Chapter 10
Factors Driving Value Creation in Online B2B Banking

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ABSTRACT

In today’s highly competitive business environment, online business-to-business (B2B) banking services offer efficient, reliable, securable, and convenient financial services for customers. However, research has paid scant attention to quantifying the value of online B2B banking and identifying the factors that drive it from the employees’ perspective. Hence, this study explores value creation in online B2B banking in terms of user satisfaction, individual impacts, and organizational impacts by incorporating technological, organizational, and environmental forces. The results based on a survey of 178 respondents collected from Taiwanese Small and Medium Enterprises (SMEs) strongly support the contention of the study that technological, organizational, and environmental forces really drive value creation in online B2B banking in terms of user satisfaction, individual impacts, and organizational impacts. These findings and the proposed research model may be helpful to managers when implementing online B2B banking, and valuable for researchers who are developing related theories.

INTRODUCTION

The emergence of the Internet as a global distribution channel, and more importantly, as a transborder, nomadic trading platform, has significantly altered the landscape of the banking sector (Lee, 2007b). The advent of the Internet has increasingly become a strategic weapon, revolutionizing the way businesses operate, deliver, and compete against each other (Alsajjan & Dennis, 2006; Chen, 2011; Seitz & Stickel, 1998). It has not only spurred the development of new business sectors, but also changed the business model of many existing industries. In the banking sector it has altered the competitive patterns of traditional banking while opening doors for innovation and new service opportunities in the corporate banking arena (Ruben, Llobet, & Fuentes, 2010). Online

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channels (e-channels) which provide alternatives for faster delivery of banking services to a wider scope of customers (Gunasekaran & Love, 1999) have gained increasing popularity in delivering banking services and dramatically changed the rules and operations of the banking industry. Online banking (e-banking) already has revolutionized relationships within organizations and between organizations and individuals (Salehi & Alipour, 2010).

The nature of opportunities and obstacles in e-banking at the business-to-customer (B2C) or individual level is different from B2B banking, as the bank-corporate customer relationship remains a key issue for competitive advantage in the market. It is crucial to design and quickly implement new banking services that are positively accepted (Berndt, Herbst, & Roux, 2005) without losing customers while developing and maintaining better relationships (González, Quesada, Picado, & Eckelman, 2004), especially for corporate customers since they are a major source of profits (Tyler & Stanley, 1999; Zins, 2007). The likelihood of obtaining fresh new insights is especially high in fields that remain largely unexplored in information systems theorizing (Kock, 2009). The conventional focus of online banking research is shifting from technological developments to customer behavior (Alsajjan & Dennis, 2006). At the same time, the extant literature on online B2B (e-B2B) banking is lacking. Given this background, this paper has three major purposes:

1. Identifying the drivers and inhibitors of B2B e-banking value for employees;
2. Determining an appropriateness of Technology-Organization-Environment (TOE) framework; and
3. Identifying the factors that form B2B banking value for firms from the employee perspective.

Hence, this research explores the technological, organizational, and environmental factors that drive value creation in online B2B banking. Managers and researchers may use our model and findings to better understand the factors that affect e-business success.

**LITERATURE REVIEW**

**Taiwanese SMEs Firms**

The number of Taiwan’s SMEs totals 1,236,000, with an export value of NT$1.63 trillion (~US$49.3 billion), contributing 17% of Taiwan’s overall exports (MOEA, 2011). Taiwan’s SMEs have been the primary driver of the economic development of Taiwan over the past century (Tzeng, 2009). SMEs account for more than 97% of all firms in Taiwan, and are noted for their performance in international markets (Chiao & Yang, 2011). Taiwanese industrial structure is “unique and dichotomous,” with most SMEs focusing on the international market while most large companies concentrate on the domestic market (Tzeng, 2009). Taiwan is moving towards a service sector economy where SMEs have active participation in globalized logistics management and localization. Conceivably, national policy discussion on banking and finance would benefit institutions from an international perspective.

The Taiwanese government is promoting its global logistic strategy for economic development which stresses supply chain integration by bridging information flows among overseas enterprises, domestic large firms, and local SMEs. The Ministry of Economic Affairs (MOEA), Taiwan is fostering “industry clusters” by encouraging SMEs engaged in similar industry to locate their operations near one other to facilitate information exchange (Tzeng, 2009). Driven in large part by