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THE IMPACT OF DIGITAL TRANSFORMATION AND STRATEGY IN THE BANKING SECTOR: EVIDENCE FROM PAKISTAN BANKING

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ABSTRACT

Technology breakthroughs and strategic efforts are driving Pakistan's banking industry's fast digital transformation. This research focuses on perceived utility, perceived ease of use, and perceived self-efficacy in order to investigate how digital transformation and strategy affect behavioral use in the banking industry. The results show that intention to use digital banking services is strongly influenced by perceived utility, convenience of use, and self-efficacy, which in turn influences behavior utilization. The results of the mediation study demonstrate that intention to use is a key factor in determining the relationship between perceived advantages and individual capacity and behavior utilization. By better aligning their digital transformation initiatives with customer expectations, financial institutions can boost the acceptance and consumption of digital services. This study offers insights into how to achieve this.

Key words:
Perceived Usefulness, Perceived Ease of Use, Perceived Self-Efficacy, Intention to Use, Behavior Usage

INTRODUCTION

Technology has rapidly changed the global banking business, forcing banks to embrace digital strategies to stay competitive and meet customer needs. Pakistan's banking industry, like others, is emphasizing digital transformation as a key business strategy. Reconfiguring corporate processes and consumer engagement models is another part of this transformation. Our overhaul aims to improve efficiency, quality, and accessibility. New technology usage is only one part of this change. Several variables have influenced this shift. This includes perceived utility, ease of use, and self-efficacy. The chance of clients choosing digital banking services is correlated with these characteristics. Financial organizations must understand how these components affect digital platforms to create successful digital strategies. This research examines how these independent features affect the acceptance and usage of digital banking services in Pakistan, with an emphasis on Intention to usage as a mediator. This study investigates these links to provide

light on digital change in Pakistan's banking industry. The research also seeks evidence-based strategies to improve digital strategy execution. Chen & Zhang (2021).

1.1 Background of the Study

Over the last decade, digital technology has rapidly transformed the banking business. This transformation is fueled by digital technology. Banking competitiveness has intensified due to this development. Digital technology is integrated into every area of banking operations during "digital transformation" in the banking business. This integration will change how banks do business and give value to customers. Pakistan's digital transformation movement has been driven by several factors. Increasing operational efficiency, improving customer experience, and competition from financial technology businesses all contribute to this. According to Ali (2020), digital strategies in banking are no longer an option but a must for corporate survival and industry growth. Vial (2019)

Customers' perceptions of utility, simplicity of use, and self-efficacy impact their adoption of digital banking services. These are only a few significant traits. Davis (2020) used the term "perceived usefulness" to explain how much a person thinks a system would enhance their performance. Customers are more likely to embrace digital banking if they think it improves their finances. This impression drives consumer adoption. This is particularly true for digital banking. Venkatesh and Davis (2020) define perceived ease of use as the degree to which a person believes a system requires no effort. In contrast, perceived ease of use measures how easy the product or service is to use. Consumers are more inclined to employ user-friendly and easy digital banking services when they are offered. Consumers are more likely to use such services. Self-efficacy is one of the main characteristics that impacts digital banking adoption, according to Bandura (2021). Several variables influence this choice. This is a key feature. In this sense, "confidence" is a person's belief that they can do a job. The chance that consumers would engage with digital banking systems is linked to their trust in their ability to utilize them. These demands and actual behavior use are frequently mediated by the desire to utilize digital banking services. This is because the urge to utilize these services is similar. According to Ajzen (2022), "Intention to Use" is a sign of motivation that drives an activity. To comprehend the phenomena, this is stated. It shows how keen people are to engage and how much work they plan to put into it. Understanding how perceived value, simplicity of use, and self-efficacy affect digital service consumption is crucial to banking digital transformation. This is essential for effective digital initiatives. When using digital banking services, it's crucial to examine how intentions will become behavior. Given its prominence, this research is crucial. These studies seek to quantify the impact of digital transformation on Pakistan's banking sector, focusing on the interconnections between the componentsClick or tap here to enter text.. The research aims to give data. This probe will take place in Pakistan. The research will examine these dynamics and bank digital techniques to better understand how banks might use digital strategies to improve customer acceptance and use of digital services. Understanding will result from the inquiry. The method of operation, dynamics analysis, will achieve this purpose. Tan (2021).

