

Research Paper



Impact of emotional intelligence in banking sector

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ABSTRACT

The purpose of this research is to conduct a structured analysis of the influence of emotional intelligence in Banking Sector. The sources supporting the study of emotional intelligence will be reviewed in this paper. The current study seeks to understand the concept of emotional intelligence. Recently, emotional intelligence has become a debated and crucial subject due to its importance and links to various other areas of life, leading to in-depth research. Emotional intelligence acts as the guide for emotions, thoughts, knowledge acquisition, analytical thinking, and innovative thinking. The Banking sector relies heavily on emotion. Employees in the banking industry build and sustain relationships in emotionally charged work situations where providing services is heavily reliant on emotion. Emotions have an intrapersonal impact on bank workers as well as an impact on professional relationships and service performance.



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1. INTRODUCTION

Emotional intelligence (EI) is the capacity to recognize, make use of, comprehend, and regulate feelings and emotional data. In the modern workplace, emotional intelligence is crucial, particularly in relation to how it impacts the workforce of today. Understanding, controlling, and assessing emotions are all part of emotional intelligence. Managers and staff can cope with the constant changes in the workplace

with the support of emotional intelligence. Some scholars contend that emotional intelligence is an innate quality, despite the majority of academics believing that it is something that can be learnt and improved.

Enhancing one's emotional intelligence can help employees perform better at work in addition to their technical skills. Workers with emotional intelligence management skills may improve their interpersonal skills. To remain competitive, the organization must improve the emotional intelligence of its employees. In management, a lot of attention has been paid to emotions, emotional intelligence, and managing emotions at work. Employee performance is heavily influenced by emotional intelligence (EI), especially in high-stress workplaces like banks. The banking industry encounters distinct obstacles, such as stringent regulatory mandates, varied client contacts, and high-stakes scenarios. Improving organizational efficacy and employee happiness requires an understanding of how Emotional Intelligence affects Banking Sector.

Emotions

A deeper comprehension of the idea of emotional intelligence requires a grasp of emotions. It is possible to view emotion from the perspective of biology as well as a mental perspective. From the viewpoint of biology, it's a condition of the brain activity that causes physical alterations such as elevated pace, altered rhythm, perspiration, etc. Additionally, it is a psychologically defined sense of elation or excitement that is characterized by intense emotions.

Modernist philosophers contend that emotions have a good impact on human beings, whereas fundamentalists say that emotions have an adverse one (Dalip Singh, 2006). The following Table 1 provides a summary of both of the viewpoints of emotion.

Table 1. Modern Vs Fundamental Viewpoints of Emotion

Sr. No.	Modern Viewpoint	Fundamental Viewpoint
1	Our emotions gives us Courage	Our emotions make us Vulnerable.
2	Emotions Spark us	Emotions Distract us.
3	Emotions foster trust	Emotions must be managed and monitored.

A Summary of Emotional Intelligence's History

In the 1930s, Edward Thorndike defined "social intelligence" as the capacity for interpersonal harmony. Affective aspects of brilliance could include necessary for success in life, According to David Wechsler's 1940s theory. Humanistic psychologists like Abraham Maslow explained how humans can develop emotional stamina in the 1950s.

The concept of numerous intelligences gained popularity because to Howard Gardner's 1975 book *The Shattered Mind*. In his research paper, "A study of emotions: developing emotional intelligence; self-integration; relating to fear, pain, and desire (theory, structure of reality, problem solving, contraction/expansion, tuning in/coming out/letting go)," In 1985, Wayne Payne presented the initial description of emotional intelligence. Keith Beasley coined the term "Emotional Quotient" in an essay published in *Mensa Magazine* in 1987.

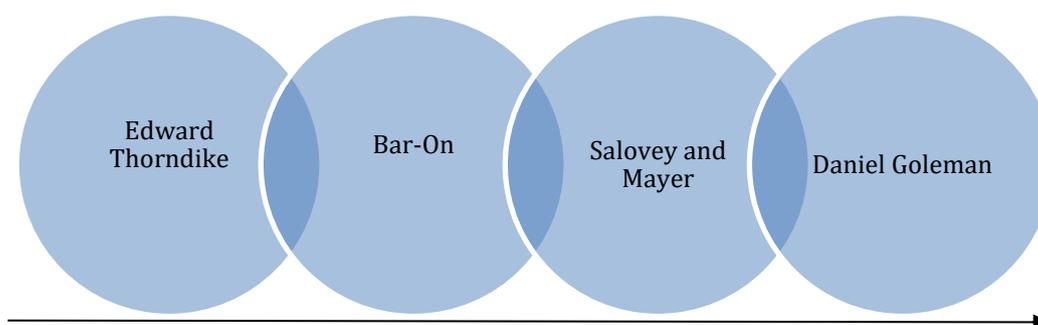


Figure 1. Key Contributors to Emotional Intelligence Theory

Although Reuven Bar-On claims having adopted this expression in an unpublished manuscript of his degree dissertation, it appears that it was employed never before in literature through this release [Figure 1](#).

