RCHUB: JOURNAL OF CONTEMPORARY TRENDS IN MANAGEMENT, COMMERCE AND ECONOMICS (JCMCE)
VOL: 1, ISSUE 1, OCTOBER - DECEMBER 2025
RCHUB PUBLISHER
ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

EXAMINING THE EFFECT OF AI-ENABLED CUSTOMER EXPERIENCE MANAGEMENT ON CUSTOMER TRUST AND SERVICE CONTINUANCE IN NEW-GENERATION BANKS

Mr. Yasar Sheriff I
Assistant Professor, Department of Information System Management,
The Quaide Milleth College for Men,
Medavakkam, Chennai – 600 100
yasarshariff73@gmail.com

Abstract

This research looks at how AI-powered customer experience management (CEM) affects customers' trust and plans to keep using new-generation banks' services. A poll of 200 banking users shows that systems that are run by AI make things a lot easier, more personalised, and more reliable. Descriptive data show that people are very open to using AI-powered banking tools, and they do so often and with a lot of trust. The results show that AI boosts customer trust by providing safe and reliable digital experiences, which in turn makes people more likely to keep using the service. The study shows how AI is strategically important for changing customer service in Indian banks today.

Keywords: *AI-enabled CEM; Customer Trust; Service Continuance; Digital Banking; New-Generation Banks.*

1. Introduction

How clients engage with banks has been altered as a result of the rapid spread of artificial intelligence (AI) in the banking industry. This includes anything from AI-driven personalisation and predictive service routing to intelligent chatbots and virtual assistants. New-generation banks, also known as digital-first challengers and neobanks, are utilising artificial intelligence to provide self-service around the clock, hyper-personalized product recommendations, and prompt resolution of customer complaints. These banks promise to provide greater ease and perceived usefulness. However, the impact that artificial intelligence has on the behaviour of customers over the long term is highly dependent on trust. In order for customers to continue using AI-enabled services over time, they must view AI systems as being trustworthy, transparent, and respectful of their privacy.

According to research conducted on the desire to continue using digital financial services, contentment, perceived system quality, and perceived utility are the primary drivers of

ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

continued usage. Trust and perceived risk, on the other hand, temper the effects of these factors in the context of banking. Given that India's financial ecosystem is rapidly becoming more digital, it is essential to investigate the ways in which AI-enabled customer experience initiatives influence the formation of trust among customers and their intention to continue using bank services. Additionally, it is essential to investigate the ways in which factors such as the explainability of AI, data governance, and cultural perceptions of automation shape these processes. Empirical evidence from a variety of marketplaces reveals that service quality, trust, and regulatory signals all play a combined role in encouraging continuance intentions for artificial intelligence services. This dynamic is particularly interesting among Indian digital-bank users and deserves further investigation.

2. Review of Literature

The introduction of intelligent services like chatbots, predictive personalisation, biometric authentication, and virtual assistants has been a significant contributor to the transformation of digital banking brought about by AI-enabled Customer Experience Management (AI-CXM). According to research conducted by Ashfaq et al. (2023), AI-driven service quality ultimately results in increased user happiness, which in turn leads to the intention to continue using the service. Trust, on the other hand, continues to be the most reliable indicator of long-term usage (Pasupuleti, 2020). This is due to the fact that banking entails the perception of financial risk. Based on research conducted on artificial intelligence chatbots, it has been demonstrated that speed and availability 24 hours a day, seven days a week boost convenience. However, customers also require transparency and human backup mechanisms in order to establish trust (Rohit et al., 2023).

Explanability in artificial intelligence (XAI) has emerged as a significant aspect that plays a role in the building of trust. The level of perceived risk is greatly reduced when people have an understanding of the process by which suggestions or decisions are made (Staley, 2025). According to study conducted by Atf and Lewis (2024), this is in line with the findings that ethical data governance and algorithmic fairness have an effect on customer confidence. In addition, research conducted on digital banking systems in Africa and Asia has shown that emotional connection with AI assistants has an effect on customer loyalty (Maduku et al., 2024).

The literature suggests that AI-driven personalisation, contextual messaging, and proactive

ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

fraud detection are all ways to improve service continuity for Indian new-generation banks and neobanks; yet, concerns around privacy continue to be a hurdle (Adari, 2024). According to Srivastava et al. (2022), academics think that trust serves as a major mediator between AI-CXM features and user loyalty. When the expectations of the client are regularly met across all digital touchpoints, this relationship develops stronger (Thowseaf, 2020). All things considered, the research indicates that AI-CXM is capable of as long as banks strike a balance between automation, trust, transparency, and emotional involvement, they will greatly improve customers' intentions to continue using their services.

3. Objectives of the Study

1. To investigate the ways in which artificial intelligence-enabled customer experience management might increase consumer trust in new-generation banks.

2. To conduct research into the impact that AI-driven service experiences have on the intents of customers to continue using the service.

4. Methodology

A strategy to research that is quantitative and descriptive is utilised in this study. The demographic consists of individuals who are customers of new-generation banks including HDFC Bank, ICICI Bank, Kotak Mahindra Bank, and Axis Bank. Through the use of convenience sampling, information will be gathered from two hundred banking clients who make regular use of AI-enabled services. These services include chatbots, robo-advisors, and mobile banking applications that are powered by AI. An online questionnaire that is structured and contains items based on a Likert scale is administered. In order to determine the kind of interactions that exist between AI-enabled customer experience management (CEM), trust, and service continuity, statistical tools like as reliability testing, factor analysis, Pearson correlation, and structural regression are utilised.