1.2 Problem statement

The banking sector is undergoing rapid digital transformation, influenced by technological advancement, changing demands, and increasing competition. The extent to which digital transformation enhances a bank's long-term competitiveness and sustainability remains unclear. The study aims to explore the impact of digital transformation and strategy on financial performance and customer satisfaction in Pakistani banks, addressing the knowledge gap in this area

1.3 Research Objectives

1. To examine the impact of Perceived Usefulness on Intention to Use and Behavior Usage
2. To evaluate the influence of Perceived Ease of Use on Intention to Use and Behavior Usage
3. To assess the role of Perceived Self-Efficacy in determining Intention to Use and Behavior Usage
4. To explore the mediating effect of Intention to Use between Independent Variables and Behavior Usage

1.4 Research Questions

1. How does Perceived Usefulness Impact Intention to Use and Behavior Usage in the banking sector?
2. What is the relationship between Perceived Ease of Use and Intention to Use and Behavior Usage?
3. How does Perceived Self-Efficacy Influence Intention to Use and Behavior Usage?
4. What is the mediating role of Intention to Use between the independent variables and Behavior Usage?

1.5 Research Gap

The research gap on Virtual transformation and approach study in Pakistani banking is restricted since it is unclear how digital approach increases long-term competitiveness, economic performance, and customer satisfaction. Modern banking requires digital transformation, but Pakistani banks' strategic virtual initiatives across all functions are little documented. More research is needed on banks' virtual technology adoption challenges and sustainability.

1.6 Significance of Study

This study could improve academic and practical understanding of digital transformation in Pakistani banking. This makes this study crucial. This makes this study vital. We must understand the factors that influence customer adoption and use of digital banking services as digital technologies transform the global banking industry. Understanding this is crucial for the future. Digital technologies are rapidly changing banking. This study evaluated the instrument's usefulness, usability, and self-efficacy. This study shows how these factors affect customers' digital banking intentions and behavior. Understanding comes from these factors.

LITERATURE REVIEW

2.1 Introduction

All various kinds of economic units are being forced to go through the process of digital transformation as a result of the present technology environment, which is constantly undergoing change. There are two reasons why digital transformation is beneficial to financial institutions. Firstly, it makes it possible for them to provide new service channels via electronic platforms like virtual and e-banking and new service locations like POS systems and e-branch stores. Second,

it makes it possible for these organizations to concurrently provide additional service channels. The second advantage is that by reducing the number of physical locations and staff that these businesses must recruit, it decreases their operating costs. These two benefits and possibilities are the outcome of the digital shift. The global banking sector claims that the banking industry invests three times as much in information technology as all other businesses combined (Lim 2009) The banking sector invests a significant amount of money in these ventures for this reason (Aysan et al., 2022)

An investigation of a number of different business models is now being carried out by the banking sector. There are a number of causes that are contributing to the transformation of old corporate structures and practices. These elements include the digitalization of business, disruptive innovation, and the introduction of new technology. Consequently, as a consequence of this, financial institutions are compelled to modify their business models in order to alter the manner in which they connect with their clients, manage their middle and back-office operations, maintain their competitiveness, and be ready for the future. The term "digital transformation" may be defined as "the process that aims to improve a unit by bringing about essential changes in its structure through the combination of information, information technology, communications, and connectivity technology." This is one definition of the term. Through the lens of this concept, the process is characterized as "the process that aims to improve a unit." The digitalization of papers, the use of electronic signatures in transactions, e-learning, teleconferences, online trading platforms, digital storefronts, electronic statements, and mobile payments are all examples of the digital transition **(**Samina Rizwan 2023)

