Majors: FIN

Major/No. FIN 11

Impact Of Digital Banking On Customer Satisfaction, The Mediating Role Of Financial Inclusion In Commercial Banks Of Pakistan

By:

Alina chouhdry *Enrolment # 01-322242-029*

Supervisor:

Dr. Shumaila Israr

HR and Management Department
Bahria University Islamabad

Spring-2026

FINAL THESIS APPROVAL SHEET
Open Defense Examination

Open Defense Date 23/06/2026

Topic of Research: Impact Of Digital Banking On Customer Satisfaction, The Mediating Role Of Financial Inclusion In Commercial Banks Of Pakistan

Names of Student(s): Enroll # 01-322242-029

- ALINA CHOUHDRY

Class: MBA

Approved by:

_____

DR.SHUMAILA ISRAR
Supervisor

_____

Qurat Ul Ain Waqar
Research Coordinator

_____

DR. RIZWAN NAZIR
Head of Department

Abstract

This study examines the impact of digital banking on customer satisfaction, with financial inclusion serving as a mediating variable, in commercial banks of Pakistan. Using a quantitative, deductive research design, primary data were collected from 302 digital banking users through a structured survey and analyzed via Partial Least Squares Structural Equation Modelling (PLS-SEM) in SmartPLS 4.0. Digital banking was operationalized using five SERVQUAL dimensions (Tangibility, Reliability, Assurance, Empathy, and Responsiveness), while financial inclusion was measured through accessibility, affordability, usage, and safety dimensions. Results confirm that digital banking significantly enhances financial inclusion , which in turn positively affects customer satisfaction. Financial inclusion fully mediates the digital banking – customer satisfaction relationship, with a significant indirect effect. The measurement model demonstrated excellent reliability and convergent validity. Grounded in the Technology Acceptance Model (TAM) and Diffusion of Innovation Theory (DOI), this study conceptualizes a 'Digital Banking – Inclusion – Satisfaction Chain. Findings provide actionable guidance for bank managers and policymakers to advance inclusive and equitable digital financial services in Pakistan.

Keywords:

Digital Banking, Customer Satisfaction, Financial Inclusion, PLS-SEM, Mediation, Commercial Banks, Pakistan, Technology Acceptance Model, Diffusion of Innovation Theory.

ACKNOWLEDGEMENTS

I acknowledge the support, advise and tireless effort of my supervisor Dr. Shumaila Israr for the mark that she has imprinted in my academic life. I would also like to acknowledge the administration of the Bahria University for providing me with the chance to pursue my Masters of Business Administration in this institution. I also appreciate the conducive environment the institution provided me with to enable me pursue my studies.

DEDICATION

I wholeheartedly dedicate this thesis to my beloved parents, whose unwavering love, support and guidance have been the foundation of my journey. Their constant encouragement through every high and low has given me the strength to persevere and the confidence to believe in myself. Their sacrifices, wisdom and unconditional belief in my potential have shaped the person I am today. This accomplishment is as much theirs as it is mine and I am forever grateful for their enduring presence and inspiration in my life.

TABLE OF CONTENTS

CHAPTER I - INTRODUCTION 1
1.1 Background of the study 1
1.2 Problem Statement 3
1.3 Research Gap 4
1.4 Research Questions 5
1.5 Research Objectives 5
1.6 Significance of the Study 6
1.7 Scope of the study 7
1.8 Organization of the Study 7
CHAPTER II - LITERATURE REVIEW 9
2.1 Introduction 9
2.2 Digital Banking 9
2.3 Customer Satisfaction 11
2.4 Financial Inclusion 12
2.5 Relationship Between Variables 15
2.5.1 Digital banking and customer satisfaction 15
2.5.2 Digital banking and financial inclusion 17
2.5.3 Mediating role of Financial inclusion 20
2.5.4 Financial Inclusion and customer satisfaction 22
2.6 Theoretical Frame Work 23
2.6.1 Diffusion of Innovation Theory 23
2.6.2 Technology Acceptance Model (TAM) 24
2.7 Conceptual Framework 25
CHAPTER III - RESEARCH METHODOLOGY 27
3.1 Introduction 27
3.2 Research Design 27
3.3 Population 28
3.4 Sample Size and Sampling Technique 29
3.5 Model Specification 29
3.6 Data Collection Method 31
3.7 Research Instrument 32
3.8 Validity and Reliability 32
3.9 Variables and Measurement 33
3.10 Data Analysis Techniques 34
3.11 Ethical Considerations 35
CHAPTER IV - DATA ANALYSIS AND INTERPRETATION 36