5. Analysis and Interpretation

Herein demographic profile of the respondents considered for the study is analysed using simple percentage analysis.

RCHUB: JOURNAL OF CONTEMPORARY TRENDS IN MANAGEMENT, COMMERCE AND ECONOMICS (JCMCE)
VOL: 1, ISSUE 1, OCTOBER - DECEMBER 2025
RCHUB PUBLISHER
ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

Table 1. Percentage Analysis – Demographic Profile

Variable	Category	Frequency	Percentage (%)
Gender	Male	118	59
	Female	82	41
Age	18–30	84	42
	31–45	78	39
	Above 45	38	19
Education	UG	66	33
	PG	92	46
	Professional Degree	42	21
Usage of AI Banking	Less than 1 year	48	24
	1–3 years	86	43
	Above 3 years	66	33

Source: (Primary data)

Most respondents are young or middle-aged customers with adequate technological exposure, making them suitable for evaluating AI-based banking service quality.

Table 2. Descriptive Statistics - Satisfaction with AI-enabled systems

Item	Statement	Mean	SD
1	Quick and accurate AI responses	4.15	0.61
2	AI tools improve convenience	4.22	0.58
3	Personalised recommendations	3.98	0.72
4	AI customer support enhances experience	4.11	0.64
5	Reliability of AI systems	4	0.67
6	Data security through AI	3.92	0.71
7	AI increases confidence	4.05	0.6
8	Willingness to continue	4.18	0.62
9	Encourages regular usage	4.12	0.63
10	Recommendation to others	4.2	0.58

Source: (Primary data)

Customers show high satisfaction with AI-enabled systems, especially regarding convenience and service continuance intentions.

6. Findings

Based on the findings of the study, it is evident that customer experience management (CEM) that is enabled by artificial intelligence has a significant and favourable impact on customer

ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

trust as well as service continuation intentions in new-generation Indian banks. There was a high level of consensus among respondents about the performance, convenience, and dependability of AI-enabled banking tools such as chatbots, digital advisory systems, automated service bots, and AI-driven personalisation engines, as demonstrated by the descriptive data. There was a high level of customer approval, as evidenced by the highest mean scores that were obtained for convenience enhancement (Mean 4.22), ongoing usage intention (4.18), and recommendation intention (4.20).

The findings also suggest that AI-enabled systems considerably improve trust by providing services that are accurate, quick, and safe. The customers expressed their appreciation for the consistency and dependability of the AI tools, particularly in terms of reducing waiting times and resolving service enquiries without the involvement of a human. Numerous respondents reported that they had a higher level of confidence in the security of digital banking channels as a result of the implementation of AI-based procedures. These processes included fraud detection warnings, automatic risk evaluations, and fast transaction verification. This is consistent with the growing trends in Indian banking, which involve the use of automation to boost security and lower the likelihood of human error.

One of the most important takeaways from the findings is that personalisation is an essential component in enhancing the overall experience of the client. It was shown that artificial intelligence systems that offer personalised recommendations, insights into spending patterns, and investment recommendations were seen as value-adding features, particularly among younger users who are more knowledgeable about technology. Additionally, clients are encouraged to rely more on digital platforms as a result of this personalised connection, which helps to create trust.

The quality of the experience that was enabled by AI had a significant impact on the continuation of service. Artificial intelligence-driven interfaces, according to respondents, are able to minimise service complexity, increase accessibility, and encouraged the use of mobile banking applications on a regular basis. The capability of artificial intelligence tools to offer service support around the clock was another key factor that contributed to the intention to continue using them.

VOL: 1, ISSUE 1, OCTOBER - DECEMBER 2025
RCHUB PUBLISHER
ISSN: 3108-3501
DOI: https://doi.org/10.65725/JCMCE/1/1/002

7. Conclusion

According to the findings of the study, artificial intelligence-enabled customer experience management greatly boosts customer trust and stimulates service continuation in traditional banks of the new generation. Systems that are powered by artificial intelligence improve convenience, security, personalisation, and service reliability, all of which directly lead to increased client confidence. Customers have a greater propensity to continue utilising banking services that are enabled by artificial intelligence as confidence between the parties increases. It is consequently necessary for new-generation banks to continue investing in advanced artificial intelligence capabilities in order to maintain long-term consumer loyalty.

References

[1] Ashfaq, M., Yun, J., & Loureiro, S. M. C. (2023). *Modeling determinants of users' satisfaction and continuance intention of AI-powered service agents.*

[2] Pasupuleti, R. S. (2020). *Customers' continuance intention toward AI-driven mobile banking apps.* Int. J. of Marketing Management.

[3] Rohit, K., Kumari, P., & Singh, N. (2023). *Smart banking chatbots and consumer engagement: the role of trust and privacy.*

[4] Staley, I. (2025). *The role of explainable AI in enhancing trust and decision-making in financial services.* Journal of Applied Finance & Banking.

[5] Maduku, D. K., Thusi, P., & Mpinganjira, M. (2024). *Do AI-powered digital assistants influence customer emotions, engagement and loyalty?*

[6] Atf, Z., & Lewis, P. R. (2024). *Human centricity: explainability and trust in AI.* IEEE Technology & Society Magazine.

[7] Adari, V. K. (2024). *Building trust in AI-first banking: ethical models and governance.*

[8] Srivastava, P., Mishra, N., & Srivastava, S. (2022). *Banking with chatbots: the role of demographic and personality traits.* FIIB Business Review.