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INFLUENCES OF E-BANKING SERVICES TOWARD CUSTOMER VALUES AND LOYALTY

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ABSTRACT

The study aimed to understand electronic banking service toward customer value and loyalty included examine indirect electronic banking services effect toward customer loyalty through customer value as mediator factors. Different theories had been discussed through this study to understand the customer value achieved from electronic banking services effects in Saudi Arabia. The facilitating factors of electronic banking that established link between customer loyalty and satisfaction through values driven approaches had been investigated. The questionnaire had been designed while focused selected objectives. The result findings had divided into two parts. First part analyse demographically respondents age and gender. Meanwhile, second part which highlight result investigated from questions that showed study objectives. This study had proved that electronic banking had eliminated conventional ways of banking services and customers look forward to rely more on electronic banking due to flexibility, convenience, easy usage, trust, security and medium that lead their experience with banking much more efficient.

CCS CONCEPTS • Insert your first CCS term here • Insert your second CCS term here • Insert your third CCS term here

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INTRODUCTION

The technology has enhanced human lives by providing innovative approaches. These approaches are helpful for different industries as well as human being. Business owners use innovative approaches in their business for optimization that help customer prospect through several ways.

Online or electronic banking was started in 1980 which needed terminal, keyboard and TV to access the banking system using a phone line [1]. Electronic banking is increasingly adapted in most countries more than 50% in pioneering countries [2,3]. E-banking is defined banking services and product provided by bank through internet access which obtained license from the bank institutions [4]. The foundation of e-banking was the result of growing expectations of customer's that are associated with banks and require different facilities and information technology based banking services. Hence, it resulted into delivery of advanced technology and services through different channels so that the consumers can reap maximum benefits [5].

The e-banking utilization within business helps to achieve different objectives such as information and review of cash flow, financial transition audit on daily basis, provides secure access to the customers and other facilities that enhance their experiences. The integration of e-banking helps business to remain updated with information flow that directly or indirectly impacts on different parts of the business [6].

Meanwhile, electronic service is defined a content-centred, interactive and internet-based customer service that is driven by customers and integrated with supporting from technologies and systems offered by service provider [7]. E-banking also make customer life easier for customer to compare bank services and products which increase bank competition among the banks [8].

Different business have proved customer value provision through diverse approaches based on organizational strategies. The provision of unique experience compels customers toward particular service and results in retention by the business. Hence, it's necessary for the banks to find out customer needs associated with banking industry so that empirical values based services with innovative approaches can be delivered.

Functional, emotional and epistemic are three dimensions that determined customer value. The benefits associated with functional performance and economic utility helps in service retention. The functional value of the products is measured through approachability, dependability, identification and price offered by e-banking. In additions, the emotional value is described by feeling associated with the products and services of bank which epistemic value is known to be the capacity of product or service.

The study aimed to understand electronic banking service toward customer value and loyalty included examine indirect electronic banking services effect toward customer loyalty through customer value as mediator factors.

METHODOLOGY

There were two types of study that were mainly adopted in methodology known as primary and second research. The primary research indicated implication on its own manner, but not applicable for all studies type. In general, this research type was used when need detailed analysis such as needed or in-depth information was required to discover unique aspect of research topic. In this study, secondary research was used due to time constraints and cost saving.

The quantitative research was important for the selection because allowed respondents of questionnaire to share information, opinion and beliefs through multiple choice questions. The questions used in questionnaire had reflected image of concerned objectives in the study and closed end questions help to quickly analyse answers. The sample size were 100 respondents.

The questionnaire had been designed while focused selected objectives. The result findings had divided into two parts. First part analyse demographically respondents age and gender. Meanwhile, second part which highlight result investigated from questions that showed study objectives. The second part also focused on customer value and its influence on loyalty by bank respondents associated with.

The research had followed quantitative method since allowed respondents of questionnaire to share information, opinion and beliefs through asked questions in form of multiple choices.

The questionnaires were distributed among 100 participants to generate responses and analyse data in Jeddah, Saudi Arabia.

Result And Discussion

Result

The result from questionnaires showed interesting outcomes of respondents perception and beliefs. Based on Figure 1, there were 8% of respondents aged between 35 years old and 45 years old.