History of Emotional Intelligence

The researchers Peter Salovey and John Mayer's landmark study, "Emotional Intelligence" appeared in the publication *Imagination, Cognition, and Personality* in 1990.

The notion of emotional intelligence became well known following the 1995 publication of a counsellor and New York Times scientific author Daniel Goleman's work, "Emotional Intelligence: Why It Can Matter More Than IQ."

There are Four Primary Elements of Emotional Intelligence

The four main components of emotional intelligence in the workplace are social skills, self-awareness, self-regulation, and empathy [Figure 2](#).



[Figure 2](#). Emotional Intelligence Competency Framework

The very first element is Self-awareness. Emotional intelligence is based on self-awareness. It entails identifying and comprehending our feelings as well as how they impact both ourselves and other people. We can efficiently regulate our life based on our emotive condition if we are aware of our sentiments. This makes it possible for us to evaluate our ideals, assets, and shortcomings more precisely. Gaining self-awareness is essential because it enables us to recognize our areas of weakness and make healthy use of our feelings.

The second element is Self-regulation. Self-regulation comes after self-awareness, which allows us to comprehend our feelings. This includes managing our feelings and adjusting to shifting conditions. We may direct our feelings towards constructive behaviors and responses by practicing excellent emotion control. This ability entails using methods like handling emotions, reducing anxiety, and concentration to preserve a sound mental state. We grow stronger and better equipped to deal with obstacles and failures as we improve our abilities to regulate ourselves.

Empathy is the third element of emotional intelligence. Empathy means understanding and sharing another person's emotions and experiences from their point of view. This entails applying our abilities in social skills, self-awareness, and self-regulation to create and preserve wholesome connections. Understanding and reacting to others' feelings allows us to modify our interactions and conversation, which promotes better interaction, collaboration, and resolves disputes. Gaining proficiency in handling interpersonal interactions enables us to build enduring, fulfilling relationships on a personal and professional level, which eventually enhances our accomplishments and sense of fulfillment.

The last element is Social skill. The term "social skills" describes our capacity to recognize, understand, and react to other people's feelings. This ability helps us learn about other people's viewpoints, empathize with them, and eventually create higher, greater relationships. We can negotiate a variety of interpersonal circumstances and adjust our behaviors to suit the state of emotions of the individuals surrounding us by engaging in social consciousness exercises. Consequently, this creates an encouraging atmosphere and results in efficient cooperation and interaction.

The Importance and Necessity of the Study

People with high IQs as well as high EQs are becoming more and more necessary due to the complexity of human behavior and industry. It may be difficult for the emotionally unstable staff members to meet deadlines or meet goals. A person's feelings influence his behavior, and his behavior influences not only his own performance but also the performance of people around him. Numerous studies on this vital topic have been carried out in both established and developing nations, addressing the numerous facets of workplace emotions and the connections between emotional intelligence (EI) attributes. In light of this, the research aims to assess how the emotional intelligence traits of banking industry workers relate to one another.

Objective of the Study

The primary goal of this research is to provide a review of literature of the role of emotional intelligence in the banking industry. This study aims to perform a systematic study of emotional intelligence's impact on the banking sector.

2. RELATED WORK

In 2023, [1] Dr. Halder conducted a study to investigate how emotional intelligence relates to Branch managers' managerial efficacy from government owned banks in Kolkata, West Bengal, such as State Bank of India, Punjab National Bank, and Indian Bank.

There are 174 branch managers included in the sample. The technique of stratified random sampling is employed. Data collected from the Emotional Intelligence Assessment Measure by Dr. N. K. Chadha and Dr. D. Singh (2001) and the Administrative Efficiency Measure by Prof. S. Gupta (1996) were used.

The research's 5 hypotheses are examined, and the supervisory efficacy of government bank branch managers in regard to interpersonal skills is assessed using relevant analytical techniques, including mean, S. D., t test, ANOVA, correlation, and regression analysis.

