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Examining the Effects of Electronic Banking on Customer Satisfaction (Case Study: Agricultural Bank of the City of Behbahan, Iran)

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Abstract

The aim of the present research is to examine the effects of electronic banking on customer satisfaction of the Agricultural Bank in the city of Behbahan. The statistical population of the study is the customers of the Agricultural Bank of Behbahan. The present survey research has employed a field study approach. Questionnaires were used to collect data including demographic information of the participants (sex, education, and age). The questionnaire included 28 main questions which were designed to test the hypotheses of the study. Descriptive analysis was used in order to analyze the data related to the customers (sex, education and age); inferential statistics was implemented in order to analyze the data of this study by using the SPSS 19 software. The results revealed that electronic banking services of the Agricultural Bank from different channels such as ATMs, telephone banking, Internet and mobile banking meet the operational needs of the customers, which means that it has a positive linear relationship with customer satisfaction. Therefore, improving the capacity and quality of these services will directly increase customer satisfaction.

Keywords: Electronic Banking, Customer Satisfaction, Customer Relationship Management

1- Introduction

All over the world a lot of people have access to the World Wide Web, and developing the electronic communications among people and different organizations through the virtual world has made an appropriate basis for economic and commercial interactions, so that with the development of Information Technology, all aspects of life has gone through fundamental changes and the present world has been encountering a total metamorphosis. Regarding commercial innovations, Banks are seriously considering structural changes in receiving and paying money and facilitating the services for their customers. In fact,

it could be claimed that one of the main reasons of the general acceptance of e-commerce is the bank managers' focus on the importance and necessity of this phenomenon, which in turn has resulted into their focus and trend in providing banking structures in an electronic format.

Electronic Banking is a new wave for the future which has many benefits for the customers, both regarding its facility and the interaction costs. However, there are numerous challenges for the authorities to develop and design financial systems accountable for such systems. In banking system, customers are the main focus and in fact everything is done in order to attract customers and keep them satisfied. Therefore, in the competitive environment among banks, those who can keep customers more satisfied will be more successful. The banks which use an up-to date technology in their daily processes can easily be aware of their customers' requirements, and in addition to meeting their requirements, they may be able to predict their future needs as well.

2- Background of the Study

Dabholkar et. al. (2008) examined the relationship between electronic banking quality and customer satisfaction. Using a mediative model and the key elements, they showed that electronic banking quality is essential in customer satisfaction.

In another study done by the National Communication Institute of France with the help of Zilina University (Slovakia), the effective roles in motivating customers to use electronic banking services was investigated. Based on their research, identifying customer behavior and their needs were effective in the process of providing electronic banking services (Attafar and Shafiee, 2008).

In order to increase customer satisfaction in electronic banking, researchers have pointed out to several elements: response time, the range of the services, contacting customers, the presence of financial information, facility in usage, security, and designing appropriate graphical environments (Sahut et. al., 2003).

Guo et. al. (2008) evaluated modern methods of providing e-banking services with some Malaysian University professors; they found that the development of information and communication technologies (ICT) has been the main factor in the rapid improvements of the banking sector in Malaysia. As a result of this change, people have widely been using modern methods of electronic banking services such as ATMs, telephone banking, mobile banking, and internet banking. These changes were mainly made in order to satisfy banking customers. Among the mentioned services, using the ATMs have been the most popular service, while using telephone banking has been the least popular one.

In a paper titled E - banking Services and Its Operational Requirements in Comparison with the Cost of Different Banking Activities, Allahyari Fard (2003) has examined e-banking methods (Internet, Intranet and mobile banking) and has calculated the cost of the services in different banking systems. Based on the findings of this study, the average time in order to execute each transaction through internet and intranet banking has significantly decreased compared to traditional banking.

In 2011, Sergios studied technological channels for banks in Greece. The results revealed that banking customers are different in their attitude, behavioral and psychological aspects. He also showed that compared to those with lower self-confidence, customers with high self-confidence had different reactions towards using internet banking and telephone banking.

In another study, Raechel (2008) examined the effects of internet banking on customer behavior in Australia. He concluded that internet banking had a significant positive influence on the employees' attitude and it also decreased service costs and improved the service quality.

Vinch and Liqing (2010) conducted a study with the title of Youth Market for Internet Banking Services in Hong Kong. They found that younger people (aged 16 and 29) had more positive feelings and attitudes toward using internet banking services compared to other people.

