



IMPACT OF DIGITAL TRANSFORMATION ON CUSTOMER SATISFACTION - A STUDY OF LIC CUSTOMERS IN NAINITAL DISTRICT

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Article DOI: <https://doi.org/10.36713/epra30797>

DOI No: 10.36713/epra30797

ABSTRACT

The present study examine the impact of digital transformation on customer satisfaction among LIC customers in Nainital district. In recent years, life insurance Corporation of India has introduced various digital platforms to enhance service delivery and improve customer experience. The main objective of the study are to analyse the extent of adoption and usage of digital services, to access the quality of digital services and to examine their impact on customer satisfaction. A quantitative research method has been adopted for this study. Primary data were collected from 200 LIC customers in Nainital district through a structured questionnaire based on five point Likert scale. The findings of the study are expected to highlight the relationship between digital service quality, usage of digital channels and customer satisfaction. The study will provide the insight into how digital transformation initiative by LIC influence customers. The result may help LIC to improve its digital strategies and enhance level of customer satisfaction.

KEYWORDS – Customer Satisfaction, Life Insurance Corporation Of India, LIC, Digitalisation, Insurance, Service Quality.

1. INTRODUCTION

Digital transformation has become a major driver of change in the financial and insurance sectors in today's world. It enable organisation to improve service delivery, reduce operation cost and enhance customer satisfaction. The insurance industry also faced significant growth in digital services, improving accessibility and efficiency. LIC of India, one of the largest insurance provider in the country, has introduced several digital initiatives. These services are designed to make insurance processes more convinient, faster and customer friendly. Following these developments, the level of awareness, adoption and satisfaction with digital services differ among customers, particularly in rural and semi urban areas. Many customers still face challenges related to usability, accessibility and trust in digital platforms. Customer satisfaction plays a most important role in accessing the success of digital transformation initiative. Therefore understating customer perception toward digital services is essential. The present study focuses on LIC customers in Nainital district to examine their adoption of digital service, access the quality of these services and analyse their impact on customer satisfaction.

2. REVIEW OF LITERATURE

1. **Geetika tendon Kapoor et al. (2019)** - the study found that insurance sector is moving toward digitalisation to improve efficiency, transparency and customer service. The IRDA issued guidelines in 2011 for maintaining insurance policies in electronic form. The LIC of India digitised many policies but customer use of digital channels is still limited. Lack of digital literacy, internet access, and trust issues are major barrier. CAMS repository services shows low digital penetration in insurance policies.
2. **Jefreena Blessy and P. Abraham (2026)** – the study highlights that policyholders are generally aware of digital marketing services offered by the company. The website of the LIC is the most commonly used digital platform among customers. Awareness of digital services has positive impact on customer satisfaction.
3. **Anuja Dhyani et al (2025)** – digital services significantly improve customer satisfaction by offering convenience, accessibility and easy policy management. Strong security measure and transparent communication help build customer trust. Personalisation through digital platform increase customer satisfaction. Younger and more educated policyholders show higher satisfaction with digital services.
4. **Mohammad Abdollahi Zamharir (2025)** - Digital transformation in insurance industry enhance customer loyalty through mediating role of trust satisfaction and personalisation. Transparency in data usage and system reliability are essential for strengthening customer trust. Study suggest that companies should invest AI based personalisation tool to meet individual customer need effectively.
5. **Uma suryani (2025)** – the study highlight that digital transformation significantly improve company's performance and customer satisfaction by enhancing operational efficiency, supporting evidence based decision making and enabling



innovation in product and services. Digital transformation helps organisation adapt to technological disruption and maintain competitiveness.

3. RESEARCH METHODOLOGY

3.1 Statement of problem

The insurance sector is increasingly adopting digital technologies to improve service quality and customer satisfaction. LIC has introduced various digital services such as online premium payment, policy management and mobile application. However, the extent to which these digital transformation initiatives influence customer satisfaction among LIC policyholders in Nainital district remain unclear. Therefore, this study seek to examine the impact of digital transformation particularly the quality and effectiveness of digital services, on customer satisfaction among LIC customers in Nainital district.

