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Article

Sustainable Marketing Practices in Enhancing Customer Satisfaction in Uttarakhand's Banking Sector

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Abstract: The banking landscape in India has changed in due course of time owing to recent developments & advancement. In Uttarakhand, a rapidly developing state a diverse banking ecosystem exists where public sector banks, private banks, cooperative banks, and Regional Rural Banks (RRBs), coexist. This study investigates the impact of Porter's generic strategies such as Cost Leadership, Differentiation, and Focus — along with Sustainable Marketing Strategies on customer satisfaction in Uttarakhand's banking sector. Data was collected from 200 bank's customers in Dehradun and Rishikesh through structured questionnaires and analyzed by the Smart PLS-SEM to test the hypothesized relationships. The model was able to demonstrate reliability, convergent and discriminant validities of the construct measurement, whereas significant positive impacts were detected for all strategic dimensions on customer satisfaction. The results also revealed that service quality, customer loyalty and competitive advantage could be improved for banks while sustaining from cost efficiency, differentiation, segmental focused strategies and sustainable marketing efforts. This study has some strategic implications for the banking managers to improve strategy formulation for sustainable growth and enhancing financial inclusion, especially in hilly areas with operational difficulties.

Keywords: - Cost Leadership, Differentiation, Focus strategy, customer satisfaction, sustainable marketing strategies

INTRODUCTION

The strategies that are being used as a benchmark to effectively shape the banking landscape in India are having a big impact. Digital technologies are changing the way banks interact with their customers in a big way. The financial services industry has changed quickly over the past few years. It has gone from traditional brick-and-mortar businesses to online bill payment and deposit services, and now to the fast-growing world of mobile banking. Uttarakhand is one of India's fastest-growing states because of a rise in capital investment that is encouraged by good industrial policies and tax breaks. Uttarakhand has 27 banks. Two of them are cooperative banks, and the other two are regional rural banks. There are 17 nationalized (public) banks and the rest are private banks. There are 749 banks in Uttarakhand, which includes all of their branches.

The banking system in Uttarakhand, which became a state in 2000, is very important for the state's economic growth. Over the years, the banking network has grown steadily because more people are learning about money, there are government programs to help people learn about money, and the need for banking services is growing in both rural and urban areas. The state's banking system is well-organized and includes public sector banks, private sector banks, Regional Rural Banks (RRBs), cooperative banks, and development financial institutions. The State Bank of India (SBI), Punjab National Bank, Bank of Baroda, and Union Bank of India are all major public sector banks that do a lot of business in the state. SBI is the Lead Bank. HDFC Bank, ICICI Bank, and Axis Bank are some of the most well-known private sector banks. They mostly serve people in cities and towns. The Uttarakhand Gramin Bank and cooperative banks, on the other hand, serve mostly people in rural areas and meet their agricultural needs.

The banking network in Uttarakhand is working to make it easier for people in remote hill districts like Chamoli, Pithoragarh, Uttarkashi, and Bageshwar to get to banks. They do this by using a mix of branch banking, banking correspondents, micro-ATMs, and digital services. Financial inclusion is still a top priority, and programs like Pradhan Mantri Jan-Dhan Yojana (PMJDY), Mudra Yojana for small businesses, PM Kisan, Stand-Up India, and Atal Pension Yojana help make it happen. These programs have made it easier for small business owners, farmers, informal workers, and other marginalized groups to open bank accounts, get direct benefit transfers (DBT), and get credit.

The banking industry in Uttarakhand is also going digital quickly, with more people using UPI, internet banking, mobile banking, and payment systems that work with Aadhaar. Digital literacy campaigns and the rise of micro-ATMs have made it possible for people in remote hill areas to access banking services, where traditional branches are hard to run. The State Level Bankers' Committee (SLBC), which is headed by SBI, coordinates banking activities across the state, keeps an eye on the flow of credit, and encourages lending to priority sectors, especially agriculture, small and medium-sized businesses, tourism-based businesses, and renewable energy projects like solar and hydropower.