3- Statement of the Problem

In order to survive in today's competitive world, banks had to accept changes. The origin of these changes were outside the boundaries of the banks, however, the real competition was inside banks, and this change and imbalance will not result in excellence unless there is planning in order to exit this balance, determine strategies, setting long-term goals, implementing regular and structural plans in different fields, evaluating this planning, its implementation, resolving its shortcomings, enhancing its advantages, using all the opportunities, and dealing with threats in order to improve the performance of the decision-making system. Banks are considered as a service providing institutions in the society, and therefore, considering the customer satisfaction, the need great sensitivity towards the above-mentioned elements, because the success of this institute depends on the identification of customers' needs, internalizing these needs into attracting and maintaining customers, and ultimately improving the previous measures. In fact, electronic banking is one of the most important methods in order to satisfy banking customers (Shahrestani, 2008). E-banking includes using modern software and hardware technologies based on network and communications in order to exchange financial information and resources electronically, which can exclude the physical presence of the customers in the bank branches (Saeedi, 2004). Electronic banking is one of the tools which can successfully be implemented when used appropriately, accurately and quickly, which means that the development of e-banking should be done in a customer-centered approach, with the aim of their satisfaction.

However, when there are numerous forms of e-banking services with low-quality, not only is the customer satisfaction met, but it also makes customers dissatisfied. In today's world, the principle of competition requires that managers focus on increasing customer satisfaction, decreasing production costs, and providing better services with higher quality (Roosta, 2009).

4- Objectives of the Study

-Determining the relationship between awareness of e-banking and customer satisfaction
-Determining the relationship between using e-banking services and customer satisfaction
-Determining the relationship between security and using e-banking services and customer satisfaction

-Determining the relationship between trust in e-banking services and customer satisfaction
-Determining the relationship of the privacy of the customers' information in e-banking and customer satisfaction

5- Hypotheses of the Study

H1: There is a significant relationship between awareness of e-banking and customer satisfaction
H2: There is a significant relationship between using e-banking and customer satisfaction
H3: There is a significant relationship between security in e-banking and customer satisfaction

H4: There is a significant relationship between trust in e-banking and customer satisfaction
H5: There is a significant relationship between privacy of customers' information in e-banking and customer satisfaction

6- Methodology

The present survey research is a kind of field study. In this method, the library research (including books, magazines and the Internet) was especially used for the background of the study. A questionnaire was also used to collect data; this questionnaire consisted of demographic information (sex, education, and age) and contained 28 main questions in order to test the hypotheses of the research, and it used a 5 point Likert scale to quantitatively score the questions (1= very little, 2= little, 3= average, 4= much, and 5= very much); in case the questions were negative, the scoring was done inversely. The statistical population of the research included the customers of the central branch of Agricultural Bank in the city of Behbahan, which consisted of different age groups. Random sampling method was used to select the participants. Since the statistical population included all the people who used e-banking, the number of the people chosen via random sampling was 96. Descriptive statistics and inferential statistics were used in order to analyze the data. The statistics descriptive included sex, education and age of the participants. SPSS 19 software was used in order to analyze the inferential statistics of the study.

7-Findings

7.1- Descriptive Findings

Regarding the use of e-banking services (mobile banking, telephone banking, e-banking and ATM) the frequency of the population based on gender was 40.62 percent female and 59.38 percent male, therefore, men have been using that banking services more. Regarding education, in all four e-banking services, 13.54 percent of the users had a degree lower than high-school diploma, 20.82 percent had high school diploma, 26.4 percent had associate's degree, and 39.58 percent had bachelor's degree or higher. It can be said that most users of ATMs had associates degree, in internet banking had diploma, and in ATM had bachelor's degree or higher, and in mobile banking they also have bachelor's degree or higher. The interesting point was that none of the people with an education level below the highest school diploma used mobile banking and internet banking. Regarding the age of the users in all four e-banking services, 41.67 percent of the users aged between 20 and 30; 28.12 percent aged between 31 and 40; 17.71 percent aged 41 to 50 and 12.5 percent aged above 50. Based on these findings, it can be said that the age group

who had the least usage of e-banking services were people above 50, and the group with the most usage were between 20 and 30. It is interesting to note that although some people above 50 used the internet, there was no internet user among people who aged 41 to 50.

7.2 Results and Discussions

Hypothesis 1: There is a significant positive relationship between e-banking awareness and customer satisfaction.

Considering the chart of the participants responses to the questionnaires, it can be stated that their awareness of e-banking services with a percentage of 35 is high, and also considering the tests, the significance of the Pearson correlation of coefficient with a confidence level of 95% is less than 0.05. And it can be said that the awareness of e-banking services and the customer satisfaction is at a desirable level (the Pearson correlation coefficient is 0.439).