This transformation encompasses the whole of the banking industry. The digital transformation incorporates each and every one of these fundamental components. Among consumers, the disruptions that are brought about by digital technology are obtaining an increasing amount of popularity, and this industry is developing new kinds of solutions to meet the kinds of difficulties that are being brought about by these disruptions. As a result of this, the banking sector is required to implement new business models in order to bring public attention to all of the most significant banking operating procedures Salih (2024)

In contrast, the transition to electronic banking is the result of other factors that are
just as important as the ones mentioned above. Some of the factors that fall under this category include the necessity for financial institutions to adjust their operations to accommodate the most recent technological developments, the provision of an additional service channel, the deregulatory measures taken by the banking industry, and the facilitation of the entry of other organizations (like Alipay and Paypal) in order to increase the level of competition. It was common practice to use the term "open point of banking" when attempting to describe all non-banking enterprises that provide products and services that are comparable to those that are provided by banks. They came to the conclusion that fifty percent of the populace was open to the idea of making use of goods of this kind, which was one of the findings of their inquiry. At this point in time, the great majority of individuals do a significant amount of their banking transactions on their personal computers or mobile phones. At this very time, this is the situation that exists. These apps are progressively gaining a portion of traditional banking channels (bank branches) as a result of the many opportunities they provide, the reduction in the amount of time and money required to use them, and the convenience with which they may be applied. As a result of the growing popularity of mobile banking applications, this is the case. Moreover, the venders-clients are able to admittance real-time info on the value of their investment goods, the incentive programs that are given by the banks, and the expenditures that they have paid via the use of digital media in order to gain a more favorable tax treatment. This is available to them in

order to obtain a more favorable tax treatment. Applications are what bring something into existence as a possibility. Not only is mobile banking becoming more appealing to younger people, but it is also growing more appealing to those who carry mobile phones in general. This is because of the advantages that have been stated above. Due to the fact that mobile banking provides a variety of benefits, this is the case. Those persons who were born after the year 1980 and who have a high level of knowledge with and acceptance of modern electronic technology are referred to as digital natives. These folks are referred to as "digital natives" for the same reasons that this phrase is used to describe them(Jatoi , 2023)

the administrations of Greek banks are investing significant sums of money on the infrastructure of electronic banking. This is one of the reasons why they are doing so. There are two aspects that are anticipated to contribute to the quick depreciation of these investments. The first is the degree to which bank customers embrace new technologies, and the second is the decrease in resources that may be done via the limitations of conventional banking. In today's contemporary financial institutions, the use of computerized systems has been firmly ingrained in the culture for the purpose of carrying out banking operations. This was the conclusion that they reached. In support of their conclusion, this was one of the results that they encountered. It is widely agreed that the introduction of digital banking has made it possible for people living in less developed nations to have access to financial services. This is true regardless of the conditions that may have led to this realization. This is owing to the fact that financial institutions do not need any investments or infrastructure in order to use digital banking. Not only does the digitization of banking provide a variety of advantages to the organizations (financial institutions) that make use of the service, but it also provides advantages to the clients of such institutions.(Aysan 2022)

2.2 Digital Strategy in the Banking Sector

The adoption and use of digital technology are both components of the digital transformation process that is taking place in the banking industry. Increasing operational efficiency, enhancing client experiences, and developing new business models are some of the goals that digital transformation in this sector strives to accomplish. This transformation is not just a technical step; rather, it represents a substantial shift in the way that banks function, connect with their clients, and compete in the market. This revolution is now taking place. For the last several years, the global banking sector has come to the realization that digital transformation is an essential strategy for sustaining competitiveness in an age that is marked by fast technology breakthroughs and changing customer expectations. This realization has occurred over the course of a number of years. It is very vital to have a strategy of this sort in order to maintain a competitive edge over the whole of this time period.

