

Customer Satisfaction of Internet Banking Facility in ABC Bank of Sri Lanka

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Abstract: *The development of banking system of a country is very important for the economic development of that country. Banking systems are being introduced internet banking in order to develop the banking system towards customer attraction. With the development of the usage of smart phones, every level of the society including farmers, low income categories and young generation have started to use digital technology for their day today work. Bankers have identified the potential of internet banking in order to achieve competitive advantage and they are implementing internet banking. ABC bank of Sri Lanka has recognized this trend and has started using digital technology to face the competition. This study was conducted to understand the practical issues customers encounter while using internet banking facility and to study about customer satisfaction and loyalty. Study population was the customers who are using internet banking facilities of ABC Bank in Colombo district. Sample size was 100 customers and it was selected using convenience sampling method. Correlation analysis revealed that there is no significant relationship between easiness and customers' satisfaction whilst Customers have agreed Easiness of use, security and problem solving with internet banking. Further it was found customers are having satisfaction and loyalty with internet banking service. Safety, problem solving, cost and loyalty are highly significant with positive correlation toward customer satisfaction. Further it could be found that customer loyalty and easiness do not have any association whilst safety, problem solving and cost are having highly significant positive association with the loyalty. But individual factors jointly influence on customer satisfaction. Analysis revealed problem solving is the mostly influenced factor on customer satisfaction and it is recommended to improve problems solving of internet banking services.*

Key words: *Internet banking, Customer Satisfaction, Loyalty, Safety, Easiness, Problem solving*

I. Introduction

In any country economic development is based on its financial system. The development of banking system of a country is very important to the economic development of that country. Globalisation and development in the technology are some of the main challenges that financial system is mainly facing in the present day. Parallel to the demand which functions the Banking industry, customer demand too has a competitiveness. As the globalization and World Wide Web (WWW) spreads across the globe, the competitiveness has grown, especially on Banking sector. In order to sustain the competitiveness in the Banking sector, it is important to be flexible and creative in fulfilling the increasing demands of consumers (Rao 1998). Most of the banks use internet facility to develop the service that they give to their consumers. Through this they try to increase customer satisfaction and loyalty.

1.1 Research Problem

When considering the usage of mobile phone facilities in Sri Lanka, in 1992 the actual use of mobile phone facility was 2644. According to TLRC that became 26 227 631 by 2016. With the development of the usage of smart phones, every level of the society including farmers, low income categories and young generation have started to use digital technology for their day today work. The ABC bank has recognized this trend and has started using digital technology to face the competition. According to that the total customer population which has got attracted to People's Bank is 17.9 million. Out of this the number of customers who get internet banking facility is 0.7 million. Through there is a high internet usage in public, there is a drop back in using internet banking facility (Annual Report, People's bank 2016). This study was conducted to understand the practical issues customers encounter while using internet banking facility and to study about customer satisfaction and loyalty.

Research problems were

1. What is the response for individual factors, customer satisfaction and loyalty of the internet banking service in the ABC bank?
2. What is the association between individual factors and customer satisfaction as well as customer satisfaction and customer loyalty for those who use internet banking facility through ABCbank?
3. What are the factors influencing on customer satisfaction for those who use internet banking facility through ABCbank?

1.2 Research Objectives

1. To identify the response for individual factors, customer satisfaction and loyalty of the internet banking service in the ABC bank.
2. To determine the association between individual factors and customer satisfaction as well as customer satisfaction and customer loyalty for those who use internet banking facility through ABCbank.
3. To identify the factors influencing on customer satisfaction for those who use internet banking facility through AB Cbank.

II. Literature Review

Kwabena, Djan and Kwarteng (2013) has explained that when providing banking service, service quality, innovation, information technology is highly important.

Jham (2016) has shown that internet banking facility depends on customer needs, education level and background. Similarly, for the development of the internet banking facility, customer satisfaction is highly important factor. In this study internet banking facility was considered as dependent variable and the faith that the customer has towards internet banking is considered as mediator and as independent variable the relevance of E-Banking service, efficiency, security, easiness, faith and dependence were considered.

