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An Integrative Model of Customer Experience in Malaysia E-Banking Service Delivery

Mass Hareeza Ali and Md. Abdul Bashir

Introduction

Electronic commerce or e-commerce today is getting more and more popular among the customer due to the growing number of companies which provide e-commerce services especially electronic business transactions between businesses and individual or customer. Due to an incredible explosion of information and communicates the concept of money has been radically changed also. Britannica (2010) defined e-banking as the use of computers and telecommunications to enable banking transactions to be done by telephone or computer rather than through human interaction. E-banking helps banks to increase speed, shorten processing periods, improve the flexibility of business transactions and reduce costs associated with serving personnel, customers physically (Ayo, et al., 2010). Electronic banking is giving in attractiveness for numbers of reasons, including that it is convenient, cheaper, multifunctional services, trends and hassle-free. While the internet offers many advantageous characteristics – including interactivity, connectivity and ability to customize (Ching and Ellis, 2006) this can be a double-edge sword for financial institutions, given the dehumanization of the relationship (Liang and Chen, 2009). Because the physical and social proximity that banks have long relied upon is substantially reduced in the online setting (Ganguli and Roy, 2011), it is more important than ever for banks to better track, manage and improve their relationships with consumers.

Ling. C. H, et al., (2015) defined internet users are considerably increasing, clients still favor to visit the actual branch to do banking transaction. About 70% of user think that security matter is still a major issue for not using E-banking. Ali, M.N et al., (2015) explained that it is anticipated that there will be an increase of three billion internet consumer globally by 2015, from two billion in 2011. E-commerce sales globally had reached USD950 billion in 2013 as compared to USD600 billion in 2010. The percentage of internet shopping in the United Kingdom is about 70% of the internet user while it is 60% in the Europe. On the other hand, some Eastern European

countries such as Romania (9%), Serbia (7%) and Macedonia (21%) have exposed low usage of e-commerce for planning holiday packages (European Commission 2012).

Even though, Malaysia is thought to be fair in e-banking system, there still have some limitations in customer usage and reliability. Hanafizadeh et. Al (2014) pointed for current financial industries, Information & Communication technology has provided the latest solutions and transferred the approach close to deliver banking service universally. Odumeru, (2012); Ranjbarian, Fathi, & Rezaei, (2012); Zhou, (2011) stated that, in the recent business environment, especially with substantial contribution of the service sector to the development of world economy, the internet has become one of the indispensable technology tools being used by various business organizations. The reason for this is not farfetched since almost all aspects of human endeavors such as dating, governance, buying and selling, learning, communication, banking and so on, are being touched by the proliferation of the World Wide Web. However, the purpose of this study is to explore the effective factors influencing the customer satisfaction and develop an integral model of customer extension in Malaysia e-banking service delivery.

Literature Review

Electronic banking (e-banking) is a contemporary business model that involves the use of modern information and telecommunication technologies in carrying out banking transactions from home, the office, or from a business trip, 24 hours a day, 365 days in a year. According to the Lexicon of banking (2003), electronic banking is providing a wide variety of banking services. Based on the technological capabilities of electronic data processing (use of computers in banking) or banking services for physical and juristic persons (companies) that are offered and performed with the use of electronic support.

Bank Image is the most significant indicator of Customer satisfaction, followed by Service Quality, Customer Experience and Perceived Value. Bank Image has a direct and positive impact on E- banking customer satisfaction. Mohamad, Building, and Ismail (2014) reported that Grönroos defined similarly emphasized the importance on bank Image which is consistent with the findings of this research. His findings depict that Customer image is a significant indicator of customer satisfaction. A considerable impact of bank image was revealed in the study of Carvajal et al, (2012). The findings of this study substantiates, the studies of Naser et al. (1999); Chen et al. (2008), that when the bank has a stronger brand image, the customers are further satisfied.

Auka (2012) noted that Zeithaml defined Perceived value can be portrayed as the customer's general evaluation of the utility of a product in perspective of impression of what is gotten and what is given. This conceptualization suggests that customers have a "give and get" mentality in regards to the matter of perception of value. Kumbhar (2011) reported that Perceived value is weight between price or charges paid for the organizations by the customer as atonement of the money and utility derived by organization acknowledgment.

Yeh (2013) found that perceived value relies on the firm actively communicating customer advocacy capabilities to the customers by promoting customer trust and satisfaction. Firms focus on gathering extensive data about their customers, and then use the information to segment and personalize their offerings and marketing communications.