But there are some problems in Uttarakhand's banking sector as well. The hard-to-reach mountains, low population density in many hill districts, and lack of financial knowledge among some rural residents make it hard to run the business and raise the cost of providing services. Also, the state's susceptibility to natural disasters like floods and landslides puts banking infrastructure and operations at risk. Despite these problems, Uttarakhand's banking sector keeps growing. There are good chances for more digital growth, better access to credit for start-ups and green energy projects, and support for local industries like handloom, horticulture, dairy, and tourism. So, the banking system in Uttarakhand is still a very important part of the state's social and economic growth and financial freedom.

Over the past few decades, banks have been improving their policies to keep up with the times in order to encourage growth and expansion. This is because they are paying more attention to strategies related to cost and customers. The main goal of these plans is to cut costs. So, to stay ahead of the competition, you need to tailor your products and services to meet the changing needs of your customers. Banks that have a good strategic orientation have an edge over other banks because it gives them power as organizations and helps them make decisions. A When all of your activities support your chosen strategy, your competitive edge lasts longer. Due to a changing market, banks have been focusing more on strategies that balance cost efficiency and customer focus. They have been improving their policies to boost growth, make operations more efficient, and grow their market share. These strategic orientations aim not only to reduce costs but also to customize products and services to meet the evolving expectations of customers, thereby attaining a competitive edge in a highly competitive market (Porter, 1980; Islami et al., 2020). Strategic alignment that works well gives banks as organizations more power, makes decision-making easier, and makes sure that competitive advantages last as long as all activities support the chosen strategy (Porter, 1985). As Uttarakhand's banking industry changes, with new technologies, different types of customers, and new priorities for sustainability, we need a study that looks at how competitive strategies affect customer satisfaction. This kind of research will give regional banks useful information that they can use to improve their performance, service quality, and long-term competitiveness.

LITERATURE REVIEW:

Competitive strategy and customer satisfaction are complementary forces that influence adulthoods banking in a turbulent environment where the redefined survival of banks is ensured by its ability to meet the challenges of enhancing service quality, innovation and gaining competitive advantage. The focussed factories paradigm, cost leadership and differentiation and focus (includes cost-focus and differentiation-focus) Michael Porter's manufactured typology as a base on which to build an understanding of how firms in examining business unit strategy including banks choose to compete along two dimensions: the source of competitive advantage, and competitive scope (broad market versus segmental or narrow market) (Porter, 1980). Within the banking industry, such strategic choices have serious implications and impact on product design and operations practice, technology offerings as well as pricing models and service delivery mechanisms; all combine to determine how customers perceive value and satisfaction (Porter 1980; Porter 1985).

Service quality in banking services has a strong impact on customer satisfaction, which generally is measured using the SERVQUAL constructs - reliability, responsiveness, assurance, empathy and tangibles- that represent basic attributes leading to trustworthiness ad loyalty of customers (Parasuraman, Zeithaml, & Berry 1988). Quality of service delivery – and not just what customers expect – may matter even more (Cronin & Taylor, 1992), as newer instruments like SERVPERF imply by focusing on 'performance issues' which have already distanced performance from mere perceptions and raised the bar on dimensions that truly matter. These concepts draw attention to the mediating roles of service design, operational excellence, technological proficiency and managing the customer experience in transforming strategies into tangible customer satisfaction outcomes (Zeithaml, Bitner & Gremler, 2018).

In today's banking ecosystem, digitalization has emerged as a key determinant of strategic decisions efficacy. The rise of internet banking, mobile apps, UPI and AI enabled services have changed the rules for how customers interact with banks, where now speed, convenience, security and customization are cited as crucial factors determining satisfaction (Mishra & Singh 2020; Reddy & Rao 2021). Research offers empirical evidence that cost leadership strategies increase satisfaction among price-sensitive clients, by optimizing the processes, digital automating and providing economical transaction services (Islami et al., 2020). Differentiation strategies increase loyalty to the organization and perceived service quality for a particular investment management company through customization of services rendered, innovative products offered, excellent digital interfaces as well as brands (Kankam-Kwarteng & Asiedu-Appiah, 2021). Focus strategies, which are aimed at targeting segments such as SMEs, rural dwellers and the highnet-worth individuals increase the level of relevance by directly addressing demand and satisfaction in all these market segments (Islami et al., 2020; Kankam-Kwarteng & AsieduAppiah, 2021).