The study on the factors affecting customer satisfaction of customers using Ibok and Itorointernet banking facility is conducted as a survey. In this study the relevance of E-Banking service, efficiency, security, easiness, faith and dependence are considered as independent variable and factors affecting customer satisfaction are considered as dependent variable. From this study Ibok and Itoroshow that account balance, transaction through accounts, easiness to use and safety are the factors which affect use of internet banking. They show by providing primary facilities for internet banking and by developing security in internet banking it is possible to widen the transactions and to develop customer satisfaction.

2.1 Customer Satisfaction

Dahlberg and Mallat (2002) has introduced customer satisfaction as the idea that occurs in customer to what extent the quality of service is provided. For this affects the factors like easiness to use, low cost. In 2007 Amin et al. has shown that using phone facilities is a quick changing phenomenon and for that affect the factors like easiness to understand and easiness to use. Bailey et al 1983 have shown that customer satisfaction is the satisfaction that one receives by using a product or service. Ibrahim et al.(2006) shows that for the satisfaction in electronic banking there are 6 measurements. They are easiness, functions, faithfulness, relevance, friendliness and targeted customer service.

2.2 Customer faithfulness/loyalty

The customer loyalty towards one organization is that customer always going for a selected goods or service. In this customers always buy from one selected brand over and over again. For the sustainability of brand name, customer loyalty is a very important factor. Krishnamurthi 1991 says loyalty of the customers mean that making customers buy over and over again. To retain customers and to make new customers, customer loyalty is important. Bowen and Shoemaker 1998 says customer loyalty to an organization is to make customer getting connected to the organization in future with or without agreements. Customers' good word about a company is important to strengthen and create a good will about the organization. Hirschman 1970 says for customer satisfaction customer loyalty is a very decisive factor. This is because the satisfied customer will give a good word about the oraganisation and will make them to come to one organization over and over again if the customer is satisfied. Multiple correlations indicated that easiness, safety, problem solving and cost are having joint association

III. Methodology

Conceptual framework has been formulated by applying the model used by Ankit (2011) and there are four factors easy, safety, problem solving and cost of internetbank service.

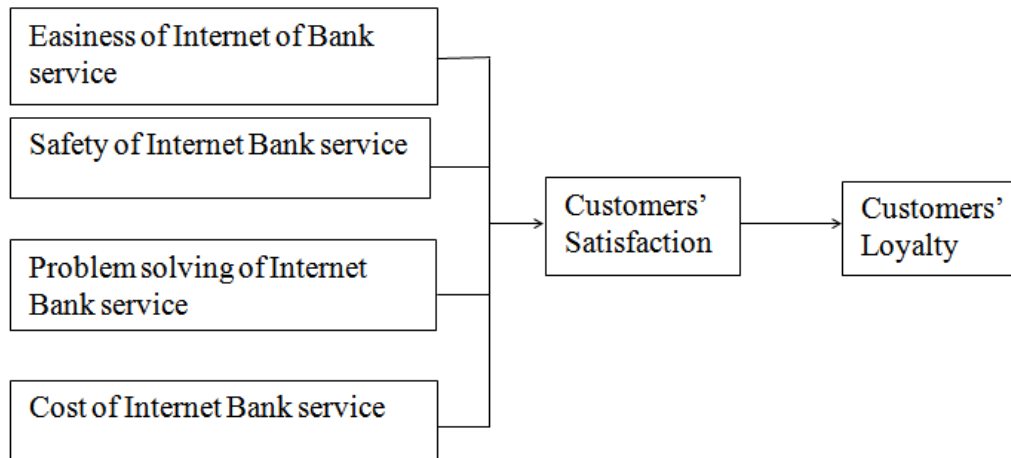


Figure 1: Conceptual Framework

Hypotheses

- H₁ There is a positive association between easiness of internet Bank and customersatisfaction.
- H₂ There is a positive association between Safety of internet Bank and customers' satisfaction.
- H₃ There is a positive association between problem solving of internet Bank and customers' satisfaction.
- H₄ There is a positive association between cost of internet Bank and customers' satisfaction.
- H₅ There is a positive association between customers' satisfaction and loyalty.

Population and Sample

Customers who are using internet banking facilities of ABC Bank in Colombo district are the population of the study. Researcher selected a sample size of 100 customers in to the sample using convenience sampling method.

