

EXAMINING THE KEY DETERMINANTS OF CUSTOMER SATISFACTION INTERNET BANKING SERVICES IN BANGLADESH

Nasrin Jahan, Asian University of Bangladesh
Md. Julfikar Ali, International University of Scholars
Ahmed Al Asheq, World University of Bangladesh

ABSTRACT

In Bangladesh, the usage and application of internet or online banking is booming in banking sector since the last decade. Still, several banking customers, who are still reluctant to adopt internet banking as a means of conducting their financial transactions. Perhaps, the banks have not been able to satisfy their clients with their provided internet banking services. Hence, the study explores the key determinants of customer satisfaction of internet banking services in Bangladesh. 121 banking customers took part in this study as a sample. Hypotheses were developed based on past studies. The study finds that service quality of the internet banking service, security and ease of use have positive impact on online banking customer satisfaction. The study has also applied some managerial implications for banking business managers.

Keywords: Internet Banking, Customer Satisfaction, Service Quality, Website Design, Security, Transaction Speed, Ease of Use.

INTRODUCTION

Globally, internet progress has opened a new window for banking sector in extending a new financial mechanism. In banking industry, internet has widened an immense opportunity to provide with a platform of enhancing the quality of banking service (Rod et al., 2009). Internet banking is considered as one of the flourishing mediums of financial transaction for financial industry (Oruç & Tatar, 2017). There has been research evidence that the usage of internet banking is soaring up day by day at an increasing rate across the world (Yoon, 2010). The financial industry has started to integrate internet technology as a core part in their financial strategic mechanism (Sadeghi & Heidarzadeh, 2010). Internet banking offers new bundles of benefits for both financial institutions and banking customers. Internet has facilitated different sorts of financial transactions such as money transfer, quick payment option (Liang & Nguyen, 2018).

From a bank's viewpoint, usage of internet is found to be more convenient and effective compared to other distribution financial channels (Alsajjan & Dennis, 2006; Hwang et al., 2007). Through internet banking, customers can easily access their financial information and statement when needed (Pikkarainen et al., 2006; Liao & Cheng, 2002) and banks can minimize their operating costs, while customers are being benefitted due to the speed, availability and convenience of internet banking options. It is very important for banks to identify customer needs and wants to satisfy them (Ali & Raza, 2017; Vera & Trujillo, 2013).

From the strategic point of view, internet banking service has enabled the respective banks differentiated from other traditional banks in terms of value addition to the customer needs and demands in the era of digitalization (Moghavvemi et al., 2018; Zameer et al., 2015;

Zafar et al., 2012). Since, more people are using internet based online banking services in current time, it is essential for the researchers to shift their research attention to customer satisfaction of internet banking users (Mäenpää et al., 2008). On the other hand, banking sector is rapidly growing day by day in Bangladesh. Also, internet adoption among general public is also rising. The intensity of internet banking penetration has been significantly increasing among the Bangladeshi banks. All banks in Bangladesh have their own websites through which they are providing online banking services. To retain online customers ratio, it is strategically imperative for Bangladeshi banks to satisfy their online banking users. Research studies on exploration of customer satisfaction factors are limited in Bangladesh context. Accordingly, the prime aim of this study is to determine factors which would satisfy online customers in Bangladesh.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Internet banking has gaining higher level attraction from the customers nowadays. Internet banking is a medium of financial transaction that can be facilitated through internet connectivity (Santouridis et al., 2009; Naana Adams & Odartey Lamptey, 2009). Due to technological advancement and continues innovation in financial sector, online banking has been growingly adopted by the traditional banking customers (George & Kumar, 2014; Munusamy et al., 2010). On the other hand, satisfied customers tend to buy the same product continuously in the future (Agolla et al., 2018). It is indicated that banks who are more innovative, are likely to retain their customers (Malinconico & Fuccio, 2016). Hence, it is paramount for the bank managers to satisfy their customers by providing competitive technology based services. The following part describes the literature review on key determinants of internet banking customer satisfaction.

