

CHAPTER - 3

Literature Review

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Introduction:

Generally, a researcher conducts and surveys the related literature in order to review the present status of a particular research topic. From the survey of literature, a researcher is able to know the quantum of work already done on his research topic so far not touched, or yet to be undertaken. The overview of literature at the national or an international level is to be researched with the help of research reports, articles, books and other materials. The major benefits of literature reviews are: firstly, helps the researcher in avoiding duplication of efforts on the same research topic. Secondly, helps the researcher in adopting methodologies used successfully by other researchers, writers and policy makers. Thirdly, suggests new approaches in planning, organizing the investigation of research topic. Fourthly, helps to narrow down the research problem more clearly and sixthly, assists investigators to develop firm understandings of theoretical implications of proposed inquiries.

This study contributes to literature by focusing on the measurement of Customer Satisfaction of Internet Banking in Western India. The aim of literature reviews is to justify, rationale of an ensuring research study, provides an overview of historical perspectives and to bring to the light the research trends and problems.

The present study identifies an ample number of research works at global level in general but at domestic level very few studies have been reviewed and found most appropriate on measuring customer satisfaction of Internet Banking in Western India. The contribution of various researchers, policy-makers and writers to this area has focused on explaining the process of the internet banking and satisfaction of the customer with the service, their challenges, advantages, disadvantages,

herewith, the study, in brief summary and present some of them in a descending order as year of publication.

Siddiqui K.O., (2011) found that the positive relationship between all the service quality attributes and customer satisfaction. This study also suggests that SERVQUAL is a suitable instrument for measuring the bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess the bank service quality in Bangladesh. Moreover, because all the dimensions of service quality attributes are positively correlated with customer satisfaction, Bangladeshi bank managers should emphasize all the service quality dimensions in maintaining – and improving the service quality that they provide.

Empathy shows the highest positive correlation with customer satisfaction in the current study. The core concept of empathy is employee-customer interactions. Therefore, Bangladeshi bank managers would be well advised to emphasize the employee training programmes so that they can offer personalized service. The main aim should be to develop a long-term relationship with the customers. The current study demonstrates that there is a large positive correlation between customer satisfaction and customer loyalty. That means that if the customers are satisfied then they will become loyal. Jones and Sasser (1995) pointed out that there is a huge difference between merely satisfied and completely satisfied customers. Therefore bank managers should pay attention on the complete customer satisfaction. [1]

Ishaq M.I., (2011) found that four dimensions of service quality have impact on behavioral responses of the banking clients. Convenience, physical evidence and product innovation put positive impact on behavioral response means these dimensions create positive word-of-mouth communication through the customers and customer's loyalty and intention to stay with the current bank will increases

and pricing will put negative impact on behavioral response. These study findings are consistent with the findings of Blodgett & Li (2007) and Fernandes & dos Santos (2007). Overall, the findings impart very strong support the direct effects of customer satisfaction on the customers' behavioral responses. More specifically, research findings indicated that when the customer's satisfaction is high they will stay with their current service providers, engage in positive word-of-mouth communications and subdue negative behavioral intentions. [2]

Srivastava & Chatterjee, (2011) Found that the overall satisfaction or dissatisfaction of customers with regards to expected and actual services quality have been analyzed in this research paper and expressed dissatisfaction with the services offered by the bank. The dissatisfied customers attributed responsiveness dimension of services quality as the major lacuna with the transacting bank. Among the satisfied customers too there existed a disparity between the expected and actual service quality experienced at the transacting bank. These customers suggested that the bank is yet to instill confidence among the customers that it has the ability to provide excellent services dependably and accurately.

While making an assessment of customer's response with regards to his/her overall satisfaction or dissatisfaction with the transacting bank's services, it was found that most of the customers 78.78% were dissatisfied, while only 27.21% customers were satisfied. The interpretation was based on the services quality assessment made by both dissatisfied and satisfied customers. Customers who were dissatisfied considered the responsiveness dimension of services quality to be more important than other dimension. However, on all the dimension of the services quality the transacting bank was perceived to be poor than the corresponding service offered by the bank. [3]

Ahangar R.G., (2011), found that the website is an important element in a bank's marketing communications activities and giving better customer experience. It is therefore important to use it in an appropriate way and to provide rich content and to keep it updated to attract and maintain customers. Bank should consider that it is beneficial to spend time on the design because this can help the company attract visitors, which in turn can become customer. Banks should conduct surveys and self assessment tests which should be actually related to the product and service line, which would in turn customers more educated about the companies offerings and this could be done just by starting a blog or chat for the customers. Banks should create platforms wherein customer can be free to express their opinion or give the feedback to the banks. Automated e-mail and instant message should be used more extensively than it is at present. It is essential to assess the effectiveness of a website. By doing this bank can improve their site and that help to provide positive web experience to the customers. [4]

Rahmath Safeena *et al* (2011) found that banks need to highlight the benefits of IB, make IB easy to use, and enhance IB security to improve consumers' trust. They also need to make the consumers aware about the system by providing them about the details of the benefits associated with it and also ensuring security of the system. Banks can highlight benefits such as IB conveniences in their promotional and advertising activities. The IB interface could be made simple.

Banks also need to engage in security enhancement activities such as encryption, firewall, and user protection and authenticity. Trust is one of the more influential factors, implying that controlling the risk of online banking is more important than providing benefits. This finding is particularly important for managers as they decide how to allocate resources to retain and expand their current customer base. However, building a risk-free online transaction environment is much more difficult than providing benefits to customers.

Therefore, online banking companies need to search for risk-reducing strategies that might assist in inspiring high confidence in potential customers. This study suggests that they should consider focusing on the prevention of intrusion, fraud and identity theft. In addition, this study suggests that online banking companies could develop trust-building mechanisms to attract customers, such as statements of guarantee, increased familiarity through advertising, and long-term customer service. The proposed model makes an important contribution to the emerging literature on e-commerce, especially with regard to online banking. [5]

Devi & Malarvizhi, (2010) found that customers are satisfied with the quality of e-banking services. But the study shows that among the varied e-banking services, only ATM is more popular which is most cost effective. While using e-banking services the customers faced problems such as technical hurdles, more formalities, less social relation with banks, skill up gradation, lack of knowledge and insufficient number of ATM centers. To popularize the e-banking services, it was felt that more training programs must be conducted for bank customers through demo fair at the centers.

The analysis of the study revealed that in the global competitive world, to promote e-banking services it is of paramount importance that the banks must ensure quality in customer service. Quality in work and satisfaction of the customers are the two key words which must be given sternest attention to promote products. [6]

Alhemoud (2010), suggested that in general customers in Kuwait, Kuwaiti and non-Kuwaiti customers are satisfied with services provided by retail banks. The ANOVA test shows slight differences between Kuwaiti and non-Kuwaiti customers in their degree of satisfaction. Kuwaiti customers are mostly satisfied with: availability of ATMs in several locations, safety of funds, easy-to-use ATMs, and the quality of services provided. While non-Kuwaiti customers are mostly satisfied

with: availability of ATMs in several locations, phone account access, safety of funds, ease of opening a current account, and bank image and reputation.

The least factors that Kuwaiti customers are satisfied with are: service prices, interest rates on saving accounts, interest rates on loans, and ease of obtaining loans. While non-Kuwaitis have ranked their dissatisfaction with: interest rates on loans, bank monetary transactions, interest rates on saving account, and ease of obtaining loans (the acceptability of loans terms).

The research findings clearly suggest that the drive towards the ease of banking and convenience are favored by customer and, therefore, banks should find alternative strategic routes designed to improve service delivery (either human or technology based). Bank customers' attitudes towards the human provision of services and subsequent levels of satisfaction will impact on bank switching more than when the same service delivery is made through automation.

Bank managers can use this information to better serve their customers and increase satisfaction in areas that need some attention. The link between service delivery and customer satisfaction is visible in the study results, and financial institutions and bank managers, as a whole, should continue to find effective ways to systematically measure and manage customer sustainable satisfaction and retention. [7]

Sadeghi & Hanzae, (2010) their finding of the study showed that those who use electronic banking services in Iran have a higher educational background. In other words, better educated people use banks electronic services more frequently than others. Moreover, according to the findings governmental banks (Melli Bank and Mellat Bank) have the largest number of electronic services users with saman bank, which is a private bank, being the third. This could be due to customers having more confidence in governmental banks in Iran.

After calculating the variance average between factors (AVE), we found that the accuracy, reliability, image, impression of the bank and management, and web site design are the main grounds for satisfaction. The factors of security and privacy had the least correlation with satisfaction. This might also be due to the confidence customers have in electronic banking services, especially in governmental banks. [8]

Ravichandran K., Mani B.T., Kumar S.A. and Parbhakaran S., (2010) their study suggested that recognizing responsiveness as another form of responsibility is essential to every member of the health care system in order to increase customers' overall satisfaction with banking service. So the study affirms that the service quality level in the proposed study on private banks was at adequate level and the regression on overall service quality lists out the various servqual items which has a spread in all the dimensions of the servqual model.

