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Investigation of the Effective Factors of Customer Satisfaction in E-Banking: Bangladesh Perspective

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INTRODUCTION

In Bangladesh, banks are divided into two types such as Schedule Bank and Non-schedule Bank. Since the banking industry is one of the most important industries in this country, most banks have their own banking websites as move to increase their effectiveness. E-banking brings convenience to customers and encourages customers to conduct transactions more easily and efficiently through the banking website.

E-banking also helps the banks to reduce their operating costs. The development of e-banking in each country is dependent on the speed of internet access, the features of new online banking, and the frequency of e-banking usage (Nupur, 2010). Bashir et al., (2015) said that the e-banking is giving in popularity for a number of reasons, including convenience, cheaper, multifunctional services, trendy and hassle free. "E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels." (Shahriari, 2014). E-banking is of paramount significance in meeting user anticipations. Customer satisfaction leading to gain loyal customers can be achieved by delivering high quality services (Gronroos, 2000). With rest of the world, Asian consumers are on the quick move to digital banking (Barquin & HV, 2015). And no doubt that automation of banking procedures has unlocked new door of prospects for banking sector in Bangladesh. There are various influencers that work significantly in the relationship of e-banking and customer satisfaction.

The current study has three major research questions: First, how do evaluate the effectiveness factors of customer satisfaction in e-banking in Bangladesh? Second, why do assess the relative importance of these factors on the overall satisfaction of these e-banking customers? Finally, what should do to recommend appropriate suggestions for effective e-banking in Bangladesh?

There are three objectives of this research paper. First objective is to evaluate the effectiveness factors of customer satisfaction in e-banking in Bangladesh. Second, to assess the relative importance of these factors on the overall satisfaction of these e-banking customers. Third, to recommend appropriate suggestions for effective e-banking in Bangladesh. This research paper contributes to the literature of the relationship between e-banking and customer satisfaction.

LITERATURE REVIEW

Businesses activities depend on effective and rapid access to banking information to review cash flow, auditing and processing of daily financial transaction. E-banking offers various amenities such as ease of access, user friendliness, secure transactions, convenience, and 24-hour banking facility (Caruana, 2002). To compete effectively in an information-driven business companies that do not make effective use e-banking are at a competitive disadvantage. E-banking also known as Internet banking or online banking in which banks deliver their services by using electronic channels or devices such as ATM, personal computers, mobile phone, telephone, desktop software, or digital television. Electronic banking refers to the use of information and communication technology (ICT) and electronic means by a bank to carry out transactions and conduct interaction with its stakeholders (Parkinson, 2008). Electronic banking can be following types:

- Home Banking
- Office Banking
- Online Banking
- Internet Banking
- Mobile Banking

- Telephone Banking
- SMS Banking

Customer's satisfaction can be defined as the extent to which the business, emotional, and psychological needs of customers are fulfilled the company (Che-Ha & Hashim, 2007). However, due to different attitudes, personalities, and experiences customers have different levels of satisfaction (Sadiq et al., 2003). Measurement of customer satisfaction allows a bank to recognize the key drivers that create satisfaction or dissatisfaction; and how they affect customer satisfaction when a service is experienced. Customers have some minimum expectations such as fulfilled of a promises, quality, availability, fair price, after sale services, up-to date information, complaints handling process etc. during transactions (Parasuraman et al., 2010). 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 Salimon et al, 2014). Influence of e-banking on customer satisfaction may vary based on the personal variable such as gender, age, income, marital status, educational level, profession, computer literacy, and internet accessibility (Shankar et al., 2003). Some effective factors affect the customer satisfaction in e-banking such as service quality, brand perception and perceived value (M'Sallem et al., 2009).

It is expected that, the developing countries will face many unexpected and complex factors that inhibit the speed and scale of e-banking adoption.(Qureshi & Davis, 2007). For the last decades due to high labor costs and maintenance cost of physical facilities banking organizations are now looking for automation of some of their functions (Ali et al., 2015). Moreover customer satisfaction has gained much concern and is considered as the heart of their service business. Customers are now more time conscious and looking for easy to access, convenience, and user friendliness in their transactions (Srinivasan et al., 2002).