The findings showed that there is no significant difference in mean values among the public banks (SBI, PNB, and IB). The findings show that there is a positive relationship between managerial effectiveness and emotional intelligence, suggesting that managers with higher emotional intelligence tend to be more effective compared to those with lower emotional intelligence.

The results indicate that emotional intelligence is a key factor in predicting the branch managers' management efficacy in government-owned banks [2] investigate the role that emotional intelligence (EI) plays in job success. Employees of UCO Bank, Indian Bank, United Bank, Federal Bank, Central Bank, OBC, Dena Bank, and PNB were the subjects of this study. The banking industry was chosen for study because it is one of the most profitable industries. There were 200 people in the sample. An experiment was created

by examining the emotional intelligence model developed by Daniel Goleman in order to evaluate the emotional intelligence of employees. Research results showed that emotional intelligence and career performance are positively correlated.

[3] The researchers assessed emotional intelligence with the Emotional Quotient Index and evaluated Employees' ability to solve problems in Bangladesh's private commercial banks using Basadur's Simplex Problem-Solving Model.

This study shows how emotional intelligence components affect problem-solving in private commercial banks in Bangladesh. 356 bankers voluntarily participated in the study. A convenience sampling method was utilized for gathering data. Descriptive and inferential statistics were employed to examine the connections between emotional intelligence components and problem-solving. Problem solving showed a positive correlation with the elements of emotional intelligence. An important finding of the research is that employees need to enhance their emotional intelligence in order to offer significant help in identifying suitable resolutions for issues. The sample size and sampling technique restrictions may hinder the ability to generalize the findings. Constraints and possible avenues for future research are also addressed.

[4] Investigated the connection between leadership philosophies and emotional intelligence banking institutions in Kenya. The findings indicate a favorable correlation between emotional intelligence and transactional leadership. According to the study, people who score well on emotional intelligence are more inclined to take up transactional leadership. These people have the ability to set precise performance criteria that can be used to track progress and honor accomplishments. Additionally, leaders who avoid responsibility, delay making decisions, and practice passive leadership are associated with low emotional intelligence.

[5] Examined how emotional intelligence relates to the customer relationship management skills of banking employees in certain selected banks in India. The research was carried out on 300 bank workers from five banks (both public and private) in Chhattisgarh. The research assessed their demographic characteristics, emotional intelligence, and competency. The management of customer relationships were interconnected with one another. The research discovered a notable and robust correlation between emotional intelligence, demographic factors and skills related to managing customer relationships.

The importance of emotional intelligence for Chennai bank personnel was examined by [6]. Being able to recognize personal feelings and to become perceptive to those he observes in his surroundings and in the company he keeps are hallmarks of emotional intelligence. Another possibility is that emotional intelligence is the use of understanding these feelings to manage circumstances and make choices and plans based on the emotions that are felt.

A sample of 160 employees who were stratum-selected from different public and private banks participated in the study. The following conventional tools were used in the study: correlation, Chi square, and Anova. The findings demonstrated a favorable correlation between self-awareness, self-regulation, motivation, empathy, and social skills and emotional intelligence. Emotional intelligence has a major impact on the financial performance of commercial banks in Ghana, according to a study conducted by [7]. The study additionally revealed that relationships are predictive of customer happiness, relationship marketing, service quality, and financial success.

[8] Carried out research on successful change administration and emotional intelligence in the Nigerian banking industry. The results show that the abilities required for successful dealing with transitions are part of emotional intelligence.

[9] Came to the conclusion in their study on emotional intelligence and employee performance in the Nigerian banking sector, that there was a substantial connection between the two. The study also showed that, with a methodical and consistent approach, emotional intelligence can be enhanced and increased at any stage of life.

A study on customer orientation as a mediator between emotional intelligence and service quality in banks was carried out by [10]. A study found that a significant component impacting the quality of services is emotional intelligence. Additionally, there is compelling evidence that emotional intelligence influences service performance, which is a prerequisite for retaining customers.

[11] Anurag Pahuja, carried out research in 2012 to find out how certain bank employees perceived emotional intelligence and what factors affected it. The study found that employees understand the idea of emotional intelligence. On a number of EI features, there are notable differences between males and females. In terms of general emotional intelligence, women performed better than men. The employees' lack of emotional stability is concerning since it impairs their ability to perform the study found that employees believe the three main emotional intelligence qualities that everyone has to possess are self-management, self-awareness, and empathy.