Further, increased focus on sustainability and ethical banking has altered the course of strategic orientation. Sustainable and responsible marketing activities such as Environmental stewardship, corporate social responsibility (CSR), ethical business conduct have the ability to impact customer perceptions which contribute to trust and long-term satisfaction (Gupta & Arora, 2021; Shetty, 2020). The coupling of strategic fit, digital enablement, and Sustainability driven practices could drive how financial inclusion could be enhanced, service delivery optimized in inaccessible geographies given the scattered nature of branches of banks as they do not get logistically viable due to terrain difficulties and high costs involved for operations as seen in regions such like Uttarakhand (as Sharma & Bhardwaj 2019).

Research Gap

Although there is a lot of research on competitive strategies and customer satisfaction in banking sector, most of it has been done in metro cities and at the national level. There hasn't been much research on smaller states of India like Uttarakhand (Gupta & Arora, 2021; Shetty, 2020). Uttarakhand's have different geographical challenges, heterogeneous population (comprising both rural and urban areas), and the progressive adoption of digital technologies establish a unique banking landscape that may affect the correlation between strategic decisions and customer satisfaction (Sharma & Bhardwaj, 2019).

Empirical studies on the Organic Effect of cost leadership, differentiation and focus strategies no doubt are limited in customer satisfaction within Uttarakhand along with the digital and sustainable banking practices. This space emphasizes the importance of a context-based analysis to understand strategic performance, customer expectations and satisfaction outcomes in this regional banking model. This is the gap that the researcher tries to fill and it will assist for the banks in designing their strategies better, providing a better service and to stay competitive in the state.

Theoretical foundations

Porter's generic strategies: concepts and critical clarifications

Porter (1980, 1985) postulated that as a result of making two basic choices about being low-cost or differentiation oriented and the range of markets they serve (narrow or broad), firms obtain competitive advantage. The result is three best options: (1) cost leadership (wide target, low cost), (2) differentiation (wide target, unique products/services), and focus(slender target — either cost focus or differentiation focus). Porter cautioned that pursuing incompatible strategies frequently results in "stuck-in-the-middle" and subpar performance. Contemporary scholars argue that one should consider Porter's categories in a more dynamic manner: Firms can integrate elements (e.g., digital cost leadership, differentiated UX), yet strategic clarity as to primary intent is crucial to allocate resources coherently.

Service quality and customer satisfaction: SERVQUAL and SERVPERF

The proximate mechanisms by which strategic decisions are mediated in contributing to customer satisfaction are offered by the service quality literature. 5-dimenshional model Parasuraman, Zeithaml and Berry [1988] suggested SERVQUAL model for determining service quality gap between expectation and performance namely reliability assurance tangible empathy reponsiveness. Cronin and Taylor (1992) criticized the measurement perspective, introducing SERVPERF with more focus on performance measure as parsimonious basis for satisfaction prediction. Most other empirical research has found that perceived service performance is an important antecedent for customer satisfaction and behavioral intentions (loyalty, word-of-mouth). In banking the dimensions of reliability (e.g., accurate transactions, uptime), responsiveness (service speed) and assurance (security, trust) are particularly important.

Porter's strategies in banking: conceptual linkages to satisfaction

Cost leadership strategy and customer satisfaction

A **cost leadership** strategy in banking emphasizes scale, process optimization, low overhead, competitive pricing, and automation to reduce transaction costs and fees. For retail banking, this often translates into digital channels, centralized processing, lean branch networks, and product standardization. Cost leadership can increase satisfaction among price-sensitive segments if the bank maintains acceptable service reliability; however, aggressive cost cutting can harm dimensions like empathy and tangibles, reducing satisfaction for customers who value personal service (Cronin & Taylor, 1992; Parasuraman et al., 1988). Studies in multiple markets show that price competitiveness matters, but service reliability, security, and ease of use remain core drivers of satisfaction in banking.