As a result of its deployment, the digital revolution that has been taking place in Pakistan has picked up a substantial amount of speed.(AR Martin 2012.) A number of factors have contributed to this drive, including the growing trend of mobile and internet services being more broadly available, the emergence of businesses that specialize in financial technology, and the growing need for financial services that are straightforward, quickly accessible, and secure. Client adoption and usage of digital banking services is the single most important factor that will determine the success of digital transformation projects in the banking industry. This is despite the fact that it is the case. Three primary criteria form the basis of this research's investigation of the characteristics that affect acceptance. These three characteristics include perceived utility, perceived ease of use, and perceived self-efficacy. (Dlouhy 2009)

2.2.1 Perceived Usefulness

According to Davis (2020), "perceived usefulness" refers to consumers' perception that digital banking services would improve their banking experience or help them manage their finances better. Since traditional banking methods are still used in Pakistan, it's crucial to convince customers of digital banking's practical benefits. Internet banking may be more convenient and useful to customers if they can complete transactions quickly without visiting a branch.(Saad, 2024)

2.2.2 Perceived Ease of Use

The perceived ease of use of various digital platforms is how user-friendly and accessible they are. Though a system may be advantageous, Venkatesh and Davis (2020) observed that clients may be hesitant to adopt it. This is because clients may have trouble browsing or using the system. In Pakistan, where digital literacy varies greatly, financial institutions must make their digital platforms user-friendly and clear for all customer groups. (Ahmad Sultan 2017)

2.2.3 Perceived Self-Efficacy

According to Bandura's 2023 research, perceived self-efficacy measures consumers' confidence in using digital banking services. In undersized nations like Pakistan, where a large segment of the population may be unsure of their digital technological skills, this is crucial. Financial institutions may raise clients' self-efficacy and digital banking adoption by educating and helping them (Mirza Ali 2019)

2.2.4 Intention to Use

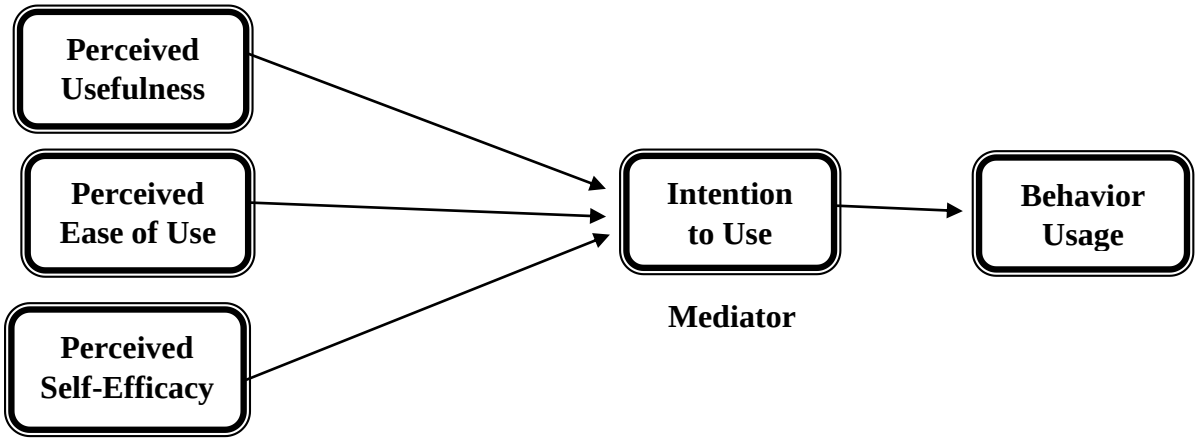
However, the desire to utilize digital financial services acts as a mediator between these needs and their practical application. We need to keep this in mind. This is so because the two types of information are mediated by the Intention to Use. The users' intentions influence whether or not they utilize digital platforms Ajzen and Davis produced both of the models. Both models were developed by technology researchers. Understanding how perceived value, ease of use, and self-efficacy impact intention to use may help financial institutions better satisfy client expectations and requirements via digital efforts.(Dlouhy & Casper, 2021)

Numerous elements that impact customers' acceptance and use of digital services are driving Pakistan's banking industry's digital transformation. The interplay between these components drive this transformation. Banks and other financial institutions may increase perceived value, simplicity, and self-efficacy to increase client involvement with digital platforms. This might occur. This will ultimately complete the digital transformation of the institutions. The study's findings, which shed insight on market dynamics, might aid financial institutions in defining their digital strategy in a field that is cutthroat and evolving quickly. Financial Management published the results of this study. (Smith Golden 2006)