Johnson (2014) reported that Kerin, Jain, & Howard defined Perceived value is managed by customer perspective of a good buying experience, good price and good quality. Perceived value is a cognitive appraisal that determines the emotional response of customer satisfaction and subsequently loyalty behavioral intentions (Cronin, Brady, & Hult, 2000). In the retailing context perceived merchandise value has been shown to increase not only repurchase loyalty but also to increase affect towards a store, leading to greater attitudinal loyalty and ultimately higher willingness to pay more (Chaudhuri & Ligas, 2009). Hence perceived value is a key determinant of behavioral and attitudinal customer satisfaction in consumer exchange relationships. Consequently, demonstrating that consumer opt-out belief has a significant influence on perceived value should provide further evidence of the importance of consumer privacy beliefs in consumer purchase decisions.

Parasuraman et al., (1985) define service quality as “The discrepancy between consumers’ perceptions of services offered by a particular firm and their expectations about firms offering such services”. E-banking is a form of banking business and provides banking services to individuals and corporate entities, which are offered and performed with the use of computer networks and telecommunications media (electronic support). E-banking includes conducting banking activities using information and telecommunication technologies.

Auka, (2012) reported that defining Service quality and consumer satisfaction alone can't keep up distinct advantage in light of the fact that customer requirements are fast changing and firms

need to reorient themselves to focus on passing on pervasive customer regard. Mohamad, Building, and Ismail, (2014) reported that traditional service quality is defined as customers' attitudes or beliefs concerning the degree of service excellence offered. In the bank's physical location service quality is defined as 'consumers' overall judgment and evaluation of the excellence and quality of e-service offerings in the virtual marketplace' (Santos, 2003).

Electronic banking is an attempt to merge a number of different technologies (electronic cash, ATM, POS/EFTPOS terminals, credit cards, home banking, online banking, Internet banking, mobile banking, etc.), each of them evolved in a different direction and in a different way, with the aim of providing various banking products and services to end-users. Creating favorable conditions for development of electronic banking contributes to increasing IT literacy among young people, informative jobs, reducing the price of hardware and software, and cost of banking services. Under the influence of the technological revolution, comes to the harsh separation of electronic operations in banks: 1. electronically guided inter-bank activities; 2. electronically conducted business with clients on their behalf: retail electronic banking, and corporate electronic banking. Abbam, et al., (2015) pointed out globally banks are faced with keen competition for customers and as a result banks embark on different marketing strategies to attract and retain customers.

The new information technology is becoming an important factor in the future development of financial services industry and especially banking industry. Banks are faced with a number of important questions, for example how to take full advantage of new technology opportunities, how e-development change, and the ways customers interact with the financial services provider. E-banking is the newest delivery channel for banking services. Electronic banking can also be defined as a variety of following platforms: (a) internet banking (or online banking), (b) telephone banks, (c) TV-based banking, (d) mobile phone banking and (e) PC bank (or offline banking).

Markku (2012) said that there is wide consensus that E-banking services (EBS) are the wave of the future banking by providing enormous benefits to consumers in terms of ease and cost of transactions through online banking, research has proven that. Al-Smadi and Al-Wabel (2011) explained that the E-banking has been reported as an efficient route for delivering banking service. Azad (2001) has defined E-banking or Internet banking or online banking are analogous and defined as the conduct of banking services and business using electronic delivery channels such as ATM, Tele-banking and PC banking. Meanwhile, Rashmita and Sahoo (2013) explained

that the banks operating have failed in India to convince their customers on their CRM efforts. Various CRM initiatives and dimensions measured in this study report unfavorable response. This under-performance has occurred in spite of technological developments and new processes in place. Now a day's banks are focusing on marketing strategy. The dynamics of the marketplace have created burden on employees for insistent products to the customers rather than trying and facilitating good experience to the customers. Whereas, this element is respond to the level of customer's satisfaction. Sharma (2011) also defined E-banking helps in improving the relationship between bankers and customers and also the bankers expressed confidence that such bonds would bring improvement in the overall performance of banks.

As far as customer satisfaction is concerned, Parasuraman (2005) found this study electronic service quality refers to customer perceptions and expectations of electronic service quality from their experiences with E-banking services in Malaysian commercial banks. E-S-QUAL model developed is employed to measure electronic service quality. The e-service quality (SQ) dimensions of this study was adapted and modified based on E-SERVQUAL developed by Parasuraman et al. that can be classified into two scales; core scale and recovery scale. According to Liao (2011) the development of information technology indirectly gives a facelift to the business processes in banks, since this ensure efficient operations and improvement of communications within organizations and between the organizations and its customers. Anyasi, Musiime and Hazlina (2009, 2010 and 2011) also pointed online banking could be the instigator of this new environment and the prime mover in terms of providing the potential solution for bank's survival in the near future. Jiang (2008) has defined providing a privacy statement and information regarding the security of the shopping mechanisms and displaying the logos of trusted third parties, security can be assured. As example, displaying trusted third party logo guarantees a certain level of security protection and has been shown to significantly influence how consumers regard the trustworthiness of vendors.