Service Quality

Service Quality is taken place when customers evaluate their past service experiences with current service experiences (Naik et al., 2010). In online banking segment, online service quality has been crucial for banks because, it would impact online banking user's satisfaction (Ayo et al., 2016). Amin (2016) has found that e-service quality is significant determinant of online banking customer satisfaction. Hence, it is assumed that

H_1 Service quality will have positive impact on online banking customer satisfaction.

Design of Website and Website's Content

Website design has been essential in retaining the adoption of internet banking that would stimulate customer's satisfaction (Ahmad & Al-Zu'bi, 2011). Content of the website also influences customer's content. Ling et al. (2016) found a positive relationship between bank's web design and their internet banking customers' satisfaction. Hence, it is assumed that

H_2 Design of Website and Website's content will positively influence internet banking customers' satisfaction.

Security

Security has remained a significant issue for internet banking. If the security issues can be tackled then online banking customers will be more satisfied with their transaction

(Liao & Cheung, 2008). Also, there has been a positive association between security and electronic customers' satisfaction (Yoon, 2010). It is proposed that

H_3 Security will positively influence internet banking customers' satisfaction.

Transaction Speed

The speed of financial transaction has remained as one of the attractions for online banking users. This notion, in form of response time, is often considered as an indicator of customer satisfaction (Liao & Cheung, 2008). Hence, it can be hypothesized that

H_4 Transaction speed will positively influence internet banking customers' satisfaction.

Ease of Use

Research suggests that ease of use, as a medium of convenience, is found as an influential factor of customer's satisfaction (Al-dweeri et al., 2017). Online banking customers generally search for easy and smooth method of facilitating online transaction (Ainin et al., 2005). Hence, it is proposed that

H_5 Ease of use will positively influence internet banking customers' satisfaction.

METHODOLOGY

The study has obtained sample from the university students in Bangladesh who were perceived to be a user of online banking services. A structured questionnaire was distributed randomly among the students at university campus and different shopping malls. A total of 150 questionnaires was distributed, and in return, 121 responses were collected who have filled up the questionnaire (Table 1). The first part questionnaire is based on basic demographic information of the respondents and the final part exhibits variable wise five-point Likert scale questionnaire to measure each of the study's variables. The study has used SPSS version 23.0 for descriptive statistics and hypotheses testing. The study has adopted questionnaire from the following studies:

Customer Satisfaction	
Design of Website and Website's content	Yoon (2010)
Security	
Transaction Speed	
Ease of Use	
Service Quality	Alsudairi (2012)

To measure internal consistency of the questionnaire items, Cronbach Alpha (α) value of 0.7 and above is considered and all variables are found reliable in the study. Factor loading value of each variable's items is found to be more than 0.50. It does confirm the validity of all dependent and independent variables.

RESULT AND DISCUSSION

According to the regression result, the model explained 32.6% ($R^2 = 0.326$) of overall variance in explaining internet banking customer satisfaction by the five independent variables. Table 2 shows that out of five variables, service quality (H1), security (H3) and

ease of use (H5) have been statistically significant determinant of customer satisfaction; while website design (H2) and transaction speed (H4) have no influence on customer satisfaction in using internet banking. It does imply that hypotheses H1, H3 and H5 are accepted at 5% significance level.

	t-value	p-value	Tolerance	VIF	
Service Quality	2.222	0.029	0.469	2.132	Accepted
Design of Website and Website's content	0.933	0.354	0.616	1.624	Not accepted
Security	4.120	0.000	0.527	1.897	Accepted
Transaction Speed	1.132	0.261	0.505	1.981	Not accepted
Ease of Use	2.101	0.039	0.380	2.634	Accepted
$\alpha = 0.05; R^2 = 0.326$					
Durbin Watson value = 2.150					

In this study, service quality positively impacts internet banking customer satisfaction. The result is consistent with past studies (Radhakrishna, 2009; Rod et al., 2009). It means higher level of service quality of internet banking facilities will imperatively guarantee higher customer satisfaction. Design of website and content is not found significant as H2 is not supported in the study. The result does not match with previous studies. Perhaps, Bangladeshi online banking customers are more concern about the other attributes of internet banking rather than focusing on the website and its content. H3 is supported which means that strong security of the internet banking will satisfy banking customers. The result is in line with prior studies (Yoon, 2010).