Differentiation strategy and customer satisfaction

Differentiation in banks focuses on unique product features, superior customer experience (personalization, advisory services), brand prestige, or technological innovation (seamless mobile apps, integrated financial planning). Differentiation can raise perceived service quality across SERVQUAL dimensions (especially assurance, empathy, and responsiveness), leading to higher satisfaction and stronger retention (Cronin & Taylor, 1992). However, differentiation often requires sustained investment in customer analytics, staff training, and resilient IT systems; failures or lapses (e.g., outages, security incidents) can severely damage trust and satisfaction despite prior differentiation efforts.

Focus strategies (segment targeting) and customer satisfaction

Focus strategies are target-specific customer segments (e.g., premium customers, small and medium enterprises (SMEs), and geographies). Focus allows tailored service models to match segment expectations, often yielding greater perceived fit and satisfaction. For example, a bank focusing on SMEs might offer faster processing, relationship managers, and specialized credit products, boosting satisfaction within that niche. The challenge is maintaining operational efficiency while delivering differentiated, segment-appropriate service levels.

Studies linking Porter's strategies directly to banking outcomes

Several academic papers and applied studies have used Porter's framework to analyze banks' competitive positioning, often finding correlations between a declared strategic orientation and performance metrics (profitability, market share) — and in some studies, customer satisfaction proxies. The strength of these findings depends on measurement rigor (e.g., whether strategy is self-reported by managers, inferred from cost ratios and product differentiation indicators) and local market context. Multi-method studies that combine strategic classification with SERVPERF/SERVQUAL assessment provide the clearest evidence linking strategic orientation → service quality → customer satisfaction.

Hypothesis Development

This study is theoretically based on the Porter's Generic Strategies Model, which identifies cost leadership, differentiation and focus as the three main generic competitive strategies employed by firms. Porter (1980) in his classic Competitive Strategy: Techniques for Analyzing Industries and Competitors, where he proceeds to Competitive Advantage (1985), emphasized that firms could be superior in relation to competitors by being either the lowest-cost producers, offering differentiated or unique products or services, or focusing on a segment of the market through focused strategy. These ideas were also crystallised in On Competition (Porter, 1998) that connected strategy positioning to performance sustainability. There have been numerous empirical studies that support the relevance of Porter's model in different sectors. Islami et al. (2020) indicated the evidence of positive association between adoption of porter's generic strategy and firm performance, representing corroboration that strategic alignment enhances competitiveness and operational efficiency Kankam-Kwarteng and Asiedu-Appiah (2021) proved that differentiation via innovation and quality customer service significantly promotes firms' competitiveness in developing economics. Ismail, Rose and Uli (2018) similarly found that cost leadership combined with concentrated market segmentation correlates positively with long-term profitability and operational flexibility. In addition, Hassan and AlKhateeb (2023) noted that the importance of Porter model increased in digital ecosystems as customer focus and technological differentiation are drivers for achieving competitive advantage. Empirical support for these constructs has been found recently as well in the banking and financial industry. For example, Ayinaddis, Taye & Yirsaw (2023) it is found that cost and differentiation strategies strongly impact on customer satisfaction in Ethiopian banks; Khashman (2023), showed that customer-centric differentiation strategies enhance satisfaction and retention in Jordanian banking organizations.

Therefore, the present research employs Porter's model as a conceptual framework to evaluate how. cost efficiency (availability and outreach), differentiation (application, level of digital literacy), focus (financial inclusion of target groups) and customer orientation (customer-orientated growth, quality etc…) regarding sustainable economic and social outcomes.

