

Exploring the Impact of Artificial Intelligence on Employee Engagement and Well-being in the Banking Industry

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DOI : 10.48047/IJFANS/V11/Splis5/25

Abstract

This chapter explores the impact of artificial intelligence (AI) on employee engagement and well-being in the banking industry. The chapter provides an overview of the role of AI in the banking industry and examines how it affects the workplace environment and employee experiences. The chapter also discusses the potential benefits and challenges of implementing AI in banking and provides recommendations for promoting employee engagement and well-being in the context of AI adoption. Overall, this chapter provides valuable insights for practitioners, researchers, and policymakers interested in understanding the impact of AI on employee well-being and engagement in the banking sector.

Key words: Artificial intelligence, Employee engagement, Employee well-being, Banking industry, Autonomy

Introduction

Artificial intelligence (AI) is transforming the way businesses operate in every industry. AI is increasingly being utilised in banking to speed procedures, improve customer service, and make better decisions. In the banking industry. However, the impact of AI on employee engagement and well-being is largely unknown. Employee engagement and well-being are crucial for any organisation's success. Employees that are engaged and healthy are more productive, imaginative, and committed to their jobs. Employees who are disengaged and anxious, on the other hand, are more likely to experience burnout, absenteeism, and attrition.

1.1 Employee Engagement: Importance and Challenges in the Banking Industry

The banking business is a vital component of the global economy, and employee engagement is a significant part in the industry's success. Employee engagement is the degree to which individuals are dedicated to their jobs and feel connected to the organisation for which they work. Employees who are engaged are more productive, imaginative, and eager to go the extra mile to help the company succeed. Artificial intelligence (AI) has the potential to

revolutionise the banking business by increasing efficiency, lowering costs, and creating better client experiences. However, the expanding usage of AI in the sector poses problems to employee engagement and well-being.

One of the challenges is the worry of losing one's work. Automation of previously performed by human's work might result in job displacement, which can cause anxiety and tension among employees. Employee engagement and well-being can suffer as a result, leading to poorer productivity, more absenteeism, and higher turnover rates.

A further challenge is the requirement for re-skilling and upskilling. AI requires individuals to learn new skills and adapt to new technology. This might be difficult for certain employees, leading to dissatisfaction and disengagement. Banks must invest in training and development programmes to help staff learn new skills and stay engaged.

To overcome these issues, banks must prioritise employee engagement and well-being as they integrate AI into their operations. This involves helping employees affected by job displacement, investing in training and development programs, and fostering a culture that prioritises work-life balance and employee well-being.

1.2 Well-being in the Workplace: Factors and Effects in the Banking Industry

Banking is a highly competitive, fast-paced, and demanding industry, which can contribute to employee stress and burnout. As more artificial intelligence (AI) technologies are introduced into the workplace, there is rising worry about the influence on employee well-being. Here are some causes and consequences of AI on banking industry well-being:

AI can automate numerous functions that were previously performed by humans, which could lead to job loss and employee insecurity. This can have a severe influence on employee well-being, resulting in stress, anxiety, and diminished motivation. The usage of AI can raise employees' workload and time pressure, leading to burnout and diminished well-being. Employees may believe they are always on and unable to switch off from work, resulting in a poor work-life balance.

The implementation of AI necessitates employees learning new skills and adapting to new technology. For some employees, this might be difficult, resulting in irritation and poor well-being. Banks must invest in training and development programmes to assist staff in acquiring new skills and remaining engaged. The deployment of AI may result in greater social isolation among employees as they engage less with one another and more with computers. This can result in a lack of cohesion, poor work satisfaction, and diminished well-being. The banking business is largely customer-centric, and AI may improve customer experiences. However, this can lead to increasing pressure on staff to fulfil client expectations, which can lead to stress and lower well-being.