This result is similar to that of the study by O'Connor et al. (2000). The extent of the quality disconfirmation in five dimensions is based on the order from the lowest mean to the highest mean, as follows: tangibles (.684), empathy (.619), responsiveness (.378), reliability (.243), and assurance (.336). Since all quality disconfirmation scores were positive, the subjects' perceptions (actual) were greater than expectations and the subjects were satisfied with banks service quality in varying degrees. The findings also showed that only responsiveness was found to be significant in predicting overall satisfaction with the banking service ($b = 0.143$, $p = .0003$), although the R-square is .102. Being responsive means being attentive to the needs of customer's in a timely manner. Though prompt service has both an objective and subjective component for both the provider and consumer of a service (Sower. et al., 2001). [9]

Zhu J.D. et al (2010) in their study, they found that Banks are interested in understanding the roles of perceived value, trust, and satisfaction in influencing

customers' loyalty to e-SQ (Harris & Goode, 2004). Our results were consistent with studies of offline exchange, showing that service quality exerts an indirect influence on loyalty, while perceived value exhibits both direct and indirect associations with online loyalty.

This study extends research carried out by DeLone and McLean (1992) on consumer evaluation of service quality because we included information, system quality, and trust as antecedents in this model. The results indicate that perceived e-SQ is composed of three key constructs and four dimensions. The three constructs – information, system quality, and trust – play important roles as antecedents influencing e-SQ. Moreover, our results reveal that different dimensions are influenced by different antecedents. For instance, in addition to informativeness, customers' perceived security regarding receiving promised services at all times, has an impact on information quality.

In terms of practice, the results of the study also have implications. In order to ensure service consistency, online claims and promises need to be matched with physical delivery of these to develop trust and, therefore, loyalty. However, a firm's e-services delivery is constituted by its online presence, and the most easily controllable means of influencing the customer. Thus, firms should continuously maintain, manage, and improve their online mechanisms, to best meet the needs, wants, and demands of both current and potential customers. In this regard, creating and developing websites that users perceive to be providing value and satisfaction, and maintaining appropriate service quality were identified by our respondents as fruitful avenues for those firms interested in enhancing factors linked with customer loyalty. It would appear that the requirements of online customers are similar to those of offline customers.

Further, results suggest that trustworthiness is of significant importance, so that firms should recognize customers' concerns and develop strategies, systems, and websites that further build and maintain trust. [10]

Dixit N. & Datta S.K., (2010) in their study, they found that country like India, there is need for providing better and customized services to the customers. Banks must be concerned the attitudes of adult customers with regard to acceptance of online banking. It is shows that adult customers are more reluctant to join new technologies or methods that might contain little risk. It's also important to note that some adult customers are interested in online banking; however, they do not posses the necessary computer literacy to conduct it. In addition banks should design the website to concern security and privacy issues.

The recommendations to the banks are that they have to increase the level of trust between banks' website and customers. Because customer perception on security and privacy aspect have been seen in the literature. The importance of security and privacy for the acceptance of internet banking has been noted in many banks study and found that people have weak understanding of internet banking, although they are aware about risk. Banks noted that although consumer confidence in their bank was strong yet their confidence in the technology was weak through many studies. It is clear those adult customers are ready to adopt online banking if banks take necessary action. There are following strategies should be applied by banks.

Banks should ensure that online banking is safe and secure for financial transaction like as traditional banking, Banks should organize seminar and conference to educate the customer regarding uses of online banking as well as security and privacy of their accounts, Some elder customers are hindered by lack of computer skills. They need to be educated on basic skills required to conduct online banking, Banks must emphasize the convenience that online banking can provide to elder

people, such as avoiding long queue, in order to motivate them to use it, Banks must emphasize the cost saving that online can provide to the elder people, such as reduce transaction cost by use of online banking.

Adult customer always prefers advanced technology but sometimes lack of knowledge they are unable to access such technologies. The fact that people have positive perceptions about online banking should be treated with great value. This is because one bad experience can result in customer discontinuation of the E-banking service (Jun & Cai, 2001). [11]

Nupur J.M., (2010) found that E-banking is a much talked issue for last few years in Bangladesh and currently gaining patronization for the country by the Bangladesh Bank which is a central bank. However, it is still in the growing stage. Many enthusiastic merchants started e-commerce activities in Bangladesh but due to lack of support from the banking industries.

E-bank fund transfer in Bangladesh is allowed only through clearing house which requires at least two working days to be settled the transaction. E-banking payment will also facilitate the customers to pay their utility bills through ATM, Online banking or SMS banking systems from anywhere anytime even from office / residence at mid-night or holidays. Tomiuk and Pinsoneaults (2001) e-banking environment observation is supported by the study. Gradual process for implementing e-banking, new policies, rules and regulations are being enacted by the Bangladesh Bank. Wise and Ali (2009) observation regarding customer relationship management through automated banking system should be considered by the policy makers.

By stepping into new and aggressive strategy of e-banking, it can make a difference in Bangladesh banking sector. By constantly reviewing its e-banking systems,

policies, process, and prices of its products and services, ensuring various facilities, use of modern technology and establishing a bond with the customers, it could reach in leading position. On the basis of the literature review we go for quantitative test. Empirical results and analysis of the findings proves that the null hypothesis is accepted and the alternative hypothesis is rejected which was stated earlier. [12]

Mishra Uma Shankar *et al* (2010), found that good premises and suitable location of the branch are essential for bank branches for smooth operation of banking business. When the private banks are compared with public sector banks, all the private banks have excellent locations from business point of view compared to public banks. Getting high-value customers or more business from the existing customers is being adapted as the major strategies by the public sector banks, which is not true in case of private sector banks. For providing better service to customers proper training should be given to the staff by the banks. The rate of vanishing customers is higher in case of urban large-sized public sector banks.

The more attractive private banks are able to attract new customers. Public sector banks invest and concentrate more on staff development where as private sector gives more priority on infrastructural aspects. Rigid policy of public banks creates more dissatisfaction among the customers while for private banks mostly the value of service is the key factor of dissatisfaction.

The major reasons for dissatisfaction with public sector banks is the rigid policy, while for the private banks it is mostly service related factors like service charges, interest rates on loans & term deposit and matching to customer's attitude. Again for variables like Attitude of Staff, Speed of Transactions, Decor of the Bank, Physical Facilities, Computerization and Introduction of new & innovative products; the Private Banks are far ahead of their counterparts.

But one variable i.e. Knowledge level of Staff for public sector banks is higher than the private banks. This trend may be evident, as the Private Banks spends heavily on developing infrastructure, but the investment on staff is more in public sector ones, indicated by better knowledge about banking products / services. [13]

Munusamy *et al* (2010) found that Customer value is an asset to the organization. Hence, in order to maintain the customer, the organization needs to ensure that the right products and services, supported by the right promotion and making it available at the right time for the customers. While quality service and merchandise are essential in today's competitive market, it is equally important that a customer experiences the "Wow Effect" that only superior customer service can deliver. A business that caters to their customers' needs will inevitably gain the loyalty of their customers, thus resulting in repeat business as well as potential referrals.

Consequently, it is imperative that businesses get to know their customers. Establishing a professional relationship with customers empowers us with the knowledge of what our customers need. When a business focuses on delivering what is of value to their customers, this will generate the potential for repeat business as well. The feedbacks from the survey is a testament to the customer satisfaction hypothesis most definitely, there exists a positive relationship between reliability with customer satisfaction.

Similarly, the other attributes, such as; assurances, tangibles, empathy and responsiveness all have positive relationship with customer satisfaction. It is far more difficult to measure the level of performance and satisfaction when it comes to the intangible expectations. One of the ways to help obtain loyal customers is by having products and services that are so good that there is very little chance that the customer requirements will not be met. Of course, one of the difficulties in understanding the true customer requirements is that the customer can and will

change them without notice or excuse. Having a good recovery process for a dissatisfied customer is a very important and necessary process for any service organization. [14]

Chung N. & Kwon S.J., (2009) their findings are as follows: First, in this study customer trust has been considered a moderating factor in system and information quality relationship to customer satisfaction. We confirmed Fishbein and Ajzen's (1975) theory of reasoned action, which suggests that cognitive variables (e.g. perceived value and system quality/information quality) are moderated by affective ones (e.g. customer trust) to result in cognitive outcomes (e.g. customer satisfaction). Our findings indicate that trust can play a crucial intervening role in the relationship between perceived value (system and information quality) and customer satisfaction. To truly understand customer repurchase behaviors, multidimensional models, which consider both cognitive and affective variables, are needed. Thus, the concepts of system quality, information quality and customer satisfaction do not substitute for, but rather complement, each other.

Second, the customers in the high trust group show a larger path coefficient from system quality to customer satisfaction than those in the low trust group. This is because low trust customers have less experience enjoying their mobile banking services quality and value, and show more customer satisfaction as a result, than the high trust customers. Meanwhile, the customers in the high trust group, who are accustomed to and familiar with the systems quality, are less affected by it than are the low trust customers. These results indicate that mobile banking service providers should continue to keep their customers' trust in order to retain them.