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 (Parasuraman et al., 1985) E-banking can offer speedy, faster and reliable services to the customers for which they may be comparatively satisfied than that of common system of banking of dealing with a record. E-banking is regarded as a great distribution channel that offered one-stop services and information unit to gain competitive advantages in banking sector (Mat, 2011). E-banking has been reported as an efficient route for delivering banking service. 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 (Al-Smadi & Al-Wabel, 2011). For this reason bank should develop adequate security solution to avoid the risk. Private networks used in corporate banking and retail banking are an effective solution to secure transactions.

Measurement of customer satisfaction allows a bank to recognize the key drivers that create satisfaction or dissatisfaction; and how they affect customer satisfaction when a service is experienced. Customers have some minimum expectations such as fulfilled of a promises, quality, availability, fair price, after sale services, up-to date information, complaints handling process etc. during transactions (Zeithaml, 2002). Lassar, (2005) argued that Individuals who are expert and permanently using the web on a very basic level impact the receiving of E-banking service. Customers who are expert about using computers and the Internet will influence them to use E-banking services. E-banking has paved the way of business to customer and business to business transactions. In e-banking fund transfer, delivering software or payment of money are conducted by using electronic channels such as point of sale terminals, automatic teller machines, telephones, and PCs (Kim et al., 2013). A buyer's enthusiastic or cognitive response post-subjective assessment and comparison of pre-purchase expectations and genuine performance ensuing of the utilization of the product or service, after that surveying the individuals fetches incurred.

Furthermore reductions reaped done a particular buy considerably or about whether previously, course of transacting with an organization. (Srivastava & Rai, 2013). Now a day's banks are focusing on marketing strategy. The movement of the business focus have created burden on delegates for enduring things to the customers as opposed to endeavoring and urging incredible experience to the customers (Bashir et al., 2015). In order to enhance customer relationships and customer satisfaction banks

is now turning to personalized online banking services through Internet banking portals and mobile banking. Banks are now focusing not only on customer acquisition but also on customer retention, customer satisfaction to build and maintain long lasting customer relationship by using electronic channels known as electronic customer relationship management (E-CRM) (Kim et al., 2013).

Customer satisfaction is correlated with customer relationship as satisfied customer want to continue relationship with a bank over time. E-banking has improved customer satisfaction, reduced waiting time for customers, and decreased frequency of bank hall for banking service (Auka, 2012). Though various amenities has offered by Internet banking, now- a-days both bank management and customers are concerned with the risk involved in the transaction over the internet (Kim et al., 2013). For this reason bank should develop adequate security solution to avoid the risk. Private networks used in corporate banking and retail banking are an effective solution to secure transactions.

Effective Factors of Customer Satisfaction in E-Banking

The article highlights the effective factors of customer satisfaction in e-banking that their relative importance in enhancing customer satisfaction that was not identified by previous researchers. Customer satisfaction is measured by service quality and service quality can be measured by various measurement tools and instruments like 'Perceived Service Quality Model, SERVQUAL, SERVPERF, SITQUAL, WEBQUAL. Factors contributing to the customer satisfaction in e-banking are convenience, easiness, accessibility, user friendliness, accuracy, security, responsiveness, usefulness, cost effectiveness, bank image, and web site design. Some of these factors show a noteworthy statistical difference between males and females.