1.3 Artificial Intelligence (AI) in the Banking Industry: Emerging Trends and Applications

Over the past few years, the banking sector has been increasingly embracing artificial intelligence (AI). AI could improve banking processes, boost efficiency, and create personalised consumer experiences. In "Exploring the Impact of Artificial Intelligence on

Employee Engagement and Well-being in the Banking Industry," some developing themes and uses of AI in the banking industry are:

Banks are deploying AI-powered chatbots to deliver speedy and efficient customer assistance. Chatbots may answer commonly asked inquiries, assist clients with purchases, and provide personalised suggestions. AI systems can analyse enormous volumes of data and detecting fraudulent activity. This can assist banks in preventing fraud and reducing losses. Banks are employing artificial intelligence to examine client data and determine credit risk. AI can assist banks in making sound judgements and lowering the risk of poor loans.

AI can assist banks in providing personalised financial advice to consumers. AI may propose investment possibilities, offer budgeting guidance, and assist clients in planning for their financial objectives by assessing customer data. AI can automate manual and repetitive operations like data input and document processing. This can assist banks in lowering expenses and increasing efficiency. Artificial intelligence (AI) can assist banks in detecting and preventing cyber-attacks. AI algorithms may examine network data and detect irregularities, alerting users to possible dangers in real time.

1.4 The Potential of AI for Employee Engagement and Well-being: Rationale for the Study

Artificial intelligence (AI) is quickly revolutionising several sectors, including banking. While the use of AI in banking has increased efficiency and profitability, it also has the potential to influence employee engagement and well-being. The research "Exploring the Impact of Artificial Intelligence on Employee Engagement and Well-being in the Banking Industry" seeks to explore the possible influence of artificial intelligence on employee engagement and well-being in the banking industry.

Employee engagement relates to employees' level of passion and excitement for their jobs, whereas employee well-being refers to their physical, emotional, and social wellbeing. Employee engagement and well-being are both essential components in overall organisational performance. The use of artificial intelligence in banking can result in a variety of changes in the workplace, such as task automation, job role modifications, and increasing usage of data analytics. These changes have the potential to have a good and bad influence on employee engagement and well-being.

1.5 Valuable insights for practitioners, researchers, and policymakers interested in understanding the impact of AI on employee well-being and engagement in the banking sector.

AI installation necessitates considerable changes in work duties and responsibilities, and proper staff training is required. Employees must be trained to use AI systems, and the new duties that come with AI must be integrated into their work. This will assist them in adapting to the changes, as well as reducing stress and increasing involvement. Employee participation in the AI implementation process is critical. Employees must be informed and educated on AI implementation and how it will affect their careers. This will assist them in comprehending the changes and providing helpful input. Employee engagement and motivation may be increased by including them in the AI adoption process.

AI integration may result in job redesign, and it is critical to ensure that the new work roles encourage employee well-being and engagement. Organizations should focus on creating occupations that are engaging, demanding, and offer opportunity for growth and development. AI can lead to employment displacement; hence it is critical to prioritise ethical AI use. Organizations should use AI to supplement employee talents and abilities rather than replace them. This will minimise staff stress and enhance engagement. Communication is crucial during the AI implementation process. Organizations must inform employees about the changes and how they may affect their jobs. Regular communication may help workers grasp changes and minimise uncertainty, which can increase their well-being and engagement.

Conclusion

Based on a study on the influence of Artificial Intelligence (AI) on employee engagement and well-being in the banking business, it is possible to infer that AI has both good and bad effects on employees. On the brighter side, AI could assist employees in doing their duties more efficiently and effectively, freeing up time for more important work and lowering the chance of errors. AI may also give staff with more data and insights to help them make better decisions and deliver better customer service. On the other hand, the introduction of AI can cause employee worry and uncertainty, particularly over prospective job losses or changes in work duties. There is also a concern that AI may dehumanise the workplace and undermine personal interactions between employees and customers.

To prevent these negative consequences, organisations must adopt a proactive approach to controlling AI's influence on their personnel. Investing in training and upskilling programmes to enable people to work more successfully alongside AI, developing an open communication and transparency culture, and prioritising employee well-being and mental health. Overall, while AI has the potential to bring considerable advantages in the banking sector, it is vital to balance these benefits with the need to assist and empower individuals to succeed in an increasingly AI-driven workplace.

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