H1: Cost Leadership Strategy positively impact customer satisfaction

H2: Focus Strategy positively impact customer satisfaction

H3 : Differentiation Strategy positively impact customer satisfaction

H4 : Sustainable Marketing Strategy positively impact customer satisfaction

Methodology

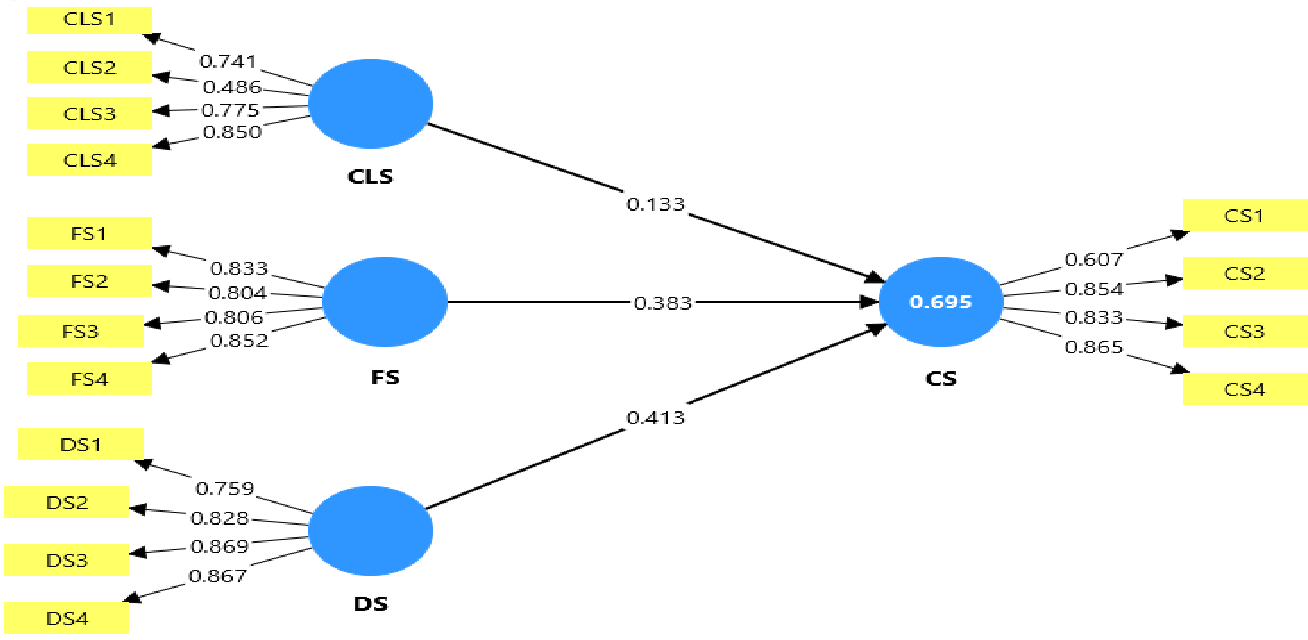
The present research intends to study the impact of the porter marketing strategies on satisfaction of banking customers in Uttarakhand. In this regard, the study used a questionnaire-based survey method to collect data on a judgmental basis from the customers availing of strategy-oriented schemes & services devised by the banks from time to time via personal and telephonic interviews. The study area included Dehradun and Rishikesh districts of Uttarakhand where customers are tech savvy and frequently use banking services on a regular basis. The questionnaire so framed consisted of 15 items. All model constructs were reflective nature. The current research is based on concept of higher order models or hierarchical component models modelled to measure abstract dimensions of Sustainable Marketing strategies The Embedded Disjoint two stage approach to assess the relationships specified within the path model as the model consisted of constructs which were modelled as higher order and were reflective – reflective (Type 1) in nature (Ringle et al., 2012; Sartstedt et al., 2019; Becker et al., 2023; Hair et al., 2024)

The questionnaire was framed using 5-point Likert scale, where 1 = strongly disagree and 5 = strongly agree. Out of the 350 questionnaires received, only 200 were found complete and relevant, which became a part of the final study. The items pertaining to Cost Leadership, Differentiation, and Focus Strategies were adapted from Akan et al. (2006), Islami et al. (2020), and Ismail, Rose, and Uli (2018), who emphasized that strategic orientation significantly enhances organizational competitiveness and performance. The items related to Sustainable Marketing Strategy were drawn from the frameworks developed by Kumar and Christodoulopoulou (2014) and Mishra and Sharma (2014), which focus on the integration of environmental responsibility and ethical marketing practices to achieve long-term sustainability. The Customer Satisfaction construct was based on the seminal works of Oliver (1997) and Anderson, Fornell, and Lehmann (1994), which conceptualized satisfaction as a critical determinant of customer loyalty and organizational success. The hypothesized relationships were tested with the help of Smart PLS-SEM version 4.