Shamim and Sardar (2010) pointed out security and privacy, late access to the account, distrust factors, awareness, government policies, different banks infrastructure as hindrance in adopting electronic banking. As the internet bank depends on the technology other than the product and bank which is providing it and that technology use highly depends upon the customer awareness about technology and its use. The conceptual definition of customer satisfaction is developed by Kolsaker, Payne, and Dong-Her (2002 and 2004) argue that this via the internet all transactions

occur on a secure server of a bank. To execute the transactions the bank has all of the required data and software. Customers go to the bank's Web site, log in by using ID and password, and then take advantage of the internet services. Typical bank services are account access, transfers of funds between accounts, issuing pay order, giving loan, bill payment, and widening variety of new services and products. Security plays an important role in internet banking and so there are several protocols for internet security of encrypted data packets. In addition, Joseph, Wang, Sohail and Shanmugham (2003) said that the internet deals with a large number of varied financial transactions like customer payments, securities transactions applications for loans or insurance acquisitions. Internet banking usage has become one of the most important e-commerce environments pointed out that a bank's promotional efforts indeed facilitates awareness of Internet banking adoption and its benefits. Technology has introduced new ways of delivery banking to the customer, such as ATMs and Internet banking. According to O'Hanlon (1993) banks have found themselves of the forefront of technology adoption for the past three decades. Increasing labor costs in the 1960s placed pressure on labor intensive industries like banking to look forward automating some of their functions. Originally, banks offering an ATM service achieved an advantage over their competitors. Violano (1992) noted that there was scant understanding of the customers' needs or expectation of the role of ATMs large in bank's retail delivery system was vague. Meanwhile, O'Hanlon (1993) explained that in the early market stage, ATM was a product based on a radical technological innovation, and did not representation a report to a customer need at that point in time. In the mid-1970s, features like cash balance inquiry, depositors and funds transfer that permitted these customers to conduct the majority of their routine transactions without visiting a bank branch. Eid, 2011; Liébana-Cabanillas et al., (2013) has defined E-banking users therefore become satisfied with the nature of service rendered if the e-channel is perceived useful to achieve daily objectives and if they can easily operate the channels with less stress. Quershi and Davis, (2007) said during this development processes, it is expected that the developing countries will face many unexpected and complex factors that inhibit the speed and scale of E-banking adoption.

E-banking can assist banks to implement this self-service technology more efficiently. In depth qualitative interview with firms the researcher suggests that security of the internet is a major factor inhibiting wide adoption. Those already using internet banking seem to have more confidence that the system is reliable whereas non user are much more service conscious and do not trust financial transaction made via internet channels. Non internet banking users tend to have

more negative management attitude toward adoption and are more likely to claim lack of resources. Rotchanakitumnuai (2003) stated that though banks are very interested in E-banking they are concerned with the risk connected with procedures for transactions over the Internet. Today, banks are already loosing enormous amounts through cheques and credit card fraud. The security solution of the future is therefore major concern for banks. If customers distrust the security it may create multiple problems. Banks will find it hard to launch Internet banking services if demand is low because of security doubts. Though the banks themselves believe that the security levels for bank transactions over the Internet are sufficient, they also believe that their customers customer satisfaction existing security solutions, primarily because they are software based.

Customer Experience in Malaysia E-Banking Service Delivery

In much of the customer behavior research from various disciplines, including banking, the effects of customer demographic characteristics – such as, age, level of education, gender and income level have investigated. This study proposes an extension to the Integrative Model of Customer Experience in Malaysia E-Banking Service Delivery. In the original model, there have some limitations. From the review of theoretical discussion above, it is deemed necessarily to examine additional driver influences perception, and attitude toward E-banking adoption Malaysia. Thus, the purpose of this research is to develop an Integrative Model on Customer Experience in Malaysia E-Banking.

Discussions and Conclusions

This research developed and evaluated an integrative model on E-banking use, which incorporates customers' personal and their perceptions toward E-banking use. The resulting model provides an integrative view of E-banking use, including personality dimensions and interactions between factors to reflect complex trade-offs and weighing of alternatives present during human decision-making processes. This research is not without limitations. For research model, other variables such as gender, age, and computer experience could be relevant, but were not included in this study (Yoon and Steege, 2013).

Future studies should build on this advance in knowledge regarding other dimensions of service quality by testing and refining the proposed model in other service settings Lhtiyar et al (2013). Overall, the model developed through this study has practical implications as it helps to identify motivating factors and barriers to E-banking use, and also more complex interactions between factors, to enable bank managers and other e-channel stakeholders to better design E-banking systems and attract customers.

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