[12] Dissertation, "Impact of Emotional Intelligence on Organisational Climate and Organisational Citizenship Behaviour in Private Sector Banks," states that if the objectives of the company are to be achieved, emotional intelligence must be given top priority as a personality ability. Emotional intelligence is the private social participation that shapes an organization's culture. The corporate environment has an impact on corporate citizenship behaviour, and there is a positive correlation between all three factors.

The emotional intelligence of commercial bankers in Madurai city was examined by [13]. In addition to awareness of oneself, self-control, understanding of society, and ability to socialize, this research found that motivation for oneself is one amongst five elements that form "emotional intelligence." On the final examination of the several factors that go into assessing emotional intelligence, urbanized branches also do better than rural branches [14], [15].

3. METHODOLOGY

This study contains a review of the literature published that includes role of Emotional Intelligence specifically in Banking Sector. In order to identify any research gaps and create a trustworthy knowledge base, the review approach suggests mapping and evaluating a particular body of literature.

No regional limitations were used, and papers published up until 2023 were taken into consideration for data collection. Web of Science, Scopus, and Science Direct were the scholarly databases chosen. Only peer-reviewed, full English-language works published in international journals were chosen to attain the highest level of application.

A total of 43 research papers were identified after searching the databases. The papers that were most pertinent to the topic at hand were then chosen by screening them using particular inclusion criteria. The inclusion criteria most likely concentrated on studies on emotional intelligence in banking organizations that were published between 2012 and 2023.

There might have been significant modifications in how banking institutions assess the influence of employees' emotional intelligence during this time frame (2012–2023). So, making intelligible inferences from the literature requires an understanding of these modifications. Papers that included one or more of the emotional intelligences in the title, abstract, or keywords met the inclusion criteria. Research looked at each paper's content to make sure it supported the primary objective of the study, which was role of emotional intelligence in the banking industry. The review comprised 15 papers. These studies satisfied the established standards and offered insightful information about the connection between the banking industry and emotional intelligence.

4. RESULTS AND DISCUSSION

The results of research conducted in the banking industry on emotional intelligence highlight its significant influence on customer interactions and leadership efficacy. Resolving disputes and increasing revenue. Risk control, worker welfare, and technology change adaptation.

As the industry keeps adapting to adapt to shifting market conditions. These results highlight the lasting significance of emotional intelligence as a necessary set of abilities for achievement. Higher emotional intelligence in banking personnel is regularly linked to more favorable and sympathetic relationships with clients, according to research.

Customer satisfaction and loyalty rise as a result of these interactions. When banking personnel demonstrate emotional intelligence abilities, their clients are more likely to feel understood, respected, and supported. Emotional intelligence, or EQ for short, is a collection of abilities that includes the ability to identify, comprehend, control, and make good use of our own emotions in addition to being able to influence and understand those of others.

Improving leadership, stress management, dispute resolution, and customer interactions are all benefited greatly by the study of emotional intelligence in the banking industry. Risk management and technology adaptation, the capacity to comprehend and control emotions, both our own and those of others, will only grow more crucial for success as the field develops. Building emotional intelligence can result in stronger teams, more satisfied customers, and a more resilient banking industry as a whole. It is an investment worth making.

5. CONCLUSION

The study concluded that there is strong evidence that emotional intelligence affects service performance, which is necessary for client retention in banking sector. Clients of banking employees are more likely to feel understood, valued, and supported when they embody emotional intelligence. Emotional intelligence, demographic characteristics, and customer relationship management skills were found to be significantly and securely correlated.

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Author Contributions Statement

Name of Author	C	M	So	Va	Fo	I	R	D	O	E	Vi	Su	P	Fu
Shivani Tiwari	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	

C: Conceptualization

M: Methodology

So: Software

Va: Validation

Fo: Formal analysis

I: Investigation

R: Resources

D: Data Curation

O: Writing- Original Draft

E: Writing- Review& Editing

Vi: Visualization

Su: Supervision

P: Project administration

Fu: Funding acquisition

Conflict of Interest Statement

The authors declare that there are no conflicts of interest regarding the publication of this paper.

Informed Consent

All participants were informed about the purpose of the study, and their voluntary consent was obtained prior to data collection.

Ethical Approval

The study was conducted in compliance with the ethical principles outlined in the Declaration of Helsinki and approved by the relevant institutional authorities.

Data Availability

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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