Results and Findings:

The present study aims at studying the extent of relationship exhibited by porter generic strategies and customer satisfaction with reference to public and private sector banks in Uttarakhand. The hypothesized relationship among constructs was measured using SMART PLS SEM (Hair et al., 2021) The estimation of measurement is done by examining the Cronbach Alpha & composite reliability (Rho a) to confirm internal consistency reliability. The convergent validity is examined through AVE for which the threshold limit is above 0.50 in order to affirm the convergent validity exhibited by the constructs. (Hair et al., 2022). For assessing discriminant validity Fornell Larcker criterion for which an AVE is greater than inter-item correlations between the constructs (Fornell & Larcker, 1981), The 2nd step involves the structural model involves the evaluation of the results serving as basis for testing of proposed hypothesis and deriving appropriate conclusions therefrom.

Measurement Model Results



Source: Retrieved from Smart PLS 4

As a precursor to hypothesis testing the model was tested for internal consistency and reliability among the constructs. As shown in table 1 & 2 the results for indicator reliability of each of the constructs (household as well as lower order) component were satisfactory reflecting the presence of reliability & validity. (Hair et al., 2019). For instance, the Cronbach Alpha values & CR values surpassed the minimum threshold of 0.70 (Fornell & Larcker, 1981; Hair et al 2010; Raykov et al., 2016) confirming the presence of internal consistency & reliability among the constructs. Additionally, the convergent validity is examined through AVE for which the threshold limit is above 0.50 to affirm the convergent validity exhibited by the constructs (Sartesdt et al., 2016; Hair et al., 2022). As evident from the tables 1 & 2, the AVA values surpassed the threshold limit thereby affirming good convergent validity.

Table 1- Reliability and Convergent Validity (Higher Order)

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CLS	0.694	0.741	0.811	0.527
FS	0.843	0.850	0.894	0.679
DS	0.851	0.859	0.900	0.692

Source: Author's self-compilation

Table 1- Reliability and Convergent Validity (Lower Order)

	Cronbach's alpha	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
Sustainable Marketing Strategies	0.872	0.874	0.922	0.797
CS	0.801	0.825	0.872	0.635

Source: Author's self-compilation

Discriminant validity

For assessing discriminant validity Fornell Larcker criterion for which an AVE is greater than inter-item correlations between the constructs (Fornell and Larcker, 1981). As evident from tables 3 & 4 the AVE values were more than inter item correlation among the constructs confirming discriminant validity results

Table 3 - Discriminant Validity (Higher Order)

	CLS	**FS**	**DS**
CLS	0.726		
FS	0.686	0.824	
DS	0.732	0.667	0.832

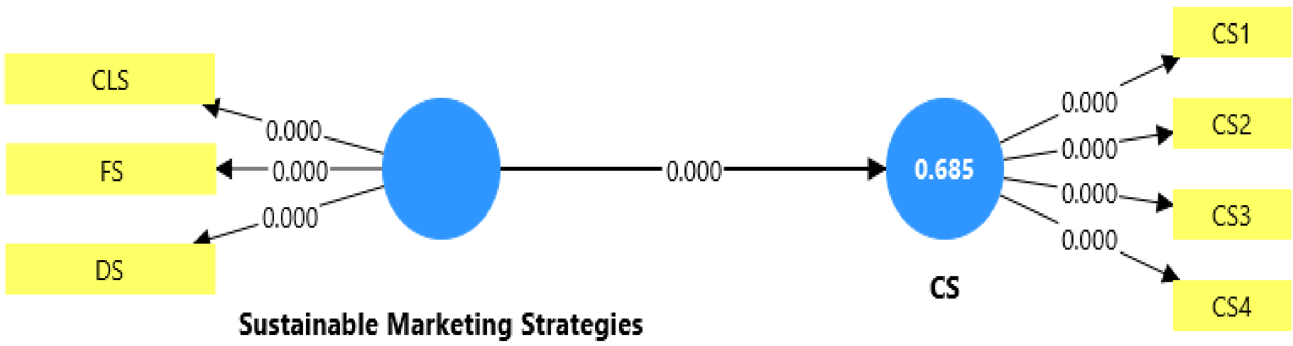
Source: Author's self-compilation

Table 4 - Discriminant Validity (Lower Order)