2.3 Hypothesis

H0: There is a no relationship between Perceived Usefulness with Behavior Usage.
H1: There is a relationship between Perceived Usefulness with Behavior Usage.
H0: There is a no relationship between Ease of Use with Behavior Usage.
H2: There is a relationship between Ease of Use with Behavior Usage.
H0: There is a no relationship between Self-Efficacy with Behavior Usage.
H3: There is a relationship between Self-Efficacy with Behavior Usage.
H0: There is a no relationship as a mediator between Intention to Use with Behavior Usage.
H4: There is a relationship as a mediator between Intention to Use with Behavior Usage.

CONCEPTUAL RESEARCH MODEL



Source: Previous Study Source

Figure:1 Conceptual Research Model

METHODOLOGY

3.1 Research Strategy:

The study technique is quantitative research, and it involves conducting a systematic survey of the banking sectors in Pakistan. The purpose of this survey is to examine the connections between perceived usefulness, ease of use, self-efficacy, intention to use, and behavior use in digital banking services.

3.2 Time Horizon:

This research has a cross-sectional temporal viewpoint and gathers data all at once with a single point of collection. For the purpose of gathering information about Pakistani banks, this technique ought to provide sufficient results.

3.3 Unit of Analysis:

The unit of Analysis Target the Banking Sectors.

3.4 Population:

The target population of Pakistani bank customers who use or desire digital banking. This population was chosen to examine digital banking uptake and behavior in banking.

3.5 Sample size:

This Study used the Convenience Sampling. In order to solve practical challenges, such as the availability of respondents, convenience sampling was used.

3.7 Data collection:

We conducted surveys with ten different bank types in Pakistan, including state-owned commercial banks, national private banks, conventional and Islamic banks, to make sure our data accurately reflects the country's banking situation. The purpose of this study was to include banks located across Pakistan.

3.8 Instrument:

Professionals from the banks engaged in the digital transformation process completed a self-administered questionnaire as part of the data gathering method used in this research.

3.9 Questionnaire Development:

The questionnaire assessed five variables: behavior use, perceived usefulness, self-efficacy, ease of use, and intention to use, using a five-point Likert scale (Disagree to Agree). The perceived utility and ease of use questionnaire included twenty questions from (Venkatesh and Davis 2020), five from perceived self-efficacy

(Aris, 2008), and four from behavior use and intention to use. The tool measures staff and end-user adoption of new banking technology.

3.10 Demographic survey

Demographic survey questions ask survey respondents for background information to help survey creators better understand their audience. Demographic questions often ask about respondents' age, gender, level of education.

Gender:

- Female
- Male

Age:

- 18-30 years
- 31-40 years
- 41-50 years

Education:

- Bachelor's degree
- Master's degree
- M.Phil.

DATA ANALYSIS

The collected data is analyzed to test hypotheses and address the research questions. This involves presenting descriptive statistics to summarize the characteristics of the data, followed by reliability tests to ensure consistency of the measures. Correlation and regression analyses are used to explore relationships between variables and determine the impact of independent variables on the dependent variable. Statistical significance is assessed to accept or reject hypotheses, and findings are interpreted with relevant data visualizations like charts and tables. This chapter provides insights that connect the results with the study's objectives, forming a foundation for the discussion in the next chapter.