Third, system and information quality were found to significantly influence customer satisfaction. From a managerial perspective, one way to increase

customers' re-use of the system is to encourage them to use the system. Some barriers may exist when customers face a new system; this means that replacing an old system may be difficult because the customers' assessment that the new system is highly valuable is not always enough to make them switch. Thus, mobile banking service practitioners can attract new customers through special promotions, sales and coupons related to information quality. Once customers begin using a mobile banking service and become familiar with it, they may be inclined to continue, especially when the mobile banking services offer good quality information.

Fourth, the information presentation of mobile banking does not significantly affect customer satisfaction. This represents a current trend in the mobile service market, where most customers regard mobile service use as customary or a daily necessity. This result is understandable when we consider that the commercialization of mobile services began more than 10 years ago. Since then, customers have experienced a variety of changing mobile service functions that affect information presentation value.

Fifth, our empirical results also emphasize the importance of assuming a simultaneous, multivariate analytical approach using PLS. We hope to encourage customer loyalty managers to include e-measures of system quality, information quality, trust and customer satisfaction in their current customer loyalty valuation techniques. The study has provided reliable and valid measures of these constructs. These concise, customer satisfaction related measures, with good reliability and validity may be periodically administered to a representative set of consumers, allowing mobile banking services marketers to enhance their understanding of customer trust levels and take the necessary corrective actions to improve them. [15]

Riquelme H.E. *et al* (2009), Their results showed that despite the level of satisfaction with internet banking, customers are still using multiple channels to conduct their banking transactions. This finding is consistent with other studies by Joseph and Stone (2003), Patricio et al (2003), Kam and Riquelme (2007). This is a challenging aspect for banks that aim at migrating heavy-cost clients to transact via low-cost outlets (e.g. online). Satisfaction may not guarantee that clients will not use other channels.

Customers report to use the online banking facilities for information purposes e.g. check balances (100%), to transfer funds between own accounts (88.1%), check for standing orders (70.8%), to pay bills (68.1%), to transfer funds to others (62.7%), to buy/sell shares (48.6%), request cheques (46.5%), and to stop ATM/ credit cards (42.2%). Most of the customers in our sample use internet banking facilities quite frequently; daily and sometimes two or three times per day. Cross tabulations between satisfaction (satisfied –not satisfied) and number of online banking facilities used were not statistically significant thus not supporting a relationship.

Our findings provide support to the conclusions elsewhere that not all customer service and online systems attributes influence satisfaction equally and more online features drives satisfaction (ForeSeeResults.com, 2005). However, our study's findings defer from Fore Sees's results that found navigation and tasks and transactions the most important features to improve satisfaction. The difference may be due to the observable variables used to measure navigation. In the current study the item perhaps reflecting navigation is "accessibility". In both cases, customers using internet banking reported the highest level of satisfaction with the attribute 'accessibility'. On the other hand, the present study supports the importance of content and functionality found in the Fore See's study assuming that functionality can be interpreted by the variable 'ease of use' in the present study. From the managerial point of view, this stresses the importance of accessibility and

number of features offered to customers as a strategic objective to move clients from transacting at branches to online.

To investigate if more satisfied customers of online banking tend to use more services, more frequently (H3), more of a specific channel of distribution, or differ in their demographics than less satisfied customers, the sample was divided in two groups. An alternative discriminant analysis was conducted on those who had put a complaint online. Only 37 respondents rated the handling of the complaint as unsatisfactory or indifferent. The second group was comprised of 144 respondents who rated the handling of the complaint satisfactory or more than satisfactory.

Overall, contrary to results from an e-service provider in the UK (Transversal) that concludes banks in the UK are failing to take online service seriously (Anonymous, 2006), our results signal that customers are satisfied or very satisfied (86%) with the bank's responsiveness online suggesting that the bank in Kuwait does take Internet banking seriously. Clients of the bank in Kuwait seem to be satisfied with the level of services. The level of satisfaction on average is as high as that found in other studies on Internet banking elsewhere.

It appears from the results that to increase satisfaction of online customers, a company must make sure that clients are treated with courtesy and in a timely manner. Clients also expect to have access to updated information on the bank services, and most importantly, they expect a range of products and services online. The findings suggest less satisfied customers are less technologically ready. Overall, it is encouraging to see that the investment made in implementing web operations in the bank is paying off at least from the point of view of customer satisfaction. ^[16]

Al-Eisa A.S. *et al* (2009), their study showed that the vast majority of the customers of retail banks in Kuwait (nearly 81 percent) are generally satisfied with the services

that their banks deliver. Such a findings could mean that retail banks in Kuwait perform reasonably well in terms of satisfying their customers. However, if it is true that satisfaction and dissatisfaction represent the two sides of the same coin, then that findings should not be viewed as pleasing.

The results indicate that the expectations of about one fifth of the retail banks' customers have not been satisfied. That is, the actual performance of retail banks in Kuwait has not been perceived as satisfactory by nearly 20 percent of their customers. Thus, if ensuring a 100 percent satisfactory performance from the customers' viewpoint (Tanta-kasem and Lee, 2007) or providing "zero defect" service is a strategic goal for Kuwaiti retail banks, then one could rightly conclude that retail banks in Kuwait have not been impressively successful. Taken into consideration the fierce competition in the retail banking market, the percentage of dissatisfied customers should not be viewed as trivial and thus the expectations of these customers merit special attention by the managers of retail banks in Kuwait.

The results of this study also showed that speed in service delivery, courtesy and helpfulness of bank staff and self-banking services are the most critical attributes that influence customer satisfaction with Kuwaiti retail banks and thus together form the best predictors of overall customer satisfaction. These significant and relatively high associations signify that the customers of retail banks in Kuwait expect services that they require to be delivered to them in a short period of time by helpful employees in a courteous manner.

The satisfaction of the customers with the promptness in service delivery as reported here indicates that Kuwaiti retail banks have positioned their offer on time advantage for customers. Prompt service delivery and helpfulness of personnel are characterized as major indicators of the responsiveness dimension of service quality whereas friendly courtesy of staff can be regarded as a surrogate variable of the

assurance dimension of service quality. In addition to empathy, tangibility and reliability, responsiveness and assurance have been identified as interrelated dimensions that customers value when they evaluate service quality in a service industry (Parasuraman et al., 1988).

Empirical studies that have used the widely-known SERVQUAL instrument to measure service quality in different industries and cultures, however, have shown inconsistencies in regard to which of these five dimensions are more important in determining service quality. For retail banks in Kuwait, the present study found that their customers pay more attention to the responsiveness and assurance dimensions of the quality of offered services, and those two dimensions appeared to play a crucial role in predicting customer satisfaction.

The results of this study disclosed that self-banking services are highly important for the customers of retail banks in Kuwait, and this attribute comprises another salient predictor of customer satisfaction. Self-banking services are technology-based encounters and belong to the tangible dimension of service quality. They refer to technological interfaces that allow customers to produce a service independent of direct service staff involvement (Chen, 2005). Examples of such interfaces include ATMs, phone and the internet.

Self-banking services are technology-dependent whereas fast service and courtesy and helpfulness of employees are major elements of the service encounter which is a social encounter. Due to competition and to preserve their market shares, Kuwaiti retail banks have invested enormously in state-of-the-art technology to allow their customers to obtain routine transactions without having to visit their branch outlets. The customers of these banks appeared to value technology-dependent services, but the challenge that the managers of these banks continuously face is that technology changes rapidly and dramatically. To maintain a competitive edge

in the market, these managers need to be updated about technological advances and to invest in those that satisfactorily enhance technology-based encounters with their customers.

In the result section, a significant difference was found between the weighted satisfaction scores of those respondents who are 55 or older and those who are younger than 35 years of age. Though the former group accounts for nearly 8 percent of the sample size, this difference is worth further discussion. To reach a plausible interpretation of this difference, the mean scores of the expectations of the older group and those of the younger group for the 12 attributes identified for this study were tested for differences using the non-parametric Mann-Whitney test.

This finding implies that older customers prefer to transact with their banks in a traditional fashion that involves visiting the bank's premise and have interpersonal interactions with the employees. Younger customers are more inclined to depend on available technological interfaces, and thus they are more of a preference for technology-based encounters. The significance of the results of this extended analysis of the data is that they provide the managers of retail banks in Kuwait with invaluable information about the differences in the expectations of two major segments of their customers. [17]

Trivellas et al (2009), Stated that the analysis of the research data showed that all six quality dimensions have a significant positive effect on overall customer satisfaction. This is something that was largely expected, since the relevant immaturity of the Greek internet banking sector increases the importance of all the quality related customer satisfaction drivers. Among the dimensions, reliability was the one having the strongest impact. This finding, combined with the fact that customers ranked the performance of banks regarding reliability as the lowest amid the quality dimensions, poses a major threat to the wider embracing of internet

banking in Greece. Therefore, bank managers must closely look at how they will ensure that the internet sites of their institutions will provide the service they promise. Reliability of internet services was also found to be a very significant predictor of customer satisfaction in the work of Jun et al. (2004), Lee and Lin (2005) and Yang et al. (2004).