Transaction speed is found as insignificant variable of customer satisfaction as H4 is rejected in this study. The result is not consistent with other research findings (Naana Adams & Odartey Lamptey, 2009). The regression result also confirms that H5 is accepted, indicating ease of use will positive affect internet banking customer satisfaction. Previous studies support this finding (Amin, 2016; Yoon, 2010; Zavareh et al., 2012; Ariff et al., 2013). Ease of use is used to describe the extent of convenience. As ease of use has a positive association with customer satisfaction; hence an augmented degree of convenience of internet banking will enhance bank's customer satisfaction.

CONCLUSION

The study seeks to determine the customer satisfaction factors of internet banking in Bangladesh. Service quality, website design, security, transaction speed and ease of use have been considered as independent variables in this study which might have influence on internet banking. It has been found that except website design and transaction speed, service quality, security and ease of use have significant impact on customer satisfaction who use internet banking in Bangladesh. The findings of this study also highlight some managerial implications for banking managers. The internet banking service providers will more emphasize on the enhancement of electronic service quality in order to satisfy their customers. The results are stimulus for financial managers to focus more on assuring robust security within their online banking platform. Although website design and transaction speed does not have any significance on customer satisfaction in this study, still the higher management of the banking sectors must consider these factors while developing their internet banking platform. Furthermore, it is imperative for internet bankers to receive regular feedback from their online customers regarding the convenience of using internet banking.

REFERENCES

- Naana Adams, A., & Odartey Lamptey, A. (2009). Customer perceived value in internet banking in Ghana.
- Agolla, J.E., Makara, T., & Monametsi, G. (2018). Impact of banking innovations on customer attraction, satisfaction and retention: the case of commercial banks in Botswana. *International Journal of Electronic Banking*, 1(2), 150-170.
- Ahmad, A.E.M.K., & Al-Zu'bi, H.A. (2011). E-banking functionality and outcomes of customer satisfaction: an empirical investigation. *International Journal of Marketing Studies*, 3(1), 50-65.
- Ali, M., & Raza, S.A. (2017). Service quality perception and customer satisfaction in Islamic banks of Pakistan: the modified SERVQUAL model. *Total Quality Management & Business Excellence*, 28(5-6), 559-577.
- Alsajjan, B., & Dennis, C. (2006). The impact of trust on acceptance of online banking.
- Alsudairi, M.A. (2012). E-service quality strategy: Achieving customer satisfaction in online banking. *Journal of Theoretical and Applied Information Technology*, 38(1), 6-24.
- Al-dweeri, R.M., Obeidat, Z.M., Al-dwiry, M.A., Alshurideh, M.T., & Alhorani, A.M. (2017). The impact of e-service quality and e-loyalty on online shopping: moderating effect of e-satisfaction and e-trust. *International Journal of Marketing Studies*, 9(2), 92-103.
- Amin, M. (2016). Internet banking service quality and its implication on e-customer satisfaction and e-customer loyalty. *International Journal of Bank Marketing*, 34(3), 280-306.
- Ainin, S., Lim, C.H., & Wee, A. (2005). Prospects and Challenges Of E-Banking in Malaysia. *Electronic Journal of Information Systems in Developing Countries*, 22(1), 1-11.
- Ariff, M.S.M., Yun, L.O., Zakuan, N., & Ismail, K. (2013). The impacts of service quality and customer satisfaction on customer loyalty in internet banking. *Procedia-Social and Behavioral Sciences*, 81, 469-473.
- Ayo, C.K., Oni, A.A., Adewoye, O.J., & Eweoya, I.O. (2016). E-banking users' behaviour: e-service quality, attitude, and customer satisfaction. *International Journal of Bank Marketing*, 34(3), 347-367.
- George, A., & Kumar, G.G. (2014). Impact of service quality dimensions in internet banking on customer satisfaction. *Decision*, 41(1), 73-85.
- Hwang, H.G., Chen, R.F., & Lee, J.M. (2007). Measuring customer satisfaction with internet banking: an exploratory study. *International Journal of Electronic Finance*, 1(3), 321-335.
- Malinconico, A., & Fuccio, N. (2016). Customers experience and problem resolutions in retail banking. some empirical evidence from Italian banking. *International Journal of Financial Innovation in Banking*, 1(1/2), 109-125.
- Mäenpää, K., Kale, S.H., Kuusela, H., & Mesiranta, N. (2008). Consumer perceptions of Internet banking in Finland: The moderating role of familiarity. *Journal of retailing and consumer services*, 15(4), 266-276.
- Moghavvemi, S., Lee, S.T., & Lee, S.P. (2018). Perceived overall service quality and customer satisfaction: a comparative analysis between local and foreign banks in Malaysia. *International Journal of Bank Marketing*, 36(5), 908-930.
- Munusamy, J., Chelliah, S., & Hor, W.M. (2010). Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia. *International Journal of Innovation, Management and Technology*, 1(4), 398-404.
- Naik, C.N., Gantasala, S. B., & Prabhakar, G.V. (2010). Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing. *European Journal of Social Sciences*, 16(2), 231-241.
- Oruç, Ö.E., & Tatar, Ç. (2017). An investigation of factors that affect internet banking usage based on structural equation modeling. *Computers in Human Behavior*, 66, 232-235.
- Liao, Z., & Cheung, M.T. (2002). Internet-based e-banking and consumer attitudes: An empirical study. *Information & Management*, 39(4), 283-295.
- Liao, Z., & Cheung, M.T. (2008). Measuring consumer satisfaction in Internet banking: a core framework. *Communications of the ACM*, 51(4), 47-51.
- Liang, C.C., & Nguyen, N.L. (2018). Marketing strategy of internet-banking service based on perceptions of service quality in Vietnam. *Electronic Commerce Research*, 18(3), 629-646.
- Ling, G.M., Fern, Y.S., Boon, L.K., & Huat, T.S. (2016). Understanding customer satisfaction of internet banking: A case study in Malacca. *Procedia Economics and Finance*, 37, 80-85.
- Pikkarainen, K., Pikkarainen, T., Karjaluoto, H., & Pahlila, S. (2006). The measurement of end-user computing satisfaction of online banking services: Empirical evidence from Finland. *International Journal of Bank Marketing*, 24(3), 158-172.
- Radhakrishna, G. (2009). Liability Issues in Internet Banking in Malaysia. *International Business Information Management Association*, 7, 1-6.