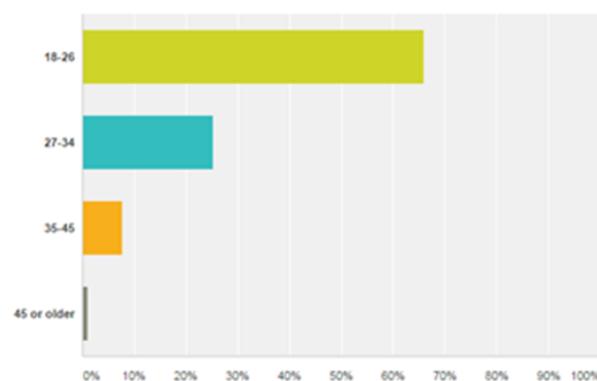


Figure 1: Respondent’s age

Based on Figure 2, in this study, female respondents were higher than male respondents which total of 61 % and 39% of respondents were male respondents. Most respondents were educated and understood on this study objective with positive outcome by shared their beliefs.

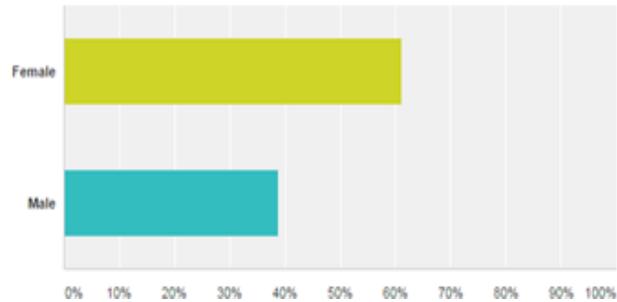


Figure 2: Respondent’s gender

Based on Figure 3, there were 38% of respondents had completed high school education and only 10% respondents had their diploma. Meanwhile, 45% respondents had their bachelor’s degrees while 10% had completed their postgraduate studies.

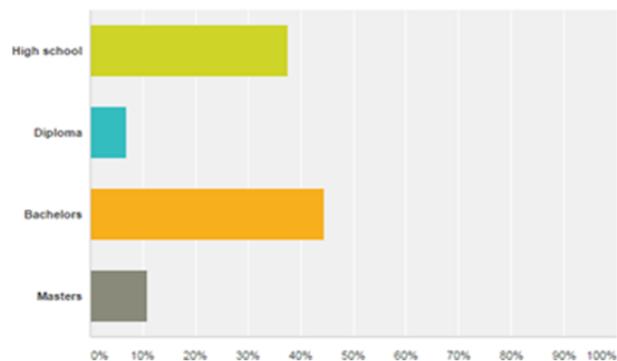


Figure 3: Respondent’s education level

Meanwhile, the respondents were questioned on their utilization of electronic banking service to identify their association with banks. Based on Figure 4, there 17% were electronic banking customer with less one month, 16%% showed their association with electronic banking of six months and 8% respondent mentioned their association represented with duration of 12 months. Most respondents were correlated with electronic banking services more than one year. This result indicated add value based on experience

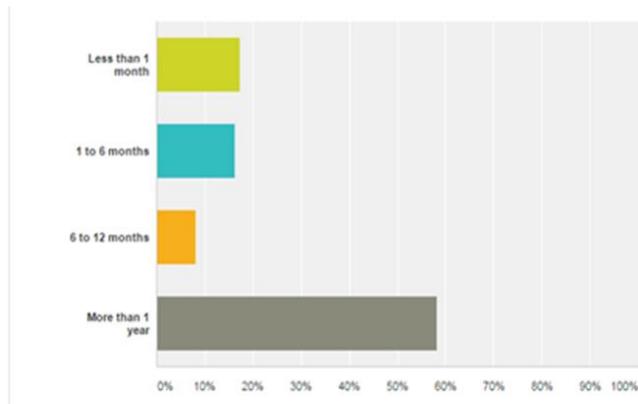


Figure 4: Respondent’s E-banking service usage

In additions, the respondent believed that electronic banking had transformed conventional methods used in the past by banking sector. The facilities provided by bank add value to the customer experience due to appraised by the bank. Based on Figure 5, the value recognition was key and 14% of respondents were happy due to convenience provided by the bank through online banking. There were 40% respondents were happy because time saving due to electronic banking. Meanwhile, 40% of respondent had adaption of banking services helped in stay connected with bank for 24 hours. In additions, 5% had different interests.