Web assistance, empathy, responsiveness and assurance were proved to have a significant effect on customer satisfaction at similar levels. This means that at this early stage of internet banking use in Greece, managers cannot afford to underestimate the importance of any of the aforementioned dimensions and continuously aim to improve the associated facilities and functionality. The high significance of the impact these internet service quality dimensions have on customer satisfaction has also been illustrated in internet retail settings by the results of other researchers, such as Devaraj et al. (2002) (assurance and empathy), Jun et al. (2004) (empathy), Kuo et al. (2005) (empathy), Lee and Lin (2005) (assurance and responsiveness) and Yang et al. (2004) (responsiveness).

The analysis showed that among the internet service quality dimensions, information quality has the least significant impact on overall customer satisfaction. This is rather unexpected since national statistics (National Statistical Service of Greece, 2004) show that account and credit card information retrieval is cited by customers in Greece as one of the most important facilities of internet banking services. It can be argued that this peculiarity is 'corrected' by the very high significance of the effect of information quality on customer future use intentions. Therefore, bank managers in their aim to keep and expand their internet clientele have to strive for the provision of timely and accurate information, regarding both existing (e.g. accounts, cards) and new (e.g. global market overviews, stock exchange feeds) products. It must also be noted that responsiveness was also proved as a significant antecedent of customer future use intentions.

Finally, web assistance and empathy were the two internet service quality dimensions that strongly affect customers' willingness to recommend internet banking use to other people. This is in contrast with the results reported by Long and Mc Mellon (2004), who found that the core SERVQUAL dimensions of assurance, reliability and responsiveness are major antecedents of internet retail site recommendation to friends. However, their research was conducted in an internet retail mature environment such as that of the USA. On the contrary, the work reported here took place in an internet retail emerging country, where familiarizing facilities such as site personalization and online assistance play a very important role in the introduction of the internet as a new market channel to a population, the majority of which consists of late adopters. [18]

Bravo et al, (2009), the finding of the study indicates that the intention to use new services largely depends on the satisfaction they have obtained before. It is not a secret that financial institutions have been trying for years to obtain customers' satisfaction with the aim of increasing their loyalty and reducing their sensitivity to the competitors' actions (Angelis et. al., 2005).

Furthermore, bad experiences that produce dissatisfaction tend to have a psychological impact on consumers and are more long-lasting than good experiences (Howcroft, 1991). The results obtained in the present work justify the importance given to satisfaction, since it explains to a great extent the individual's intention to use again the services of a bank or savings bank.

Nevertheless, results indicate that intention of use, for both present and new customers, also depends on corporate associations. Thus, the effect of global image on intention of use will be both direct and indirect through satisfaction. On the other hand, accessibility to the services and personnel directly influence the intention to use the services of an organization again, and its effect is not mediated by satisfaction. Settling an open debate, it is shown that the mediating effect that

satisfaction exerts on the relationship between corporate associations and purchase behavior will depend on the type of associations under exam. ^[19]

Chakraborty et al (2009), their finding of the research explored the influence of three drivers on the dimensions of true loyalty (Day, 1969; Dick and Basu, 1994; Rowley, 2005). Of the three, two new drivers were tested on the dimensions of true loyalty – Stake and Value of Switching. These two concepts along with overall Satisfaction were tested in a model to determine the relative effect of the three independent variables on the Behavioral Response dimension of loyalty as well as the attitudinal dimensions – the affective dimension of Commitment to the People providing the service and the rational dimension of Commitment to the Institution providing the service (Fullerton, 2003; Hansen et al., 2003). It was hypothesized that there would be differential influence by the drivers on the dependent variables. The hypotheses were supported. To our knowledge, this is first time the concepts of Stake and Value of Switching have been tested to determine their effect on true loyalty.

Behavioral Response dimension, which is the basis for spurious loyalty, was positively influenced not only by Satisfaction but also by the Stake in the relationship and inversely influenced by the perceived Value of Switching. The attitudinal dimensions of loyalty as measured by Commitment to the Institution with whom the customer has a relationship and Commitment to the People providing the service are not only positively influenced by Satisfaction but also by one additional driver. The perceived Value of Switching inversely influenced the Commitment to the Institution. Stake in the relationship positively influenced Commitment to the People providing the service as well as Satisfaction. All three independent variables – Stake, Satisfaction and Value of Switching – had a significant impact on the Behavioral Response and the Commitment to the Institution dimensions of loyalty. ^[20]

Kumar M. *et al* (2009), their study used the technique of factor analysis to develop the SERVQUAL model for Malaysian banking sector. Further, it examines the relative importance of each extracted service quality dimension in narrowing down the gap between customers' expectation and their perception by using the dominance analysis technique. All the four service quality dimensions tested recorded negative gaps indicating the level of service quality the customers' receive are significantly lower than their initial expectation. Among the four dimensions extracted from the factor analysis, tangibility has a lowest gap implying that the customers are rather "satisfied" with the banks' infrastructures but with room for better improvement especially on the "neat appearance of staff" which has the largest negative gap among the four statements in tangibility dimension.

The next smallest service quality gap is reliability, indicating that the respondents perceive the banks' ability to perform the promised services dependably and accurately close to what they expect. In other words, the banks are reliable especially on their staff keeping promises. The dimensions that recorded the largest significant gap are competence and convenience. These dimensions are very much related with human factor such as the ability for banks to understand and give individualized attention, willingness to help customers and provide prompt services. For example, majority of the respondents felt that banks are not having convenience operating hours as they operate only from Monday to Friday between 9.30 a.m. to 4 p.m. Another concerning issue is that banks are not sensitive enough in providing special services or having special counters for elderly or disabled customers. [21]

Rod Michel *et al* (2009), Their outcome presented a model to explain how three dimensions of internet banking service quality influence perceptions of overall internet banking service quality, and how these overall perceptions of internet service quality influence customers' satisfaction. All hypotheses were confirmed

albeit with H3 marginally. Our results suggest that online information system quality is a significantly stronger predictor of overall internet banking service quality than both online customer service quality and banking service product quality individually and when combined.

The significant relationship between online customer service quality and overall internet banking service quality indicates that the quality of customer service is important for banks in the context of internet banking. Even in the absence of face-to-face interactions, reliability, responsiveness, tangibles and empathy are still important to customers. These dimensions directly affect customer perceptions of overall internet banking service quality which influences overall customer satisfaction with the bank.

Online information system quality is also significantly related to overall internet banking service quality perceptions. A high-performance information system enables customers to conduct banking transactions on their own through the computer system. Without direct interaction with bank staff, ease of use, accuracy, security, timeliness, contents and aesthetics are critical to enhancing customer perception of overall internet banking service quality. The strong positive association between overall internet banking service quality and customer satisfaction suggests that when overall internet banking service quality is perceived to be high, customers are more likely to be satisfied with their online service and consequently will be more satisfied with their bank. Overall, the contribution that this research makes is in examining five relevant and important constructs in one model.

The research findings suggest a number of implications for online banking services management. This includes the need for managers to acknowledge that the provision of online service quality is an expectation of bank customers.^[22]

Khan M.S. & Mahapatra S.S., (2009), explored the service quality of i-banking operative in India from customer's perspective. It is observed that customers are satisfied with the reliability of the services provided by the banks but are not very much satisfied with the dimension 'User friendliness'. A seven-dimension model using regression analysis is developed for measuring the overall service quality of i-banking. The result indicates that the two dimensions, viz. 'Privacy/Security' and 'Fulfillment' are not contributing significantly towards the overall service quality.

This is an implication that the customers feel that bankers fail in providing the services on these two dimensions satisfactorily. It is also observed that the opinion of male and female of business class differs from the other classes. The i-banking is going to be very crucial for India, having increasing percentage of younger generation population with computer literacy. Since research on service quality in i-banking is still in its infancy and the relevant literature is scarce, therefore the insight gained in this study may offer a foundation for future research on self-service technology and provide useful recommendations to the bankers for improving the i-banking services.

The limitation of this study is that the result should not be generalized, as the service quality of i-banking has been tested in urban India. Furthermore, a small sample may not be the representative of the whole population and hence, in future, the research can be conducted by taking a large sample to facilitate a robust examination of the service quality of the i-banking. The future study can also be conducted to identify the relative importance of each dimension.

The extension of this study can also include the providers (bankers) perspective to have a better understanding of the problem domain. Validation of model and extension of the results to other industries and also to different cultures are some of

the future directions in which the academics and the practitioners can work with to enrich the service quality literature in i-banking.^[23]

Lio Z. & Cheung M.T., (2008), the study conclude that Internet banking to become significantly more important in the increasingly technology and information-based global economy. Financial institutions must therefore deliver ever-better service quality in their online operations and products. Given that a large number of service-quality attributes can potentially affect consumer attitudes toward Internet banking, the theory of bounded rationality suggests that the high decision cost entailed in the pursuit of service-quality enhancement in each and every direction would be reduced if the opportunity set is rationally made smaller. To this end, we have proposed a framework under which service-quality attributes are reduced to a core subset on the basis of both analytical and empirical considerations. The resulting core framework can then be applied to decision- cost-effective and empirically prioritized management in Internet banking, especially with regard to market development.