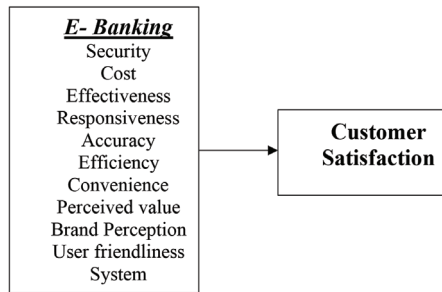


Figure 7.1 Conceptual Model of E-banking

a. Service Quality and Customers' Satisfaction

Due to the very nature of customer satisfaction is very hard to provide considerable quality service so that all the customers will be satisfied. Besides that, the factors that can satisfy the customers today might not work in the future. So the extinction of the customers in terms of quality changes all the time. However, the level of customer satisfaction is highly dependent on the quality of the service so it is not an easy task to maintain the high quality standard all the time. Wahab, et al. (2009) noted that customer satisfaction is determined by evaluating the expected service with the postal service and if the perceived service is matched with expected service then the customers become satisfied. But the reason of providing better quality service to satisfy the customers is because the companies think if they can differentiate themselves by providing good service and then it'll be easy to attract the customers and make them satisfied.

Parasuraman, et al. (1988) pointed that service quality and customer satisfaction as service quality is a global judgment or attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Satisfaction is considered as an experience of most consumption because it is the outcome of the customers after experiencing the product by using it. And if the product is good enough to fulfill the needs of the customers then the customers might be satisfied. Customer satisfaction and is the evaluation of customers expected and perceived where service quality is a global evaluation of a company's service delivery system (Ely, D., 2006).

A very strong relationship exists between service quality and customer satisfaction. All of these things create customer satisfaction and help banks to retain valued customers. Service quality is one of the most important service dimensions in measuring customer satisfaction. Service quality in e-banking can be measured in terms of system availability, accuracy, efficiency, security, responsiveness, convenience, cost effectiveness, problem handling & compensation, brand perception, brand image, and perceived value etc.

- b. **System availability, E-fulfillment and customer satisfaction**
System availability is the most significant factor in measuring customer satisfaction. It includes up-to-date equipment and physical facilities such as full branch computerization, ATM, POS, internet banking, telephone banking, mobile banking, SMS banking, credit card, ECS, EFT, E-bill pay. Banks having well equipped physical facilities and providing up-to-date information during transaction can gain more customers and retain customers as customers are satisfied with their services. Moreover, scope of services offered, digitalization of business information, availability of global network, and variety of services as part of e-fulfillment affect customer satisfaction.

- c. **Brand perception and customer satisfaction**
Brand reputation or brand image has a positive impact on the customer satisfaction in e-banking. Brand image plays a vital role in customer's experience with a particular brand among an evoked set of brands. Perceived brand reputation in the banking sector means banks' reputation and existing place of bank in the banking industry that measures customer experience of how he/she feels with this brand and their services. A brand perception is a significant factor in e-banking services because satisfied customers will spread positive word of mouth to others. E-banking endowed a bank with additional opportunity to differentiate itself and to develop superior brand image that leads to customer satisfaction.

d. Perceived value and customer Satisfaction

Perceived value is one of most important factors of customer satisfaction measurement and used to evaluate the actual benefits of the service. Perceived value is the difference between price paid for the services by the customer and utility derived from the service. In e- banking customer's perceived value can be increased by the use of ATM, credit card, debit card, and Point of sale in paying of e-money and transfer of funds. Several form of e-banking such as internet banking, online banking, mobile banking, telephone banking, SMS banking are used to provide superior value to customer to increase customer satisfaction.

METHODOLOGY OF THE STUDY

For the purpose of measuring the extent of satisfaction and importance quantitative research, primary data were collected through a structured questionnaire which was administered personally to the bank customer. Convenient sampling technique has been used for choosing 385 respondents from different banks [HSBC, Islami Bank Bangladesh Limited, Standard Chartered Bank, BRAC Bank Ltd., Dutch Bangla Bank Ltd., Eastern Bank Ltd., and Dhaka Bank Ltd.]. Four demographic variables of the respondent were measured age, gender, income and profession. The questionnaire was developed by using a 5 point Likert scale, whereas 1= High Satisfactory, 2= Satisfactory, 3= Neutral, 4= Less Important, 5= Unimportant, to measure the importance of these factors. At the end of questionnaire, an open- ended question is attached to trace customer opinion. Questionnaire was pretested several times to ensure text formatting. Several sources were used for enhancing the insights of this paper, such as articles published in different journals, books, working papers and websites.

