Chapter 13

Value and Risk in Business to Business E-Banking

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ABSTRACT

The purpose of this paper is to examine the functional relationships between three types of risk (performance, financial and psychological) and the benefits and sacrifices components of value are tested within a broader nomological network that includes e-service quality and satisfaction, word-of-mouth and intention to switch. The hypothesized relationships are tested; using Partial Least Squares, on data collected through a postal survey from 167 Iran-based SME organizations. The results confirm the significant but differential impact of the three types of risk on the two value components. Specifically, performance risk and financial risk are found to be significant determinants of benefits, while psychological risk impacts on perceptions of sacrifices. We also provide evidence of the differential impact of the benefits and sacrifices components of value on satisfaction, and the existence of both direct and indirect impact of these components on word-of-mouth and intention to switch.

INTRODUCTION

The impact of the internet, in the form of e-commerce, as a program of strategic decisions within the b2b field is well documented (Good & Schultz, 2002; Day & Bens, 2005). The usefulness of the technological developments upon which the prosperity of e-commerce related activities is predicated is considered to be especially appropriate in the delivery of financial services such as e-banking. Stamoulis, Kanellis, and Martakos (2002) claimed that risk is one of the key elements of organizational buying behavior (Kumar & Grisaffe, 2004; Mitchell, 1998). According to Dwyer and Tanner (2009) “Risk is usually thought of in terms of the likelihood of a result and the consequence of cost connect to the result.” Kothandaraman and Wilson (2001) summarize that “The perfect colleague is one who summarizes significant value to your market present and at the same time presents low risk as a colleague.”

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above indicate the existence of a logical link between benefits, sacrifices; Woodall (2003) who, in his survey of value related study, recognized risk as a determining factor of comprehensions of value. The b2c study suggests substantial support for the above view (Keh & Sun, 2008; Lei, de Ruyter, & Wetzels, 2008; Snoj, Korda, & Mumel, 2004); however, our survey of the study failed to identify any studies that examine the functional relationship between risk and comprehensions of value that are located in the b2b field (Lindgreen & Wynstra, 2005). We locate our research in the e-banking sector because,

1. The b2b study shows that risk is especially appropriate in the adoption of e-technology (Forsythe & Shi, 2003; Pavlou, 2003),
2. The b2c study furnishes similar evidence of the consequence of risk in consumers’ use of e-banking services (Zhao, Koenig-Lewis, Hanmer-Lloyd, & Ward, 2010), and
3. At the time of this study e-banking was at a fully developed stage of its development and signify a clearly standardized service upon providers, thus minimizing possible effects.

Particularly, this study examines the impact of risk on customers’ comprehensions of value extracted from the use of e-banking services.

THEORETICAL BACKGROUND AND MODEL DEVELOPMENT

The conceptual framework of this study is described in Figure 1. We suggest a direct relationship between e-service quality and three types of risk (i.e., performance, financial and psycho rational) and benefits and sacrifices, which signify the two components of perceived customer value. In turn, the two components of perceived customer value are create a theory to affect satisfaction and to impact both directly and indirectly on goal to change and likelihood to provide personal word-of-mouth suggestion. The argument for studying the behavior of value at its ingredient level rather than at an accumulate level together with decisions goes to the planning of unique hypotheses are presented.

The Concept of Perceived Customer Value

Woodall (2003) state that “Value for the customer is any demand-side, personal comprehension of advantage arising out of a customer’s organization with an organization’s suggesting, and can occur as reduction in sacrifice; attendance of benefit the consequent of any weighted combination of sacrifice and benefit (resolved and explicit either logically or intuitively); or a collection, over time, of any or all of these.” To these we summarize the generally b2c definition by Woodall (2003), because it furnishes a deviation point for many of the b2b researchers and the latter because it is considered to signify an appropriate concept in the subject of value. In summarization, we recognize the contributions that Woodruff (1997) make to the study of value, however, the previous is solely located in the b2c field and the latter is formally adopted only by Blocker and Flint (2007). Using an exploratory methodology Zeithaml (1988) concludes that value comprises two components, i.e. get, which refers to the utility performed through a product’s benefits, and give, which relates to the sacrifices made in order to acquire the benefits. Perceived value is a subjective estimation of the trade-off between all that is accepted and all that is given up in the act of getting, using or consuming a product. It is self-evident that high value is perceived when a product’s benefits are greater than the similar costs included in their act of acquiring.
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