Significant analytical and statistical grounds exist to justify the introduction of perceived usefulness, ease of use, reliability, responsiveness, security, and continuous improvement into the core subset. The idea of empirically testing bounded-rational model construction can also be extended to evaluate re-specification of the core subset in response to shifts in the business and/or technological environment. If bank-user perceptions and preferences are found to change with regard to certain core attributes, empirical results obtained in this exercise can be exploited by marketing managers to attract more customers to online banking. ^[24]

Chau et al (2008), their results were consistent with the opinion of Crisp et al. (1997) that older individuals have to exert more cognitive and emotional effort to learn

new behaviors and dissociate themselves from their daily routines. These also support Katz and Aspden's (1997) findings that the internet banking segments consist mostly of younger customers. Although people aged 30-39 years have a less positive attitude and intention towards using IBS than the younger group, they have a more positive attitude and intention than the other two age groups (aged 40-49 and 50 years). Those aged 30-39 years have been in their careers for some years, and have higher levels of income than those of the younger group, who are typically highly mobile in their early careers. This inevitably leads to a variety of financial service requirements of the people aged 30-39 years. This supports the assumption of Lewis and Bingham (1991) that attracting young customers should be profitable for financial institutions in the future.

The younger customers' disposable incomes are seen to be low (relative to non-younger customers), but their discretionary incomes and purchasing power are high. We suggest that IBS marketers see the longer term gains by attracting young customers as "future revenues" which can be generated from loyal customers. With the growth of the IBS younger customers segment, IBS marketers must focus on comprehending this target customer base and deliver consistently to their specific demands. In the case of our sample (university students), the offer of student and graduate account benefits (e.g. interest-free overdrafts, offer of credit cards, and discounted loans and mortgages, etc.) is strongly encouraged. The exact composition of such account benefits may be the result of further market research into what exactly graduate students require.

Moreover finding of the study stated that the significant difference in the perceptions, attitude and behavior of young customers (aged 16-29) towards IBS than any other age group in the study. We therefore argue that there is value in focusing marketing effort on this segment of the financial services industry, particularly as they provide the greatest promise of future profitability. As we find

that customers are more likely to be retained once they use IBS, so similarly marketing effort should also be asserted to retain existing customers as well as attract new ones. The research has confirmed prior expectations about service quality and loyalty, and we continue to advocate such a need for the continued development of IBS website quality for the long-term benefits of the bank and retention of young customers. [25]

Krauter *et al*, (2008), they concluded that the results of this study provide strong support for the proposed influence of internet trust on risk perception and consumer attitudes toward internet banking. We conceptualized internet trust as trusting beliefs in the reliability and predictability of the internet and the willingness of the consumer to depend on the internet with regard to economic transactions and thus did not include any characteristics of the bank or the bank's web site in our definition. In the original survey, the variable bank trust also was included, as we expected it to influence the adoption of internet banking as well.

In a rival structural model (the results are not reported in this paper) trust in the bank was included as another antecedent of the attitude toward internet banking. Bank trust did not show any impact on the attitude toward internet banking and there only was a small inter correlation between bank trust and internet trust.

Thus it can be concluded that trust toward the bank or the internet vendor in a broader sense and trust toward the internet must not be confounded or treated as different dimensions of the same construct "online trust", but have to be regarded as two distinct constructs that influence online consumer behavior in different ways. Another contribution of this study to the trust literature is the confirmation of the hypothesized impact of propensity to trust on internet trust as a specific form of technology trust. The question if the psychological concept of dispositional trust or propensity to trust is extendable towards technical systems is controversially

discussed in the literature (Kaluscha, 2004; McKnight et al., 2002; McKnight and Chervany, 2002).

Our findings assert that not only people may be the object of dispositional trust, but trust propensity might be a generalized tendency both across different situations and different objects of trust. In addition, this study has shown that the adoption process of internet banking is not a mere question of web design, or actions dedicated to diminish perceived internet risk, but that it is a complex psychological process in which predispositions in the personality structure of potential internet users play a significant role.

Thus, even if bank managers might devote valuable efforts to design web site interfaces with improved usability and security in order to enhance internet trust and reduce the perceived risk, these steps are likely to have diverging success among internet bank customers, depending on their personal predisposition. In practice however it is quite difficult for bank managers to assess the personality scores on the trust facet of their customer base as a whole.

Therefore, in the long run in order to enhance trust in internet banking and to reduce the perceived risk there might be no other means than actions in communicating the reliability and predictability of the internet banking system. This contains detailed information about the use of security features already in the instruction phase for the internet banking user, furthermore regular information up-dates for customers about security improvements, and also high-publicity events such as public lectures, research grants, etc.

Negative headlines concerning internet banking, as lately happened in Austria, where phishing-attacks with misuse intentions have caused high uncertainty

among internet banking users, have to be counterbalanced by overt efforts to improve security and to re-gain customer trust. [26]

Polasik M. & Misniewski P.T., (2008), the study sought to identify empirically the factors underlying the decision to adopt online banking in Poland. The analysis presented here is based on a large sample of respondents and considers the impact of numerous variables, such as internet experience and connection mode, perceived security, exposure to marketing campaigns, experience with other banking products, and socio-demographic characteristics. A binomial logistic regression has been employed to econometrically pinpoint the determinants of the adoption status. Not only does our inquiry concur with the conclusions of earlier studies conducted in developed economies, but also uncovers statistically significant factors that were rarely investigated in the prior literature.

It has been documented that a high level of perceived security in cyberspace is necessary to foster further acceptance of online banking. Furthermore, customers who are familiar with other electronic distribution channels, such as mobile banking or payment cards, show greater proclivity to open an internet account. Promotional campaigns appear to be essential to the process of gaining widespread acceptance, and internet users have been shown to be receptive to banks' marketing efforts. The more technology-savvy they are, the higher the probability of them conducting banking operations via the medium of internet. In particular, the usage of internet for work and shopping, the duration of use, and number of years of schooling were important predictors of the adoption status.

Demographic characteristics also seem to exert an influence on the phenomenon under investigation. The likelihood of banking online is correlated with the urbanization of the area of residence, educational attainment and the age of the respondent. In general, minors and mature individuals over the age of 65 were less

positively disposed to an internet account. Last but not least, the findings indicate that respondent's gender has a statistically significant impact on the decision to conduct banking operations on the internet.

Although the Polish consumers exhibit similar preferences to those observed in more developed countries, certain problems pertinent to further advancement in online banking do exist. Presence of infrastructural barriers coupled with lower income per capita and lower saturation with basic banking services may be viewed as a hindrance.

The process of overcoming these obstacles may take several years and is closely linked to future economic growth and educational efforts in the field of information and communication technologies. It would be reasonable to assume that the diffusion of internet banking services in Poland will track the historical record of the European Union old member states. [27]

Al - Hashash K., (2008), The research results proved that there is some factors influence customer in Kuwait is not satisfied. Marketing manager should seek to improve the area where customer is not satisfied to improve customer retention. The research findings clearly suggest that the drive towards ease of banking and convenience is favored by the customer and, therefore, banks should find alternative strategic routes designed to improve service delivery (either human-based or technology-based). Bank customers' attitudes towards the human provision of services and subsequent level of satisfaction will impact on bank switching more than when the same service delivery is made through automation. The link between service delivery and customer satisfaction is patently visible in the study results and financial institutions should continue to find effective ways to systematically measure and manage customer sustainable satisfaction and retention.

Customer care and customer retention programmes should take into consideration that the increased “push” towards the provision of convenient, easy and fast banking services is closely associated with the human and technology based delivery processes. More importantly, they are greatly linked with the customers’ perceptions of how these bank services are delivered to them. These perceptual outcomes will, in turn, affect the level of bank customer satisfaction ratings, retention and switching rates. In summary, the current study suggests that in general customers in Kuwait (Muslim and Non-Muslim) are satisfied with services provided by retail banks. The ANOVA test show slightly differences between Muslim and non-Muslim customer in their degree of satisfaction.

Muslim customers are mostly satisfied with: Availability of ATM in several locations, Safety of funds, Easy to use ATM and The quality of services provided. while Non-Muslim customers are mostly satisfied with: Availability of ATM in several locations, Phone account access, Safety of funds, Ease of opening a current account and Bank image and reputation.