3.2 objectives of the study

1. To examine the extent of adoption and usage of digital services among customers of LIC of India.
2. To examine the impact of digital transformation initiatives on customer satisfaction in LIC of India.
3. To analyse the relationship between quality of digital services and customer satisfaction among customers of LIC of India.

3.3 Hypothesis for the study

1. H_{01} – there is no significant relationship between quality of digital services and customer satisfaction among LIC customers in Nainital district.
2. H_{02} – digital transformation has no significant impact on customer satisfaction among LIC customers in Nainital district.

3.4 Research design

The study is descriptive and analytical in nature. It aim to access customer's perception regarding LIC's digital transformation initiatives and their impact on customer satisfaction. A quantitative research method was adopted to collect and analyse data from LIC policyholders through a structured questionnaire.

3.5 Sampling

A sample of 200 respondents was selected for the study. The study applied convenience sampling based on the accessibility and availability of respondents.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Demographic profile

4.1.1 Gender

Gender	Frequency	Percentage
Male	118	59%
Female	82	41%
Total	200	100%

4.1.2 Age group

Age group	Frequency	Percentage
Below 25	22	11.0%
25-35	48	24.0%
35-45	56	28.0%
45-55	42	21.0%
Above 55	32	16.0%
Total	200	100.0

4.1.3 Qualification

Qualification	Frequency	Percentage
High school	24	12.0%
Intermediate	38	19.0%
Graduate	72	36.0%
Post graduate	54	27.0%
Other	12	6.0%
Total	200	100.0



4.1.4 Occupation

Occupation	Frequency	Percentage
Government	52	26.0%
Private	46	23.0%
Business	40	20.0%
Students	18	9.0%
Retired	44	22.0%
Total	200	100.0

4.1.5 Association with lic

Association with lic	Frequency	Percentage
Less than 1 year	18	9.0%
1–5 years	54	27.0%
6–10 years	48	24.0%
11–15 years	38	19.0%
More than 15 years	42	21.0%
Total	200	100.0

Interpretation

The respondents comprised a balanced demographic profile with a highest number of males than females. Most belonged to the middle aged group, were graduates, and worked in a government or private sectors. The majority had a moderate duration of association with LIC.

4.2 Adoption and usage of digital services

Statement	Mean	SD
Regularly use LIC digital platforms	4.12	0.81
Prefer digital services over branches	3.95	0.92
Use digital channels for premium payment	4.26	0.74
Access policy information online	4.08	0.85
Digital services are routine transactions	4.01	0.88
Overall Mean	4.08	0.84

Interpretation

The mean 4.08 indicate a high level of adoption and usage of adoption and usage of LIC's digital services. Most customers used digital channel for premium payments, access policy information online and perform routine transaction through digital channels. Although some customers still prefer visiting branches for certain services. The result indicate positive acceptance of LIC's digital services.

4.3 Ease of use of digital services

Statement	Mean	SD
Easy to navigate	4.02	0.86
Simple and understandable	4.10	0.80
Complete transactions without assistance	3.91	0.94
User-friendly mobile app/website	4.05	0.82
Saves time and effort	4.30	0.70
Overall Mean	4.08	0.82

Interpretation

The result reveals that customers find LIC's digital services easy to use and convinient. Most customers agreed that the digital platforms are simple to understand, easy to use and save time and efforts. They also considered mobile application and website are user friendly. Although some customers need assistance to complete transactions.



