Towards Digital Economy: The Impact of Electronic Banking on Customer Satisfaction among the Pakistan Banking Industry

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ABSTRACT

Information and Communication Technologies (ICT) have changed business operation trends. Information systems are considered a valuable asset and have the attention of the strategic and marketing decision floors. Use of information system and ICT in the banking industry have become indispensable, and have replaced traditional operations with electronic banking concepts. Electronic banking has brought many challenges for strategic managers to achieve strategic goals and overall customers’ satisfaction. This research study aims to investigate the impact of electronic banking in the context of IT usage, ease of use, its usefulness and the customer satisfaction among the Pakistan banking industry. Pakistan’s top five commercial banks were selected in five districts of KPK for data collection. Three hundred and three electronic banking customers were interviewed through a questionnaire containing 21 relative questions. The SPSS is used for the analysis, on data collected through the questionnaire. Descriptive analysis, correlation, regression and ANOVA have been computed for the results interpretations. From these results, it was found that the customers strongly agree to use information technology for banking operations, but they believe that the use of electronic banking has problems. The management should focus on its method of use. The customers suggested that the electronic banking operations should be simplified, should be user friendly, should be easy to understand, and thus its usefulness will enhance in achieving highly satisfied customers.

Keywords: Customer Satisfaction, E-Banking, Ease of Use, Ease of Usefulness, Information and Communication Technologies (ICT), Information Technology Use

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INTRODUCTION

In financial service industry historic transformations have emerged, the concept of e-developments are emerging and advancing all the financial intermediaries and financial markets like: e-finance, e-money, e-brokering, e-insurance, e-exchanges and e-banking. Information Technology (IT) is considered as the most important factor for the future development of the banking industry and has influential impacts on their strategic decisions (Luštšik, 2003).

Technology has introduced new delivery channels in the banking sector, for providing different products and services to its customers such as Internet Banking, ATMs, Phone/Mobile Banking, and Credit Cards etc. Technology adoption has become a vital strategy for banks, to survive and compete in the market. Technology has replaced most of the traditional bank functions (Singh et al., 2002).

The Electronic Banking (EB) has changed the conventional concepts of banking operations, used for deposits and saving warehouses. Now the banking sector has become more essential for cash flow and transaction processing for enterprises and individual customers. Only a click can complete your deal with the world via IT & Telecommunication technologies, that’s why the concepts of E-Commerce have emerged.

Electronic banking is the newest delivery channel in banking service industry, to provide normal and specific products or services to their customers, using information technology and the communication systems. Burr (1996) explained that e-banking is a connection between banks and customers to prepare, manage and control financial transactions.

E-Banking (Electronic Banking) is also known as cyber banking, a virtual banking, a home banking, and an online banking. It includes various banking activities, conducted from homes, business centers or on the roads, instead of a physical bank location. E-banking has capabilities ranging from paying the bills, to securing a loan electronically. Initially it started with the use of proprietary software and private networks but was not particularly popular until the emergence of the Web. E-Banking saves time and money for the users. It offers an inexpensive alternative to branch banking, a chance to enlist remote customers. Many banks are beginning to use home banking, and some of them are using EC (Electronic Commerce) as a major competitive strategy (Efraim Turban et al.).

It is important to study the perceptions of banks and customers towards the technological based transactions and its impacts on its behaviors (Lymperopoulos & Chaniotakis, 2004).

ELECTRONIC BANKING DRIVERS

Automated Teller Machines (ATMs). An automated teller machine (ATM) is a computerized telecommunication device, which provides the customers of a financial institution, with access to financial transactions in a public space, without the need for a human clerk or bank teller.

Telephonic Banking. A service provided by the bank to their customers to generate transactions over a telephonic line. Normally, customers registered telephone or cell numbers are authorized to perform the transactions. Usually, customer is assigned a Telephonic Personal Identification Number (T-Pin). After entering that PIN he is verified and authorized to perform a transaction (Fasan, n.d.).

Internet Banking. Today, bank customers could use internet, such as web sites of the banks like a virtual branch, and you could perform most of the activities, that a customer perform inside the bank premises. Now a customer transfer his funds to others, issue demand drafts, pay their credit card and utility bills, purchase mobile prepay cards and even shop directly from his account using bank websites.

Technology has restyled the services of the banking industry and most of the products of the banking industry are offered via internet (Ndubisi et al., 2003).
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