The lest factor that Muslim customers are satisfied with squinty are: Services prices, Interest rate on saving account, Interest rate on loans and Ease of obtaining loans. while Non-Muslim lest ranking of their satisfied with squinty are; Interest rate on loans, Bank monetary transactions, Interest rate on saving account and Ease of obtaining loans (the acceptability of loans terms). [28]

Acharya *et al*, (2008), this study utilized two different statistical procedures (a structural equation modeling and an econometric procedure) in constructing online banking and profit efficiency indices. Since online banking is an evolving concept, it is defined as a latent construct and estimated using web application data collected from community bank websites. A parametric approach, initially proposed by Jondrow et al. (1982), is employed to determine bank level efficiency measures from

an alternative profit efficiency frontier estimated using financial data. The relationship between online banking intensity and overall bank performance is evaluated by regressing profit efficiency measure against a number of variables including online banking intensity index. Consistent with the prior studies, model estimates show that community banks with a wider range of online banking services are more proficient than those with limited web presence (DeYoung et al., 2007).

These results indicate that online banking is an important strategic option for competitive positioning of community banks. The implementation of a wide array of web-based products by community banks allows these financial institutions to compete for customers that may traditionally be outside the “local” market. As the level of customer affinity to web-based banking services increases, along with a demand for services of this type, the community bank should design a product mix that improves profit efficiency while engendering enhanced customer service quality. This type of strategic direction will expand the customer base of the firm in general and the market segment that is demanding robust online services in particular. [29]

Wong *et al*, (2008), the Outcome of the Study showed that banks are performing relatively well in terms of their appearances (tangibles), and in building trust and confidence with their customers (assurance), while relatively poorer in providing prompt service (responsiveness), individualized attention (empathy), and dependability and accuracy (reliability). Measuring the size of the service quality gaps is important in determining how satisfied or dissatisfied customers are with the bank’s service. The question now arises on the bank’s resource allocation in dealing with these levels of satisfaction.

Quadrant analysis of service quality dimensions Traditional service quality dissatisfaction – which of these gaps need to be given attention first, and how much attention. The simple notion is to prioritize resources according to the size of each service quality gap. That is, that the dimensions with the largest service quality gaps should gain the most attention of resources in order to close the gap, while the dimensions with the smallest gaps should be given a lower priority and allocation of resources.

This however is a fallacy as it neglects to analyze the most important aspect of service quality – how important that gap is to the customer. It may be that a large gap exists for a service dimension, but if the overall magnitude of the customer's expectations is relatively low, that dimension should not receive more attention than another dimension with the same gap but has a higher customer expectation. The latter case should be dealt with more fervently by the bank than the former case.

To account for the differences in magnitude of expectations for the five dimensions of service quality, it is necessary to first calculate the mean ratings for expectations and perceptions across the five service quality dimensions and re plot the quadrant analysis matrix with these means as the dividing lines between quadrants in the matrix.

The resulting quadrant analysis shows each service quality dimension plotted using its difference from the mean expectations and perceptions across all five dimensions. Points in quadrant one would indicate a higher than average expectation of the service and a lower than average perception of the same service. Points in Q1 should receive the most attention in closing or minimizing the service quality gap.

The second priority would be the points that lie within quadrant two (Q2). Points in this quadrant have a higher than average expectation, but also have a higher than average perception. These points should receive second priority in resource allocations needed to further minimize or close the gap and to maintain or improve service quality. Quadrant three (Q3) indicates a lower than average expectation with also a lower than average perception, while quadrant four (Q4) indicate a lower than average expectation but higher than average perception. They should receive third and fourth priorities respectively. In this analysis, we note that there are no points within Q1, but two points within Q2.

These two dimensions of service quality – namely Reliability and Assurance, should receive the highest priority and most attention from the banks. Despite Assurance having a relatively small service quality gap (as found in the first analysis from Figure 2), the high expectation by customers for the bank to perform well in this dimension makes it an important gap to close. Reliability of the banking service also holds a high expectation from customers, and its relatively larger service quality gap further accentuates its needed attention.

Responsiveness and Empathy are the next dimensions to be dealt with that fall in Q3. These dimensions should receive lower priority in resource allocation than the dimensions in Q2 described earlier. They have moderately large service quality gaps, but lower than average expectations.

Tangibles should receive the lowest priority in resource allocation as it falls within Q4, where despite still having a small service quality gap, this dimension is characterized by lower than average customer expectations, while being perceived as performing higher than average. ^[30]

Benamati *et al*, (2007), the primary recommendation of this study suggested that banks should build trust but not ignore the powerful synergy of consumer distrust. Distrust must be acknowledged and embraced. Means for allowing customers to have a healthy level of distrust should be developed and included in banking offerings. Ultimately, banks must accept that the Internet is simply another channel that customers can use to handle their finances. The reality is that some customers will readily adopt online banking, some will take longer, and some will never accept it. In the spirit of trust and distrust, customers will accept those channels with which they are comfortable and reject those that instill fear and concern. Effective banks will determine how to nurture relationships with their customers within each of these channels, while taking advantage of selling customers added services that they want or need. [31]

McDonald *et al*, (2007), they Concluded that the customer satisfaction is not a prime motivation for instituting CSR programs, research linking CSR strategies with positive customer outcomes, such as loyalty, has led to the expectation that these strategies generally have positive flow-on effects for customers. Yet researchers have failed to consider whether these strategies do indeed impact customer satisfaction levels. Banking industry surveys have led to the identification of a mismatch between consumer satisfaction levels and massive spending on CSR programs (e.g. MUFG in Japan). Given both the increasing investment in CSR strategies, and the fact that customer satisfaction mediates firm market value, further research is warranted. In view of research suggesting that retail banking customers prefer initiatives that create direct customer benefits compared to those that have broader social impacts, this paper has contended that funding directed towards customer-centric initiatives may create better customer satisfaction outcomes than CSR initiatives. A reduction in the proportion of dissatisfied customers would enable banks to reduce customer churn (Manrai and Manrai, 2007), thus increasing share and profits (Sweeney and Swait, 2007).

As well as identifying that research has yet to consider the impact of CSR strategies on customer satisfaction levels, we have also identified the omission of research on the differential impact of CSR initiatives on consumer effects, including satisfaction. This is surprising in view of the dominant model of CSR dimensions used, that discussed by Bhattacharya and Sen (2004). Identification of a hierarchy of customer-preferred CSR initiatives will enable banks suffering from low customer satisfaction levels to fine-tune their CSR programs, directing efforts to those initiatives likely to not only benefit the broader community, but also customer satisfaction levels.

- This paper puts forward a series of propositions for testing in future research. We first predict, congruent with Soderlund (2006), that banks' increasing investment in CSR programs may not represent the best investment in terms of increasing satisfaction. Instead, we propose that customer-centric initiatives, those that more directly benefit customers, may achieve better customer outcomes than CSR initiatives. Second, as research (Chakrabarty, 2006; Manrai and Manrai, 2007) has identified a number of customer-focused initiatives that determine overall customer satisfaction, a hierarchy of customer-centric initiatives, congruent with Manrai and Manrai (2007), has been proposed to differentially impact customer satisfaction. Third, from the examination of Auger et al.'s (2006) hierarchy of consumer preferences for social and ethical issues, and using Bhattacharya and Sen's (2004) CSR dimensions, it was contended that a hierarchy of CSR initiatives exist, with some having better outcomes for retail banking customer satisfaction than other initiatives. [32]

Malhotra *et al* (2007), they found that the rate at which innovations are adopted by firms constitutes an important part of the process of technological change. Investigation of firm-specific and market-specific characteristics, which influence decision to adopt innovations, has long been recognized as an important area of study. An understanding of the factors affecting this choice is essential both for

economists studying the determinants of growth and for the creators and producers of such technologies. There are a number of studies on adoption of new technology, but only a handful of studies look specifically at the financial services industry.

Using data on Internet banking adoption by banks in India, the present study is an attempt to examine the factors affecting the probability of adoption of Internet banking in India. The results indicate that larger banks, banks with younger age and banks which have large amounts of deposits are found to exhibit a higher probability to adopt Internet banking. On the other hand, banks with lower market shares and branching intensity and higher expenses for fixed assets and premises also tend to adopt Internet banking. Thus, the banks have used Internet banking as a complementary channel to the existing branch network with an intention to increase the market share and lower the expenses. The category of the bank is quite important in affecting the probability of adoption of Internet banking. In particular, it has been found that private banks (both domestic and foreign) tend to adopt Internet banking quicker than public sector banks.

The adoption of this innovation by other banks increases the probability that a decision to adopt will be made. The least important variable is profitability. The results reported are consistent with the theoretical predictions, thus validate the underlying model. [33]

Srivastava, (2007), reveals that the perception of the consumers can be changed by awareness program, friendly usage, less charges, proper security, and the best response to the services offered. The study also provides the kind of correlation between different factors. As per our basic assumptions we consider only those consumers who know how to use Internet and have an access to Internet, and our study considered only the situation wherein banks provide Internet banking

services. By grouping the variables less than one relevant question may result in proper implication for the bankers.

This research pointed out that there is a significant difference between educated users and educated non users. Academic people use more internet banking. This factor was not studied by earlier researchers. This becomes important in a country where the level of education is not very high. Gender also does play an important role in acceptance of internet banking. This study revealed that males are more internet banking users compared to females. Again small research was done on the internet banking usage and the role of gender. Similarly, this study also revealed that people of higher income group are more Internet banking users.