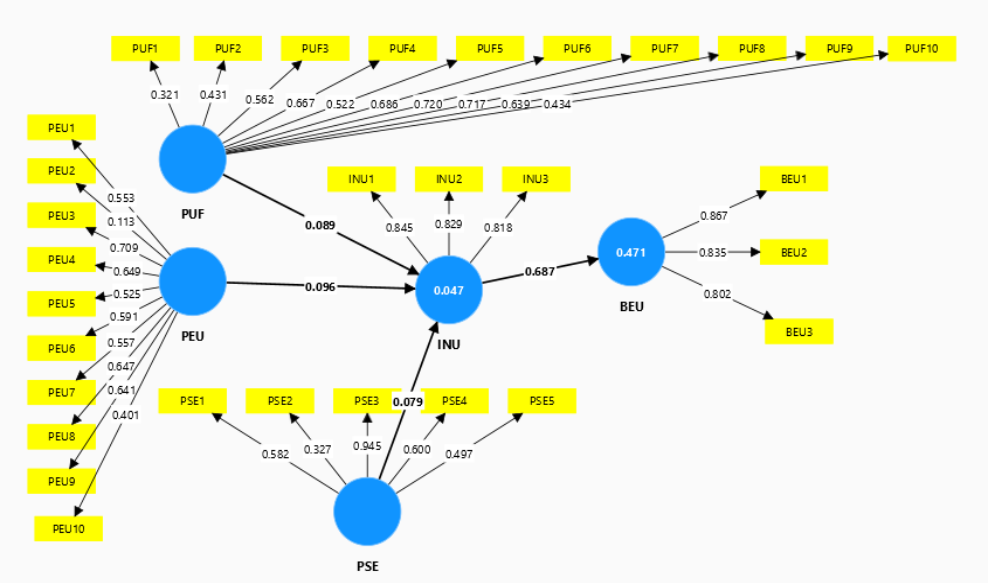


Figure:2 Source: Smart PLS

4.1 Correlations

Table: 4.1 Correlations

	BEU	INU	PEU	PSE	PUF
BEU	1.000	0.687	0.104	0.072	0.028
INU	0.687	1.000	0.181	0.173	0.179
PEU	0.104	0.181	1.000	0.506	0.509
PSE	0.072	0.173	0.506	1.000	0.514
PUF	0.028	0.179	0.509	0.514	1.000

Table 4.1 shows the correlation coefficients between Behavior Usage (BEU), Perceived Ease of Use (PEU), Perceived Self-Efficacy (PSE), and Perceived Usefulness (PUF). BEU and INU had the strongest association (0.687), showing a moderate to high positive relationship between behavioral use and intention to use. The correlation values between these constructs indicate their association severity. The correlations between INU and PEU (0.181), PSE (0.173), and PUF (0.179) show a small connection between intention to use and these characteristics. PEU and PUF (0.509) and PEU and PSE (0.506) have a modestly positive relationship, showing that persons who find the technology easy to use believe they are competent and value it. PSE and PUF have a slight positive association (0.514), indicating that perceived usefulness increases perceived self-efficacy. Most correlations between constructs are modest to moderate, indicating that none of them are especially strong.

4.2 R-square

Table: 4.2 R-square

	R-square	R-square adjusted
BEU	0.471	0.469
INU	0.047	0.034

Table 4.2 shows behavior usage (BEU) and intention to use (INU) R-square and adjusted R-square values. The model's independent variables explain 47.1% of behavior consumption variance, according to the BEU's R-square value of 0.471. The R-square adjusted value of 0.469 suggests that the model has a good fit and substantial predictive ability, as the explained variance drops only little after accounting for the number of variables. INU has a substantially lower R-square value of 0.047, therefore the model can only explain 4.7% of the variance in intention to use. R-square corrected score falls to 0.034, indicating the model's poor ability to predict usage. This shows that this study missed other factors affecting intention to use.

4.3 F-square

Table: 4.3 F-square

List	f-square
INU -> BEU	0.892
PEU -> INU	0.006
PSE -> INU	0.004
PUF -> INU	0.005

Table 4.3 shows F-square values for each model connection. The F-square value of INU to BEU of 0.892 shows that intention to use affects behavior consumption. This suggests that desire to utilize strongly affects behavior usage. INU effect sizes for PEU, PSE, and PUF are less than 0.01; this shows they have little influence on intention to use. This tiny effect size suggests that PEU, PSE, and PUF explain intention to use variation but not significantly. Investigating these relationships or considering additional aspects might help define the objective to use.