- Rod, M., Ashill, N.J., Shao, J., & Carruthers, J. (2009). An examination of the relationship between service quality dimensions, overall internet banking service quality and customer satisfaction: A New Zealand study. *Marketing Intelligence & Planning*, 27(1), 103-126.
- Sadeghi, T., & Heidarzadeh, H.K. (2010). Customer satisfaction factors (CSFs) with online banking services in an Islamic country. *Journal of Islamic Marketing*, 1(3), 249-267.
- Santouridis, I., Trivellas, P., & Reklitis, P. (2009). Internet service quality and customer satisfaction: examining internet banking in Greece. *Total Quality Management*, 20(2), 223-239.
- Vera, J., & Trujillo, A. (2013). Service quality dimensions and superior customer perceived value in retail banks: An empirical study on Mexican consumers. *Journal of Retailing and Consumer Services*, 20(6), 579-586.
- Yoon, C. (2010). Antecedents of customer satisfaction with online banking in China: The effects of experience. *Computers in Human Behavior*, 26(6), 1296-1304.
- Zameer, H., Tara, A., Kausar, U., & Mohsin, A. (2015). Impact of service quality, corporate image and customer satisfaction towards customers' perceived value in the banking sector in Pakistan. *International Journal of Bank Marketing*, 33(4), 442-456.
- Zafar, M., Zafar, S., Asif, A., Hunjra, A.I., & Ahmad, H.M. (2012). Service quality, customer satisfaction and loyalty: an empirical analysis of banking sector in Pakistan. *Information Management and Business Review*, 4(3), 159-167.
- Zavareh, F.B., Ariff, M.S.M., Jusoh, A., Zakuan, N., Bahari, A. Z., & Ashourian, M. (2012). E-service quality dimensions and their effects on e-customer satisfaction in internet banking services. *Procedia-social and Behavioral Sciences*, 40, 441-445.