However, religion and choices of internet banking by user are independent of each other. This study corroborates earlier finding of Back et al. (2001) concerning those people who do not use Internet banking and believe that manual banking is more convenient. This age old habit has become so strong that even such quick and efficient mode as Internet banking has not been able to change it. The reasons are that manual banking offers human interaction and more flexibility. There is no motivation which would push them to use Internet banking services as they have a strong belief that manual banking is easy and convenient to use.

In case of the consumers who don't use Internet banking services, having all facilities at their disposal, technology was not the biggest issue. The first thing that all bankers should concern about is the requirement of awareness. Even though these people are inclined towards the manual banking, these can be turned to potential customers, it is well proven thing, which says the surrounding influences the individual's behavior or in India only environment that surrounds the public determines the behavior and decisions of the individuals. So if consumer sees most

of their colleagues or friends who surround him using Internet banking then it may influence his decision to follow Internet banking option. [34]

Sohail *et al* (2007), the results of the factor analysis in the present study produced three dimensions. While this result reveals that “efficiency and security” is the most influencing factor in users’ evaluation of service quality, the factor group produces a combination of diverse measures which may be due to the highly correlated nature of service quality dimensions. Efficiency in internet banking mainly involves download speed, which in turn involves users in completing a transaction quickly. Findings of the present study support the results of research by Hoffman and Novak (1996), which a significant correlation between web site download speed and perception of superior service quality. While speed is of concern to users, other important factors are the ease of acquiring needed information and the organization of the information on the site itself. Banks should strike a balance between attractiveness and speed, ensuring that there is no usage of extensive high-resolution graphics. The role of host server is also important as this significantly affects efficiency. Technological developments in recent times have greatly assisted banks, as the speed of downloading has increased in Saudi Arabia.

Security, which involves protecting users from the risk of fraud and financial loss, has been another important issue in safe use of the internet when conducting financial transactions in Saudi Arabia. A number of studies have pointed this out as a key evaluative criterion in online services (for example Culnan and Armstrong, 1999; Hoffman et al., 1999; Quelch and Klein, 1996). Banks in Saudi Arabia have used numerous features to boost the confidence of online user, such as advanced encryption technology, employing a method whereby five minutes of inactivity automatically logs users off the account or requires users to provide a combination of different unique identifiers.

The second important factor in internet banking users' evaluation of service quality as identified in this study is labeled "fulfillment". In an online context we include the dimensions of technical reliability under this factor. This finds support in the work of (Zeithaml et al., 2002). The findings of this study are supported by Wolfinbarger and Gilly (2003), who found that reliability/fulfillment ratings were the strongest predictor of customer satisfaction and quality and the second strongest predictor of loyalty/intentions to repurchase at a site. Reliability has also been cited as an important factor in electronic service quality (Palmer et al., 2000).

Finally, the third factor identified in this study is that of responsiveness, which is deemed important in evaluating internet service quality. Measurement of service quality generally for service delivery through web sites and particularly for online banking services is in its early stages; published scholarly literature is minimal, and hence it is difficult to make comparisons. However, in other literature responsiveness is regarded as having a significant relationship with online service quality (Mulvenna et al., 2000). Another study examining the usage of online retailers found responsiveness as a key indicator of service quality (Griffith and Krampf, 1998). [35]

Sayar *et al* (2007), their findings stated that differences between the two countries regarding their banking sectors and technological infrastructures are not reflected in the two countries provision of internet banking services. Despite the clear leadership of the UK in these areas, internet branches of Turkish banks offer services as developed as their British counterparts; furthermore it can be said that Turkish banks are more advanced in terms of service diversity. Analysis of the internet branches of British and Turkish banks in the sample reveal that the service range of British banks is concentrated mainly around information (statements and balances) and money transfer (from the account of the user to make bill payments) services followed by credit card services. On the other hand, in addition to these,

Turkish internet branches have a large portfolio of investment transactions and other convenience services like payments of insurance premiums, traffic fines, university fees and online top ups for mobile phones.

The differences in the banking cultures between the two countries may be claimed as one of the main reason for this. For example, since UK customers allocate a large proportion of their incomes to mortgage payments and/or ISAs, banks have fewer incentives to offer investment services like mutual funds, equity or foreign exchange type transactions. One other aspect arising from the banking culture differences is the availability of traditional branches. In Turkey, bank branches operate only on business days and within business hours, when the majority of customers are in their offices and do not have the opportunity to visit a bank branch. Those branches that are open during lunch breaks and weekends constitute only a minority and are not geographically widespread. In the UK, on the other hand, branches are open during lunch breaks and this decreases the necessity for internet branches to offer every type of transaction that is done through the traditional branches.

Another reason for differences may be the strong appetite of Turkish banks for technology, which has been clearly evident since the time when ATMs were introduced in the late 1980s. Once having the necessary infrastructure for internet banking in place, the variety of services offered in the internet branches have been presented by banks as an important aspect for differentiation, competitive advantage and superior service quality. Consequently, Turkish banks are continuously adding new transactions to their internet branches without proper consideration of a cost-benefit analysis or demand from customers. In other words, functional variety is the result of “push factors” created by the banks, rather than pull factors (i.e. created to meet the needs and demands of customers).

The final main difference is the approach taken to security. Faced with the same problems about the privacy of customers' financial information, Turkish banks choose a technology oriented approach like one-time-passwords, special software and SMS alerts, whereas, British banks choose to discourage malignant third parties by making it difficult for them to learn the necessary information (passwords, memorable data, etc) to access the accounts of customers. This difference may also be attributed to the "technology-bias" of Turkish banks. [36]

Mahdi *et al* (2007), highlighted the import of social-political context in shaping the uptake and introduction of new technology in the Sudanese banking industry (SBI). Policy initiatives can set an agenda for change, but the actual implementation and consequences of change for local operating practice is enabled and constrained by a range of contextual elements – for example economic sanctions imposed by powerful industrialized economies; limitations to the infrastructure, such as in the supply of electricity; recruitment and retention of skilled banking employees; bank ownership and the influence of family business concerns, such as unwillingness to invest appropriate funding or the appointment of relatives to senior positions; decision-making responsibilities within Sudanese banks, and the differing vested interests of senior management and IT managers – all shape the process and outcomes of technological change in the development of the SBI.

Many of these socio-political and cultural issues are linked to the nature of developing economies, which do not have the political stability, supporting infrastructure, financial support and economic power of more "advanced" industrialized nations. There are a different set of circumstances that have to be accommodated in the development of policy and the implementation of change in the pursuit of upgrading financial banking services in the Sudan. For example, a number of internal and external contextual factors including bank ownership, international sanctions and telecommunications infrastructure have in various ways

constrained the process of technological change in the Sudanese banking sector. In terms of management issues, nepotistic or politically motivated appointments emerged as an important factor shaping change.

Other concerns centered on lack of technology awareness, lack of quality management, fear about security, small technology budgets or funds, and a failure to retain qualified and experienced staff. In addition, there are also a number of constraints on staffing and in particular, on the poor levels of training for new recruits and the lack of staff development programmes for more experienced and able banking staff. Other staff issues included: lack of qualified and experienced IT employees; staff turnover; and resistance from older employees to IT change initiatives.

The historical legacy of Sudanese banking, current systems and infrastructure, and banking management, have all had major implications for the development of a sound banking industry in Sudan. This highlights the need for bank GMs and IT managers to collaborate in establishing IT strategies and to ensure that they commit sufficient staff and budget resources to managing the change from more traditional manual banking methods to more advanced computer-based banking systems. As such, managing technological change is not simply a technical problem, but also a complex socio-political process that requires management to carefully consider contextual barriers to change.

These findings draw attention to the importance of formulating and implementing policies that go beyond a "technical-fix" type approach, to policies that are contextually aware in seeking to accommodate social and political issues whilst also being sensitive to practical economic constraints. It is through this broader understanding of technological change in the development of policy and implementation strategies, that an environment in which the Sudanese banking

mode accommodates or rejects all or some of the past values. Prior research has also shown that some people have phobia for change, and will avoid change if they can. This plausibly explains why more compatible IB systems will be adopted, and vice versa. Complexity also has significant relationship with intention to adopt internet banking. This result corroborates the findings of Cheung et al. (2000).

This study suggested that easy to use technologies should be put in place in order to enhance adoption. Another component of attitude supported in this study is trial ability. Thus, potential adopters will be more inclined to adopt internet banking if they can try it out first. Surprisingly, risk has no significant influence on adoption. A plausible reason for this outcome could be the tight security impression the banks in Malaysia have managed to sell to customers, which may have resulted in perceived risk not being a top issue when considering adoption. Some of the banks boast of the latest 128-bit encryption technology to allay fears of security among consumers (Suganthi and Balachandran, 2001).