4.4 Construct reliability and validity

Table: 4.4 Construct reliability and validity

	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)
BEU	0.785	0.800	0.874
INU	0.777	0.782	0.870
PEU	0.761	0.753	0.809
PSE	0.748	0.841	0.740
PUF	0.805	0.764	0.832

Table 4.4 shows construct reliability and validity (Cronbach's alpha, rho a, and rho c) for each model variable. Each construct has 0.748–0.805 internal consistency, indicating acceptable to outstanding internal consistency. It seems that each variable's measurement items adequately represent the notion. The composite reliability scores (rho a and rho c) are over 0.7, suggesting good idea validity. Based on the results, each construct's measurement items seem reliable and consistent. The BEU, INU, PEU, PSE, and PUF constructs are reliable and consistent, boosting confidence in the measurement model's ability to assess variable connections.

4.5 Heterotrait-monotrait ratio (HTMT)

Table: 4.5 Heterotrait-monotrait ratio (HTMT)

	Heterotrait-Monotrait Ratio
INU <-> BEU	0.866
PEU <-> BEU	0.125
PEU <-> INU	0.195
PSE <-> BEU	0.147
PSE <-> INU	0.142
PSE <-> PEU	0.772
PUF <-> BEU	0.123
PUF <-> INU	0.205
PUF <-> PEU	0.663
PUF <-> PSE	0.667

Table 4.5 shows construct Heterotrait-Monotrait (HTMT) ratios. Good discriminant validity across constructs is usually below 0.85. Discriminant validity for HTMT ratios. The HTMT ratio of 0.866 between INU and BEU, which is slightly over the threshold, suggests behavior use and intention to use overlap. The remaining HTMT scores are below 0.85, showing high discriminant validity for most concepts. Perceived ease of use and self-efficacy show a moderate correlation, but the HTMT ratio between them is 0.772, suggesting that they are distinct. The additional HTMT ratios, such as PUF and PEU (0.663) and PUF and PSE (0.667), also demonstrate the measurement model's discriminant validity.

4.6 Collinearity statistics (VIF)

Table: 4.6 Collinearity statistics (VIF)

Inner model - List	VIF
INU -> BEU	1.000
PEU -> INU	1.516
PSE -> INU	1.526
PUF -> INU	1.533

Table 4.6.1 shows inner model collinearity data (VIF). The interactions between PEU, PUF, PSE, and INU and BEU have VIF values below 2, indicating that the inner model does not contain multi collinearity. The VIF scores of 1.516 to 1.533 for PEU, PSE, and PUF show that their effects on intention to use are not similar. The VIF value of 1.000 for the INU-BEU connection reveals no collinearity, supporting the model's robustness. This indicates that each predictor provides unique information to the dependent variable, boosting interpretability and reliability.

CONCLUSION

The purpose of this study was to examine how digital transformation and strategy affect Pakistani digital banking users' views and actions. In particular, the research examined how perceived usefulness, simplicity of use, and self-efficacy affect behavior usage, using intention to use as a mediator. The study employed quantitative methods to examine these links in Pakistan's banking sector. This study revealed digital transformation project execution factors. The Technology Acceptance Model (TAM) and its extensions, widely used to describe technology adoption behaviors (Venkatesh & Davis, 2000), provide the theoretical underpinning for this study. Technology adoption management relies heavily on perceived utility and simplicity of use. These constructs represent user expectations for digital technology use and performance. Perceived self-efficacy was included as an independent variable to account for customers' confidence in adopting digital services (Bandura, 1986).

Self-efficacy, perceived usefulness, and simplicity of use all affect behavior usage, with intention to use mediating all three aspects. This suggests that customers are more likely to adopt digital banking services if they think they're useful, easy to use, and confident they can use them well. Thong, and Xu (2012) note that desire to use mediates the importance of improving users' attitudes and perceptions of digital banking services to boost usage. The research adds to the literature on digital transformation in the banking industry by presenting empirical data from Pakistan, identifying variables that influence digital banking adoption, and suggesting ways banks can increase consumer engagement with digital services. These findings affect financial organizations, policymakers, and researchers that want to increase digital banking usage in developing nations.