Based on Figure 6, the frequency of electronic banking usage showed most respondents had posted their interaction with electronic banking. Furthermore, 17% respondents showed electronic banking usage for almost one to five hours based their usage and 6% respondents used electronic banking with average 10 hours.

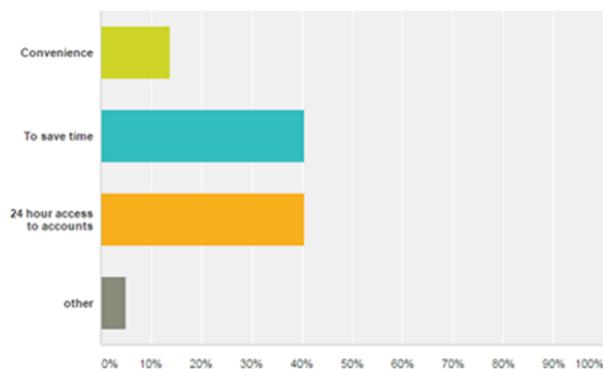


Figure 5: Reasons for choosing online banking service

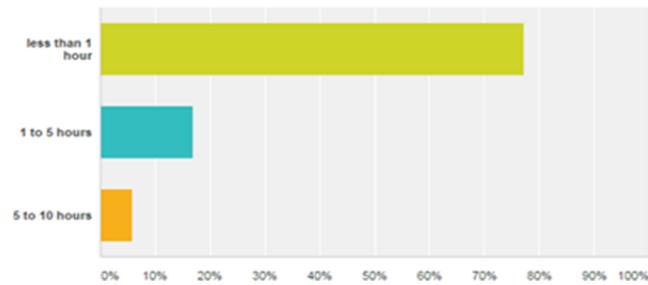


Figure 6: Electronic banking usage frequency per week

Figure 7 showed respondents were enjoying the flexibility and ease of usage. There were 60% respondents used their smart phones in accessed electronic banking and 34% respondents had used laptop which there was accessibility at different times of the day.

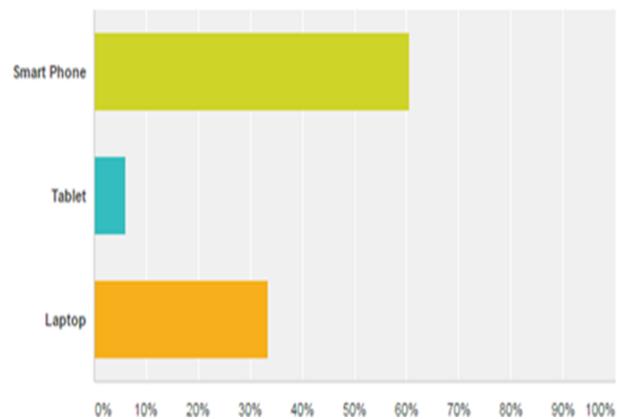


Figure 7: Technology source in accessed online banking

Besides, electronic banking convenience also had impact that differentiate conventional banking practices from modern banking through electronic banking. In this study, based on Figure 8, 78% respondents only visited the bank once a month and 14% respondents had visited the bank between one and three times.

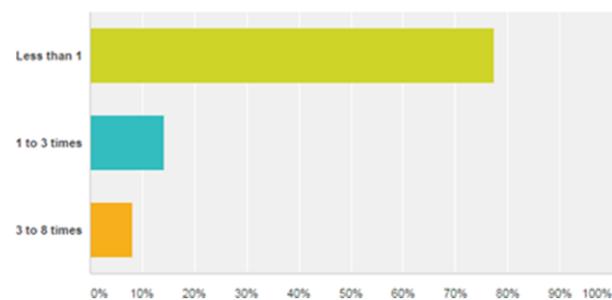


Figure 8: Respondent's bank visiting frequency

The trust factor of electronic banking users were also questioned to figure out loyalty with online banking and reliability. The result proved that respondents were applied with the security provided by online banking services. Based on Figure 9, there were 19% had purchased product through the internet less than

once on last 12 months, 38% respondents were used internet for purchased any product almost 3 times and 42% respondents were used 8 times for purchased product last 12 months. The online purchase frequency showed trust and security factor presumed by online banking users.