Data collection

Primary data have been collected through a questionnaire and the variables are operationalized as in the Table 1.

Table 1: Items of Questionnaire

Question Number	Variable	Source
1-4	Demographic	-
Q1-Q3	Easiness of Internet of Bank service	Shah Ankit (2011)
Q4-Q7	Safety of Internet Bank service	Shah Ankit (2011)
Q8-Q10	Problem solving of Internet Bank service	Shah Ankit (2011)
Q11-Q13	Cost of Internet Bank service	Shah Ankit (2011)
Q14-Q19	Customers' Satisfaction	Vimijham (2016)
Q20-Q24	Customers' Loyalty	Halbrook (2001)

Secondary data

As the secondary sources, researcher has used Internet, annual reports of central bank, annual reports of people's bank, research reports and journal articles.

3.1 Analytical techniques

Reliability analysis

Internal consistency of the items has been tested by Cronbach's Alpha. The direction of likert scale items is analyzed before the variables are operationalized.

3.2 Descriptive statistics

Level of the responses has been determined using descriptive statistics.

3.3 Correlation analysis

Association between the individual factors and satisfaction and also loyalty has been analyzed by Pearson's correlation analysis. Hypotheses have been tested with respect to this analysis.

3.4 Regression models

IV. Data Analysis

4.1 Reliability analysis

Internal consistency among the Likert scale items is given by Table 2.

Table: 2 Internal consistencies

Variable	Cronbach's Alpha	Number of items
Easiness	0.585	3
Safety	0.680	4
Problem solving	0.812	3
Cost	0.739	3
Satisfaction	0.817	6
Loyalty	0.612	5

All the Cronbach’s Alpha values are more than 0.5 and close to the value 0.6. Therefore, the items are having internal consistency and variables can be operationalized with respect to corresponding items as the concept of the study is correctly specified. Researcher applied all the Likert scale items in variables operationalization without dropping any item and then the other analyses have been carried out.

4.2 Descriptive statistics

Level of the individual factors, satisfaction and customers’ loyalty is provided by Table 3.

Table: 3 Descriptive statistics

Variable	Mean	Standard deviation
Easiness	3.98	0.581
Safety	3.97	0.681
Problem solving	4.22	0.668
Cost	3.59	0.403
Satisfaction	4.19	0.424
Loyalty	4.33	0.415

According to the mean responses, easiness of use, security and problem solving are having positive responses as the values are close to the likert scale four. This indicates that customers agree with regard to these independent factors. Mean value of the cost is 3.59. This is less than the other factors but customers think that cost is in neutral level. Satisfaction and loyalty are representing 4.19 and 4.33 mean values respectively. Thus, customers are having satisfaction and loyalty with internet bank service. Comparatively, security is more deviated as it has the highest standard deviation that is 0.68. Accordingly, customers’ security is having more variance. Cost is the minimum variance factor as it consists of minimum standard deviation that is 0.40.

4.3 Correlation analysis

Association between the individual factors, satisfaction and loyalty has been analyzed in the Table 4.

Table 4: Correlation analysis

Variable	Satisfaction		Loyalty	
	r	Sig	r	Sig
Easiness	-0.075	0.457	0.045	0.657
Safety	0.461	0.000	0.261	0.009
Problem solving	0.555	0.000	0.420	0.000
Cost	0.315	0.001	0.201	0.044
Satisfaction	-	-	0.659	0.000

Probability of the association between easiness and satisfaction is 0.457 and the result is insignificant. This indicates that no significant relationship between easiness and customers’ satisfaction. Accordingly H₁ is rejected. Safety, problem solving and cost are highly significant factors at 1%. Their coefficient of correlation is positive and therefore, H₂, H₃ and H₄ are accepted. P value of the relationship between satisfaction and loyalty is also highly significant at 1%. Coefficient of correlation is 0.659. This means that satisfaction and customers’ loyalty are positively correlated. Accordingly, H₅ is also accepted. With regard to individual factors and customers loyalty, easiness is not having any association as the result is insignificant. Safety and problem solving are having highly significant positive association with the loyalty. Cost is significant at 5% as the P value is 0.044. It is also correlated with loyalty.