FINDINGS & DISCUSSIONS

Here we have taken ten factors of customer satisfaction in e-banking, which have different dimensions to consider in measuring customer's satisfaction and importance at the significant level of 5%.

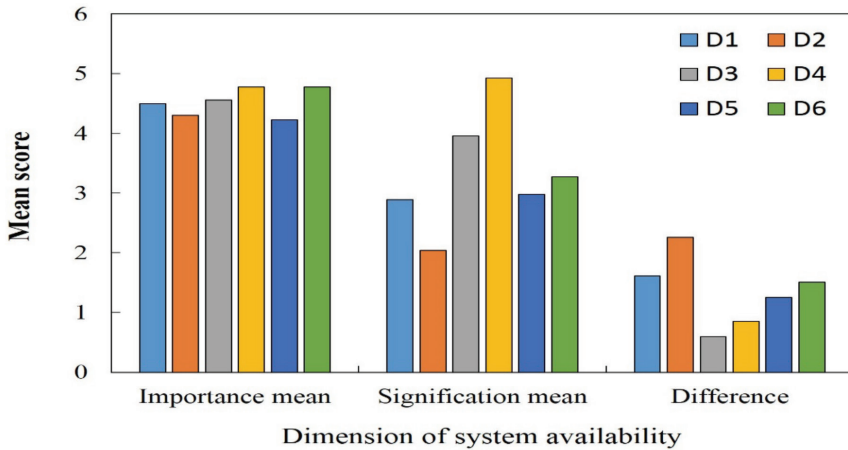


Figure 7.2 System availability in E-banking system

System availability in E-banking system

From Figure 7.2 we can see that the importance level of all of these dimensions is higher than satisfaction level. Results indicate that significant differences exist in both satisfaction and importance levels of all dimension of system availability of e-banking. Here we have found that importance mean score is higher in POS security and accessibility in compare to the other e-banking services and satisfactory mean score is also higher in this field. Like Internet banking, mobile banking we have found higher importance mean score and significant difference and higher t-value. If we consider system availability in e-banking then internet banking, mobile banking, POS, ATM will be given higher values.

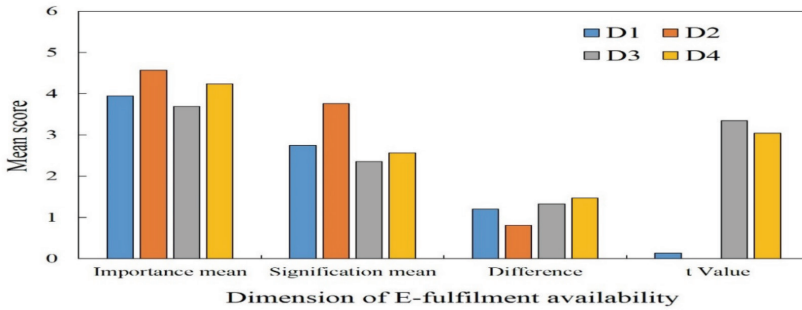


Figure 7.3 E-fulfillment in E-banking system

The satisfaction and importance scores on e-fulfillment are shown in Figure 7.3. Though high importance of e-fulfillment; consumers have lower satisfaction regarding e-fulfillment. Digitalization of business information provides higher values in importance mean score at the same times satisfaction mean score and significant difference contain in this field. The higher t- value that indicates higher satisfaction level and as higher e-fulfillment that exist in the field of Availability of global network.