Table1: Correlation coefficient of banking awareness and customer satisfaction

		satisfaction	awareness
Satisfaction	pearson Correlation	1	.439**
	Sig.(2-tailed)		.000
	N	96	96
Awareness	pearson Correlation	.439**	1
	Sig.(2-tailed	.000	
	N	96	96

**. Correlations is significant at the .01 level (2-tailed)

Hypothesis 2: There is a positive significant relationship between using e-banking and customer satisfaction.

Based on the answers of the participants presented in the table, it can be claimed that the participants' e-banking usage with a percentage of 38 is rather high, and based on the tests performed, the significant level of the Pearson correlation with a confidence level of 95% is less than 0.05; it can be said that the relation between using e-banking services and customer satisfaction is as a desirable level (the Pearson correlation coefficient is 0.483).

Table2: Correlation coefficient between using a banking services and customer satisfaction

		satisfaction	using
Satisfaction	pearson Correlation	1	.483**
	Sig.(2-tailed)		.000
	N	96	96
Using	pearson Correlation	.483**	1
	Sig.(2-tailed	.000	
	N	96	96

**. Correlations is significant at the .01 level (2-tailed)

Hypothesis 3: There is a positive significant relationship between security in e-banking services and customer satisfaction

Considering the data gathered from the participants, it can be stated that the users' security of e-banking services was 37% and at a high level; considering the tests performed, the significance level of the Pearson correlation with a confidence level of 95% is less than 0.05. Tt can be said that there is a desirable correlation between security in e-banking and customer satisfaction (the Pearson coefficient of 0.452).

Table3: Correlation coefficient between security in e-banking services and customer satisfaction

		satisfaction	Security
Satisfaction	pearson Correlation	1	.452**
	Sig.(2-tailed)		.000
	N	96	96
Security	pearson Correlation	.452**	1
	Sig.(2-tailed	.000	
	N	96	96

**.Correlations is significant at the .01 level (2-tailed)

Hypothesis 4: There is a positive significant relationship between trust and e-banking services and customer satisfaction.

Considering our data, it is evident that the trust of the participants in e-banking services with 40% is at an average level, and considering the tests, the significance level in the Pearson correlation with a confidence level of 95% is less than 0.05, and it can be said that the correlation between trust in e-banking services and customer satisfaction is at an acceptable level (the Pearson correlation coefficient of 0.456).

Table4: Correlation coefficient between trust and banking services and customer satisfaction

		satisfaction	trust
Satisfaction	Correlation pearson	1	.456**
	Sig.(2-tailed)		.000
	N	96	96
Trust	Correlation pearson	.456**	1
	Sig.(2-tailed	.000	
	N	96	96

**.Correlations is significant at the .01 level (2-tailed)

Hypothesis 5: There is a positive significant relationship between the privacy of the customer's information in e- banking and customer satisfaction

Considering the data, it can be stated that privacy in e-banking services with a percentage of 41 is rather high and based on the tests, the significance level in the Pearson test with a confidence level of 95% is less than 0.05, so the correlation between privacy in e-banking and customer satisfaction is at a desirable level (Pearson correlation coefficient is 0.371).

Table5: Correlation coefficient between privacy of the customers' information in e-banking and customer satisfaction

		satisfaction	privacy
Satisfaction	Correlation pearson	1	.471**
	Sig.(2-tailed)		.000
	N	96	96
Privacy	Correlation pearson	.471**	1
	Sig.(2-tailed	.000	
	N	96	96

**.Correlations is significant at the .001 level (2-tailed)

8- Conclusion and Suggestions

Considering the results of the hypotheses, it should be said that e-banking services (including ATMs, internet banking, mobile banking, and telephone banking) have a high level of acceptance among customers. A few points should be noted regarding our interpretation of the data. First of all, the citizens face several problems in their daily lives, such as lack of time, very crowded streets, offices, and organizations (like banks) in order to carry out their chores. This issue takes a lot of people's time, furthermore, it results in an increase of the living costs to commute within the city, which results in citizens tiredness and mental exhaustion and energy loss at the end of each working day. Thus, if each

section, which a citizen may need to refer to during the day, provides facilities which helps them save time and reduce costs, people will naturally welcome them. So, it is recommended that banks seek methods and policies in order to familiarize customers more and more with e-banking services, which in turn results in their satisfaction. It is also suggested that banks put an effort to use e-banking services so that the customer satisfaction increases. They need to update and upgrade their electronic services, especially online services (internet banking and mobile banking), so that customers feel secure anytime anywhere, and banks need to focus on customer satisfaction. Since some of the users lack trust in systems providing electronic banking, and their perceived risks are at a high level, it is advised that banks enhance customers' trust and therefore their satisfaction in provided services. Again, because some users are unaware and uncertain towards systems providing e-banking services, it is strongly recommended that banks try to foster trust of the customers' privacy in order to gain their satisfaction of such services.

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