4.4 Factors influence on customers’ satisfaction

Multiple regression models have been constructed to determine the significant factors influence on customer satisfaction. Model summary is given by Table 5.

Table 5: Model summaries

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.686 ^a	.471	.449	.31523	1.607

Multiple correlation is 0.686 and it says that easiness, safety, problem solving and cost are having joint association. Out of satisfaction 47.1% has been explained by the model. Durbin- Watson test statistic is 1.6 and it is between the standard level that is 1.5 and 2.5. Therefore, residual is independent.

Table 6: Regression ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.414	4	2.104	21.169	.000 ^a
	Residual	9.440	95	.099		
	Total	17.854	99			

Probability of F test statistic is 0.000 and highly significant. All the individual factors jointly influence on customer satisfaction and the model is appropriate. Table 7 provides individual effect.

Table 7: Individual effect

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.212	.432		2.809	.006		
	Easiness	-.025	.056	-.034	-.438	.662	.947	1.056
	Safety	.169	.053	.272	3.190	.002	.768	1.301
	Problem solving	.274	.055	.431	4.998	.000	.750	1.334
	Cost	.348	.079	.331	4.426	.000	.997	1.003

Probabilities of safety, problem solving and cost are highly significant at 1%. Individual beta values are positive and they influence positively on customer satisfaction. P value of easiness is 0.662 and insignificant. It does not have an individual effect on satisfaction but influence jointly. According to the standardized coefficient of beta . Second and third factors are respectively cost and safety. All the VIF values are less than 10 and no multi-collinearity problem. Results were highly valid.

Scatterplot

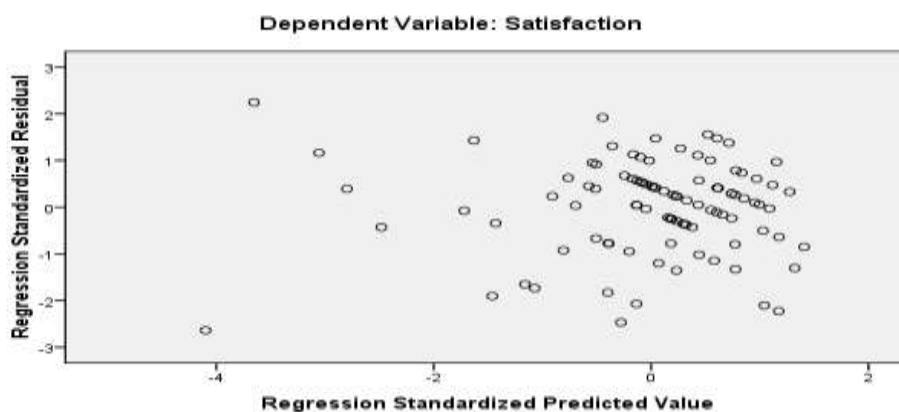


Figure 2: Residuals behaviors

Standardized residuals presented in figure 2 against standardized predicted values are randomly distributed without having any predictable pattern. Therefore, variance of residual is constant and there is not heteroscedasticity problem in the regression model. This indicates that variance of residual is constant and standardized residuals are homoscedastic. Regression results are appropriate.

V. Conclusion and Discussion

According to the findings, safety, problem solving, cost are having significant association with people's bank customers' satisfaction and these results agree with Dahlberg and Mallat (2002). Hirschman (1970) said that customers' satisfaction has a significant effect on customers' loyalty. Same results have been received in this study as well. Easiness is jointly significant but not individually. Priority should be given to the problem solving factor. After that the cost is important. Then safety must be taken in to consideration. When the software for internet bank facilities are developed, decision making bodies should pay attention for time and cost saving, safety, problem solving and attractive templates. Then customers can be satisfied and their loyalty will be improved. Prompt actions are needed to solve the problems of internet banking services. Other benefits for internet banking service can be proposed to attract the customers into the bank and then the bank can achieve competitive advantages.

Limitations

Researcher has confined the study into Colombo district using a sample size of 100 customers. Easiness, safety, problem solving and cost have been considered and there may be other factors influencing on customers satisfaction and loyalty. In future studies these can be addressed by applying into other districts and more individual factors.

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