often feel obligated to continue such relational ties.

The tri-dimensional model has been in vogue within the BFSI sector. However, the direction and focus differ in terms of priorities and preferences. The optimal result of these models could be produced by bringing an empathetic customer engagement perspective in the picture. The models discussed in this paper are closely inter-linked and could work only in a symphony. The overall outcome of this framework is expected to reinforce the customer's trust and emotional connect with their banks while also motivate them to subscribe to the banking services. For the banks, such framework would create a self-sustaining environment of growth and stability which would eventually help in realization of several organizational goals.

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