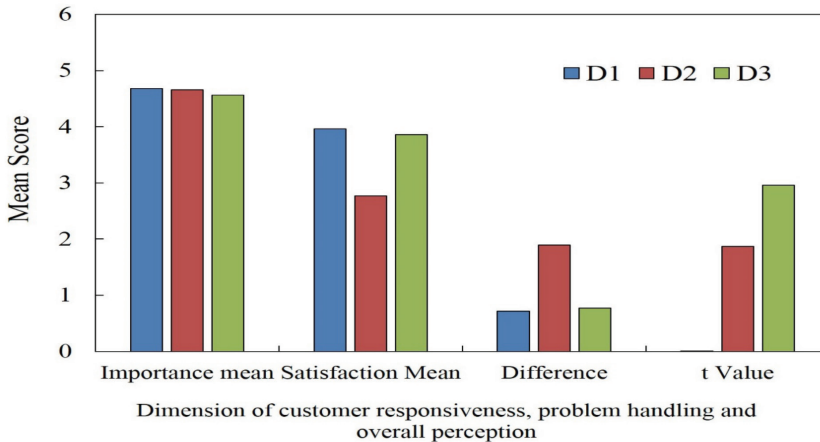


Figure 7.4 Responsiveness, problem handling, brand perception and perceived value of E-banking system

Moreover, brand perception and perceived value contribute a lot to the satisfaction. The importance mean score is higher in prompt and timely services and satisfactory mean score is also higher and found significant difference. Here we have found higher t-value in customer overall perception and consolidated perception about banking services that means though there have some shortcoming the banking sector is doing well and overall perception in the customer regarding e-banking is good.

Accuracy, Efficiency, Security, User Friendliness and Convenience

Table 7.1 Accuracy, efficiency, security, user friendliness and convenience

Dimensions	Importance Mean Score	Satisfaction Mean Score	Difference	t-value
Trust, privacy and security level of transaction	4.53	2.86	1.43	2.24
Efficiency and correctness of financial transaction report	4.80	3.74	1.06	.915
Efficiency speed of service (clearing, depositing, money transfer, and quick response etc.)	3.98	3.78	0.2	3.56
Immediate and quick transaction and check out with minimal time.	3.78	2.56	1.22	.57
User friendliness of the system	4.56	3.78	0.78	.008
Error free e-services through e-banking channels	3.67	2.55	1.12	5.78
Service skills of trained human resources	4.56	2.87	1.69	.006

cont'd Table 7.1

Customized services, appropriate language support, and timesaving	3.67	3.25	0.42	1.26
Cost of internet usage	4.60	3.50	1.1	0.43
Flexibility of use internet in our country	4.85	4.65	0.20	1.74
Convenient and easier operation	4.29	3.53	0.76	2.34

Most of the people depends on banking sector for the purpose security and e-banking plays that role to fulfill customer demand. Here importance mean score and satisfactory mean score is higher in efficiency and correctness of financial transaction report and we have found significant difference in this field. Trust, privacy and security level of transaction is the vital issues in banking business and we found a higher t-values and significant difference. Errors could be arising in e-banking service and banks should take initiative to overcome these problems and banks should establish error free e-services through e-banking channels.

RECOMMENDATION

After conducting this detailed research, it is very clear that for all e-banks in Bangladesh. Banks should introduce e-banking in Bangladesh. E-banking is the key service for customer satisfaction. Moreover, if banks want that their customers to be loyal with the bank, they should focus on customer satisfaction on e-banking.

LIMITATIONS AND FUTURE RESEARCH

There are some limitations in this study. The total number of e-banking, sample size and covered areas of the study should be increased in order to achieve a proper result. For future research, additional e-banking dimensions should be investigated such as interactivity and website services ability. Despite these limitations, the study has provided important

information and therefore contribution to the body of knowledge on e-banking dimensions for e-banking customers in Bangladesh.

CONCLUSION

With the advancement of computer technology banking organization has faced with dynamic evolution made by modern banking. Nowadays banks are adapting its business to global marketplace changes and adopting a new customer-oriented philosophy of banking business. Electronic banking is a new form of banking business that use of information and telecommunication technologies, computer networks and telecommunications media to provide banking services to individuals and corporate entities. Enhancement of customer satisfaction requires easy and accessible mode of transaction in e-banking. Moreover, to survive in the increase competition banks should have automation of their functions by making effective use of online banking system. The result of the study shows that 11 variables were found significant predictors of overall customer satisfaction in e-banking. Therefore, bank management and e-banking service designers should consider these dimensions to make possible changes in the e-banking services to meet the customers' expectations.

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