4.4 Quality of digital services

Statement	Mean	SD
Digital services are reliable	4.00	0.87
Transactions processed accurately	4.18	0.79
Platforms available whenever needed	3.89	0.96
Information is accurate	4.06	0.83
Services updated regularly	3.94	0.88
Overall Mean	4.01	0.87

Interpretation

The findings shows that customers have a positive opinion about the quality of LIC's digital services. They believe that digital transaction are processed accurately, the information provided are reliable and the services are updated regularly. Few customers expressed concern about the availability of the channels at all times.

4.5 Impact of digital transformation

Statement	Mean	SD
Improved overall experience	4.15	0.78
Reduced branch visits	4.24	0.76
Increased service speed	4.20	0.79
Easier policy management	4.18	0.81
Meets expectations	4.05	0.84
Overall Mean	4.16	0.80

Interpretation

The findings indicate that digital transformation has had a positive impact on customer's experience with LIC. Customers agreed that digital services have reduced the need to visit branches, increased the speed of services and made policy management easier. They also felt that digital transformation has met their expectations.

4.6 Customer satisfaction

Statement	Mean	SD
Satisfied with digital services	4.14	0.80
Meets needs effectively	4.09	0.84
Continue using services	4.28	0.73
Recommend to others	4.12	0.81
Satisfied with digital transformation	4.16	0.78
Overall Mean	4.16	0.79

Interpretation

The result shows that customers are satisfied with LIC's digital services. They strong believe that digital services met their needs, are willing to continue using them and would recommend them to others. The overall result shows a higher level of satisfaction.

4.7 Recommendation of LIC digital services

Recommendation	Frequency	Percentage
Yes	148	74%
No	18	9.0%
Not sure	34	17%
Total	200	100%

Interpretation

The findings reveals that most customers are willing to recommend LIC's digital services to others, indicating a high level of confidence and satisfaction with the services.

4.8 Testing of hypothesis

H₀₁ - there is no significant relationship between quality of digital services and customer satisfaction among LIC customers in Nainital district.



TABLE 4.81

Source of Variation	Sum of Squares (SS)	Df	Mean Square (MS)	F-value	Sig. (p-value)
Between Groups	18.64	2	9.32	24.58	0.001
Within Groups	74.11	197	0.376		
Total	92.75	199			

Table 4.8 indicate that p value 0.001. Since the p-value is less than the significance level of 0.05, the null hypothesis is rejected. It is concluded that there is a significant relationship between quality of digital services and customer satisfaction among lic customers in the Nainital district.

H0₂ - digital transformation has no significant impact on customer satisfaction among LIC customers in Nainital district.

TABLE 4.8.2

Source of Variation	Sum of Squares (SS)	Df	Mean Square (MS)	F-value	Sig. (p-value)
Between Groups	22.87	2	11.44	31.62	0.0001
Within Groups	71.23	197	0.362		
Total	94.10	199			

Table 4.8.2 reveals that p-value 0.0001 is less than the significance level of 0.05. Therefore null hypothesis is rejected. Digital transformation has a significant positive impact on customer satisfaction among LIC customers in Nainital district. Customers experiencing higher digital transformation report higher satisfaction level.

5. FINDINGS CONCLUSION AND SUGGESTIONS

The study found that digital transformation has significantly improved customer satisfaction by providing convinient, reliable and user friendly digital services, reducing the need for branch visits and encouraging continued usage and recommendation. To sustain these outcomes LIC should regularly upgrade its digital platforms, strengthen cybersecurity, collect customer feedback, promote digital awareness among rural and senior citizens, provide regional language support and introduced personalised digital seviuces using customer data analytics.

5.1 Conclusion

Digital transformation has significantly enhanced customer satisfaction among LIC customers in Nainital district. Customers have positively accepted LIC's digital initiatives such as online premium payment, policy management and digital communication platforms. The findings indicate that the quality, reliability and ease of use of digital services play a crucial role in improving customer satisfaction. Continuous improvement in digital services, customer support and awareness program will boost customer satisfaction and wider adoption of digital services. Digital transformation has become an important factor in improving customer experience and service delivery in the life insurance services.

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