	Sustainable Marketing Strategies	**2._CS**
Sustainable Marketing Strategies	0.893	
CS	0.828	0.797

Source: Author's self-compilation

Interpretation of Structural Model



Source: Retrieved from Smart PLS 4

After affirming the model's suitability, the analysis proceeded to evaluate the structural model using path coefficients, T-values, and p-values. According to Hair et al. (2019), t – values above 1.96 and a p-value below 0.05 indicate that the hypothesized relationship is statistically significant in PLS-SEM analysis. The structural model results reveal that both Financial Awareness (FA) and Financial Knowledge & Attitude (FKA) have a strong and statistically significant positive influence on Household Economic Decision-Making (HEDM). Specifically, the path coefficient from FA to HEDM is 0.570 with a T-value of 25.295 and a P-value of 0.000, while the path from FKA to HEDM is 0.510 with a T-value of 18.882 and a P-value of 0.000. These high T-values (well above the threshold of 1.96) and p-values below 0.05 indicate robust significance, suggesting that increases in FA and FKA significantly enhance women' decision-making regarding household economic. Furthermore, in the household-order construct analysis, Financial Literacy (FL) shows an exceptionally strong effect on HEDM with a path coefficient of 0.986, T-value of 464.578, and p-value of 0.000, indicating near perfect reliability and significance. These findings align with the standards outlined by Hair et al. (2019), who state that path coefficients with high T-values and low p-values confirm the strength and significance of hypothesized relationships in PLS-SEM models.

Table 5- Results of Hypothesis testing

	Original sample (O)	**Sample mean (M)**	**Standard deviation (STDEV)**	**T statistics (|O/STDEV|)**	**P values**
CLS -> CS	0.133	0.139	0.061	2.175	0.030
FS -> CS	0.383	0.380	0.069	5.563	0.000
DS -> CS	0.413	0.411	0.064	6.488	0.000
Sustainable Marketing Strategies -> _CS	0.828	0.829	0.021	39.274	0.000

Source: Author's self-compilation

Table 4 - Summary Of Hypothesis Testing Results

Hypothesis	**Decisions**
H1: Cost Leadership Strategy positively impact customer satisfaction	Accepted
H1: Cost Leadership Strategy positively impact customer satisfaction	Accepted

H1: Cost Leadership Strategy positively impact customer satisfaction	Accepted
H1: Cost Leadership Strategy positively impact customer satisfaction	Accepted

The hypothesis testing results confirm that all proposed hypotheses were accepted, indicating significant positive effects of strategic dimensions on customer satisfaction in Uttarakhand's banking sector. H1: Cost Leadership Strategy → Customer Satisfaction (O = 0.133, T = 2.175, p = 0.030) shows that cost-efficient processes, competitive pricing, and operational optimization enhance satisfaction among price-sensitive customers. H2: Focus Strategy → Customer Satisfaction (O = 0.383, T = 5.563, p = 0.000) demonstrates that targeting specific segments such as SMEs, rural populations, or premium clients with tailored services increases perceived relevance and satisfaction. H3: Differentiation Strategy → Customer Satisfaction (O = 0.413, T = 6.488, p = 0.000) indicates that unique products, personalized advisory services, and superior digital experiences strengthen service quality perception and loyalty. Finally, H4: Sustainable Marketing Strategies → Customer Satisfaction (O = 0.828, T = 39.274, p = 0.000) reveals that ethical, socially responsible, and environmentally conscious practices have the strongest positive impact, reinforcing trust, commitment, and long-term customer satisfaction. These results collectively suggest that combining cost efficiency, focused targeting, differentiation, and sustainability-driven marketing creates a robust framework to enhance customer satisfaction and competitive advantage in Uttarakhand's banking sector.