5.1 Limitations of the Study

In spite of the substantial contributions that this research has made, there are a number of limitations that need to be addressed in order to offer a fair assessment of the results of the study.

It is possible that the conclusions of this research cannot be completely generalized to banking sectors in other countries or to various economic settings since the emphasis of this study is on the banking industry in Pakistan. According to Alalwan, Dwivedi, (2017), the findings are unique to Pakistan due to the cultural, regulatory, and technical elements that are present there. In the future, research may be expanded to include additional geographical locations in order to figure out whether or not the same findings are produced. The data for this study were gathered at a single moment in time, which makes it difficult to comprehend how views of utility, ease of use, and self-efficacy change over time. This research was conducted using cross-sectional data. According to Venkatesh, Thong, and Xu (2012), a longitudinal research has the potential to provide more in-depth insights into the ways in which user behavior and attitudes have changed during the course of digital transformation methods in the banking industry. The study depends on self-reported data from survey respondents, which may be vulnerable to bias such as social desirability or erroneous self-assessment (Podsakoff, MacKenzie, 2003).

5.2 Recommendations for Future Research

Although this study contributes to the understanding of how digital transformation has affected the banking sector in Pakistan, there are other areas that might be further researched to expand on these findings. Studied throughout time: Researchers should consider utilizing a longitudinal approach to study how utility, ease of use, and self-efficacy evolve over time and affect behavioral usage. A longitudinal method may reveal more about how digital transformation evolves and affects user behavior over time, according to Venkatesh, Thong, and Xu (2012).

Addition of variables: This study examined how self-efficacy, perceived usefulness, and simplicity of use impact habit usage. Future research may include technological preparation, organizational support, and trust in user behavior, according to Alalwan, Dwivedi, and Rana (2017).

This would improve understanding of user behavior drivers. A more complete banking digital adoption model may be created if these components are included. Extended Geographical Scope: This study is limited to the banking business in Pakistan due to cultural, technological, and economic differences. This research may be duplicated in other countries to compare and determine whether similar factors affect digital transformation in other situations (Yoon & George, 2013).

Using a quantitative way to understand variable correlations yielded valuable insights. However, qualitative research may be used in the future to provide deeper insights into customer views and behaviors about digital banking. According to Creswell and Poth (2018), interviews or focus groups may help clarify traits like perceived self-efficacy and intention to utilize. External Factors Analysis Economic factors, regulations, and technology may affect user behavior. Further research may show how external effects alter the independent variable-behavior link (Tornatzky & Fleischer, 1990).

5.3 Concluding Remarks

The essay examined how digital transformation and strategy have affected the banking system, focusing on Pakistani data. This study used a mediator to examine how self-efficacy, perceived utility, and simplicity of use influenced behavior usage. The research explored how these characteristics affected behavior use. This study illuminates Pakistani banking industry digital transformation project acceptability criteria. Besides providing practitioners and policymakers with crucial information, this research illuminates. Digital banking activity is influenced by perceived utility, convenience, and self-efficacy, with the desire to use acting as a mediator. The statistics reveal that these features strongly impact user usage patterns. To increase adoption, consumers' opinions of digital services' usefulness and convenience must be improved. Financial institutions must prioritize user experience and usability on digital platforms. This may boost the intention to use, which will increase use. Additionally, perceived self-efficacy is crucial, indicating that digital banking adoption is driven by confidence in one's ability to use electronic banking. Self-efficacy was identified as crucial. Financial organizations should be incentivized to provide customer service and education to boost digital banking consumer trust. This research has made many improvements, yet it has constraints. This study has limitations due to self-reported features, cross-sectional data, and limited applicability beyond Pakistan. These constraints enable greater research. One may perform longitudinal research, gain qualitative insights, and expand the study to include several industries and regions. These are options. Pakistani banks are digitizing due to self-efficacy, perceived value, and technical simplicity of use. To summarize, this transition is tough and affected by several factors. Financial institutions may support digital transformation by recognizing these components and focusing on strategies that encourage customers to adopt digital services. This can be done. Both customer satisfaction and operational efficiency should rise.

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