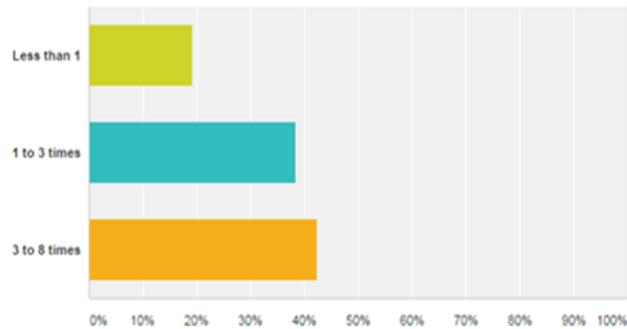


Figure 9: Respondent’s product purchasing through internet on last 12 months

In additions, based on Figure 10, the satisfaction was key result showed prominence of service and its reputation in customer life. 88% respondents were happy and satisfied because service provided by electronic banking which 11% respondents felt unhappy with electronic banking services provided in their bank.

The customers believed that products and services provided by the bank help the customer to achieve result as their needs. Based on Figure 11, the result indicated that people who were given different services and option to avail product purchase through online banking were comfortable which more than 90% of respondents. There were 10% respondents had disagreement with customer value which be nature of requirement that online banking did not cater. Furthermore, the respondents were satisfied with services provided by electronic banking. There were 72% had positively declared their attachment with online banking such as their loyalty. Meanwhile, 28% respondents had disagreed with their attachment with online banking such as their loyalty.

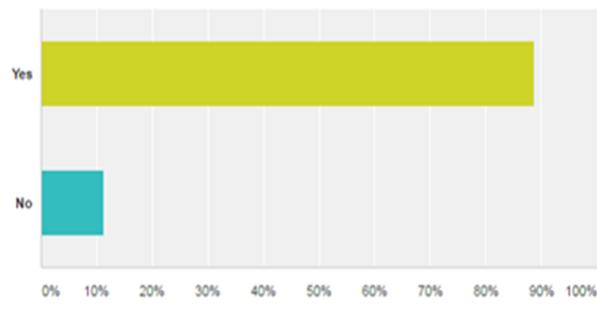


Figure 10: Respondents satisfaction with electronic banking services provided by their bank

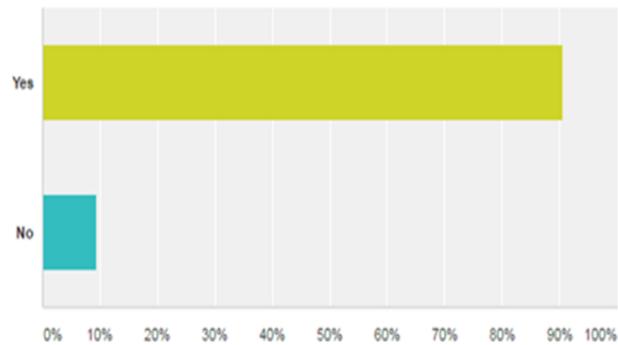


Figure 11: The product and services by the bank helped in achieved customer value

There also some customers were happy and satisfied with all services provided by the bank which there was percentage of respondents that were completely unhappy. Their bad experience due to certain services, products or facilitating elements that missing as per their expectations. Based on Figure 12, there were 66% were satisfied and happy and seem loyal due to their acceptance of convenience and reliability through their experience with online banking.

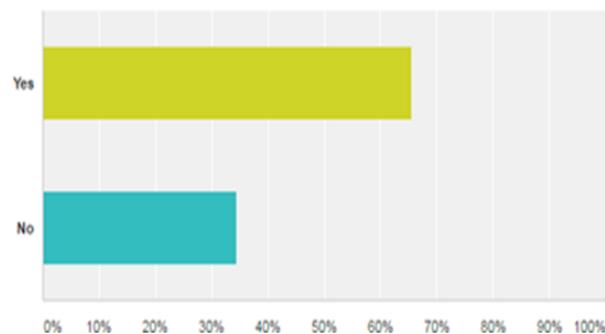


Figure 12: Significant role played by the bank to enhance loyalty throughout experience

CONCLUSION

In conclusions, this study had proved that electronic banking had eliminated conventional ways of banking services and customers look forward to rely more on electronic banking due to flexibility, convenience, easy usage, trust, security and medium that lead their experience with banking much more efficient.

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