Discussion and Conclusion

It is further proved through this study that the strategic orientation of banks in Uttarakhand, i.e., Porter's generic strategies — Cost Leadership, Differentiation & Focus– along with Sustainable Marketing Strategies has a positive and significant effect on Customer Satisfaction. Cost strategies, focusing on process efficiency, digitalization and affordability that help banks to lower transaction costs and increase access for price-sensitive customers are associated with higher overall satisfaction (Porter, 1980; Islami et al., 2020). The use of differential strategies (with unique products, customized advisory services, innovative mobile banking and customers' experience) further enhance the perceived service quality especially in terms of reliability, responsiveness and assurance which always lead to more attitudinal loyalty as well as retention among the clients (Kankam-Kwarteng & Asiedu-Appiah, 2021; Ismail et al., 2018). Focus strategies are bank specific and allow banks to identify and concentrate on unique customer segments, e.g., small medium enterprises (SMEs), rural areas people or high net-worth individuals (HNWIs) by providing customized products that address the unmet needs of different target niche markets, creating their perceived relevance and satisfaction with these customers(Porter, 1985; Ayinaddis et al., 2023). Responsible marketing behaviours that encompass ethical behaviour, environmental stewardship and social responsibility not only create positive brand image but also contribute to garnering trust and loyalty which are normative in the current context of corporate social responsibility (CSR) in financial services (Kumar & Christodoulopoulou, 2014; Mishra & Sharma, 2014). The study also suggests that in a developing region like Uttarakhand which is geographically handicapped and hilly with high operational cost and need of rural outreach, by combining these strategic moves such as digital banking initiatives, financial literacy programs and Financial inclusion schemes can provide higher level of service to all sections of customers equitably and simultaneously increase the customer engagement (Parasuraman, Zeithaml & Berry 1988; Cronin & Taylor 1992). In general, the results indicate that a consistent and well-integrated strategic model consisting of cost efficiency, differentiation, focused market orientation and sustainability-based marketing in place would enable banks to enhance service quality, operational efficiency and competitive advantage while promoting long-term customer satisfaction, financial inclusion and socio-economic development throughout the state.

Implications of findings

Effective strategic direction at banks is allowed in an advanced manner and is consulting, where the organization avails itself of the most efficient & effective utilization of data handling/management and analysis of valued resources like data analytics that improves accuracy compared to humans operating computers. That secures growth and sustainability, whilst tasked automation or resource optimization ensures cost reduction and increased productivity through industry-unique strategies as necessary. AI promotes competition through the ability to respond appropriately to changes in markets or to meet customer demand and by increasing market positions and targets with novel solutions. But while those technical concerns can be addressed as we phase in the adoption of AI, other ethical concerns, such as algorithmic bias, data privacy, and transparency, are instead a matter of prioritizing trust and accountability. Technical impediments need big investments; it's just done at the system level and with accurate models. Making AI more compatible with the goals of sustainability will involve organizational reengineering, adjustments in resources, and human-AI co-working. "Regulators have a role to play by motivating the adoption of ethical AI with financial incentives, such as grants, tax credits, or deduction options for those operating in accordance with sustainable standards," offer the report authors. Clear regulations encourage accountability, and investments in research, education, and cooperation support the responsible integration of AI, enabling sustainable growth and social progress.

Future Scope

The future work will consider each industry to design their own approach AI based on addressing specific issues of the sector and providing better decision-making, resource utilization, and competitiveness. To build trust in AI systems, implementing frameworks that minimize algorithmic bias, improve data privacy, and maintain transparency are essential. Key is accelerating AI's role in driving sustainability through carbon footprint monitoring, energy optimization and circular economies. Research also needs to expand human-AI interaction and resolve technical challenges, as well as delve into emerging fields like quantum computing and edge AI. Policy-makers need to incentivise and establish adaptive regulations for the ethical incorporation of AI while educational initiatives also help prepare sectors for AI implementation. Last but not least, studies need to investigate AI's potential for mitigating economic gaps and its sustained influence on business intelligence and ethical standards.

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