Lastly, internet banking adoption is anchored to utilitarian outcome rather than hedonistic outcome. Thus banks should minimize the hedonistic content of their internet banking sites as hedonism is not a salient usage factor. Since customers attach greater importance to the transaction related features of the IB website rather than the entertainment features, a good strategy to enhance adoption would be to emphasize the former and minimize investment in the latter. Since the process of downloading the entertainment features in a website takes time and slows down the transaction circle time, cyber banks will increase efficiency by reducing or even eliminating unimportant hedonic features.

Marketing experts had long advised that businesses should provide services and features that add value to customers. Therefore, since the internet banking users as shown in this study do not see much value in the entertainment features of the

system, it will benefit both the customer and the firm to minimize them, and in their places improve on the transaction-related features. It is important to jog the mind of cyber bankers that creating value that are not needed or appreciated by customers is worse than not creating value that customers need, because the former will not only leave in its wake dissatisfied customers just like the latter, but also make a waste of the firm's resources that have been channeled towards creating such value.

In conclusion, this research argues that customer attitude and the features of the internet banking site can help in creating internet banking acceptance among Malaysian bank customers. Specifically, the following strategies would assist in consummating greater diffusion of internet banking in Malaysia: enhanced salience of internet banking to customers' banking needs, greater compatibility of internet banking to customers banking norms and lifestyle, less complex and easy to use system that does not require a lot of mental and physical efforts to accomplish banking task, and opportunity for adopters to experiment with the system before making any long-term commitment.

Besides the above attitudinal factors, system's design factors to be considered in developing strategies for enhancing internet banking adoption in Malaysia should be transaction related. For example, easy to read, comprehensive information or instructions on the site, prompt processing of transactions, fast downloading/uploading of materials, interactivity, customization, and website semblance with the actual bank are important. On the flip side, de-emphasizing hedonic features such as background music, animation, cartoon, advertisements, promotional jingles, and so on, that could potentially distract the user are also effective strategies for promoting internet banking adoption. [38]

Pikkarainen *et al*, (2006), they tested the end-user computing satisfaction (EUCS) model in an online banking context. With a survey sample of 268 respondents the

EUCS model was tested and modified to suit the data. The main findings reveal that from the original EUCS Mean S.d. Overall, how satisfied are you with the use of online banking?

Furthermore, our results showed that users were satisfied with online banking services. However, users were less satisfied with the information and reports available from online banking services. In light of the results it can be argued that although overall satisfaction with online banking is high, certain areas such as the presentation of information on sites should be developed. When looking at the effect of background variables on computing satisfaction, it was found that women are more satisfied with online banking than men are. In addition, income level also had an impact on satisfaction. The higher the income the less satisfied users seem to be. Finally, older users seemed to hold more positive views about online banking services than younger ones. [39]

Gerrard *et al*, (2006), the study has identified the various factors which explain why certain consumers are not using internet banking. The two most frequently mentioned factors were perceptions about the risks associated with internet banking and the lack of perceived need. Other less frequently mentioned factors were lack of knowledge of the service, inertia, inaccessibility, lacking the human touch, pricing and IT fatigue.

The findings suggest that marketing campaigns which aim to encourage consumers to become internet bank users are likely to attract more males, the higher income groups, the better educated, those who have already used the internet to buy services and/ or goods and those who are knowledgeable about internet banking.

These findings provide a base for bank marketers to consider ways of expanding the number of consumers who use internet banking. While some 50 percent of the

respondents in this study may not require much “persuading”, no doubt, the other 50-percent probably will. All the factors, identified as reasons for consumers not being internet banking users are capable of being “influenced” by the banks. High on the agenda ought to be how to address perceptions about risk.

Bank management and marketers may be very disappointed to see how many respondents indicated that they perceived no need to use internet banking and, to a lesser extent, to see how many non-users lacked an awareness of the procedures necessary to become an internet banking user and the range of services available over the internet. This may illustrate a mismatch between what banks expect customers should do and what customers expect banks should do. There appears to be much for banks to do before the number of internet banking users begins to plateau off.

The main limitation of this study arises through the sampling procedure which was used. To have a completely random sample, it would be necessary to have a list of the names and addresses of everyone who is a non-internet bank user and to randomly select from that list. Such a list, though, does not exist. Some of the steps taken to minimize the impact of biasness were to seek responses at several community centers and to sample at a variety of times. The extent to which our sampling procedure has a negative impact on the study depends on the representativeness of the respondents. The respondents’ characteristics, as we showed earlier, are not unrepresentative of the sample they aim to represent. A second limitation arises through using content analysis. The analytical process and the labeling are judgmental and require the sorters to show an element of flexibility in arriving at a final classification.

In respect of further studies, the model needs to be tested in a quantitative way through the development of scale items for each factor. This would assist in

establishing the extent to which each factor impacts decisions not to use internet banking. The results would provide bank marketers with a better understanding of which factors are more influential in the decision-making process and better enable marketing campaigns to be designed which aim to address the various concerns, especially the most influential concerns.

It is widely recognized that two models of internet banking exist (Furst et al. 2002; United Nations Conference on Trade and Development, 2001). One model arises where "conventional" banks begin to offer services over the internet and these banks have become popularly known as "clicks-and-mortar banks". The other type of internet bank is a stand-alone bank. This may be a subsidiary of a well established bank, a subsidiary of a non-bank financial institution, or one not associated with a financial services' provider. Of interest here would be how respondents viewed our model's components in respect of each of these internet bank models.

A study of this nature may or may not indicate that the inhibitors are viewed as being less of a hurdle in respect of a bricks-and-mortar bank which has become a clicks-and-mortar bank in comparison with, say, a stand-alone bank which has no well-established track record of providing financial services. Concern about risk was mentioned by all respondents. How can banks best address this problem? Sampling both users and non-users of internet banking and asking them to indicate what banks could do to alleviate or eliminate the incidental fear might provide both a useful addition to the literature and offer practitioners guidance on how they could usefully address this concern. The factors which were developed were created in an internet banking context and the issue of generalizability naturally arises. The extent to which the eight factors are generalizable is best addressed in a broad based study which seeks to create measures that relate to each of the eight

factors we developed. In considering this matter, there appear no factors which lack wider applicability. ^[40]

Siu et al, (2005), the findings from this study provide initial direction in determining the optimum service quality attributes to focus on in evaluating Internet banking service quality. The conceptual framework for this research is based on the dimensions proposed by Zeithaml et al. (2000, 2002). Four dimensions were generated in the current study, namely credibility, efficiency, security and problem handling. Only one dimension, efficiency, was found to have remained the same as the original construct. New factors labeled credibility, security and problem handling were formed.

The credibility factor had the highest mean score, and this indicates that Internet banking users are most impressed by technically functioning web sites and quick confirmations. Bank managers need to emphasize the credibility aspect of their services. On the other hand, the problem handling factor showed the lowest mean score, indicating that most of the respondents disagreed that the bank would compensate them for problems their service had created. Problem handling is related to what Zeithaml et al. (2002) describe as a recovery dimension. In routine interactions with sites, consumers seem not to be concerned about the availability of online customer service representatives or the compensation policy of Internet banks.

However, when customers confront problems and questions, such dimensions would be used in evaluating electronic service quality. Therefore, it is necessary for practitioners to investigate present problem handling policies to identify perception gaps between customers and management. This will help to inspire customers' confidence in using Internet banking services. Credibility, problem handling and efficiency have been shown to be moderately good predictors of overall service

quality. The most significant correlation was found in the efficiency factor. The ease and speed of accessing and using a web site is a vital factor in evaluating overall service quality. These results are consistent with those of previous studies (Zeithaml, Parasuraman and Malhotra 2001) that efficiency is the core dimension in electronic service quality.

This may be explained by the fact that too much information and graphics can be confusing and would slow down transaction speed. In the case of a pure service such as Internet banking, service quality is generally believed to be the most important determinant of customer satisfaction.

However, the results indicate that service quality dimensions have only weak predictive power in terms of the relationship between the overall service quality and customer satisfaction. The strongest association is with the credibility dimension. This shows that technically functioning web sites and quick confirmations are the essential elements in satisfying customer needs. Meeting customer expectations alone is no longer enough. Bank managers should delight their customers by exceeding their expectations to enhance customer satisfaction. Such a principle could be applied to technology-based service encounters such as those in Internet banking.

Moreover, the findings indicate that the variance in future consumption intentions explained by the four dimensions is low. Other factors, such as service variety, brand or corporate image, may play a more significant role in determining future intent to continue using their current supplier. Of the four dimensions, security had the strongest association with future consumption behavior. Security has long been considered one of the most crucial issues for Internet banking users (Liao 1996; Rust, Kannan and Peng 2002; Feldman 2000, Black et al. 2001). Findings from the focus groups and the interviews indicated that Internet banking at its present stage

is considered relatively secure. This has been attributed to Hong Kong's Electronic Transaction Ordinance and the establishment of a public key infrastructure to enhance public confidence in the legality and enforceability of e-transactions (Hong Kong Trade Development Council 2004). Consequently, users are more likely to adopt Internet banking and to recommend their banks to others.

According to the demographic data, customer perceptions of credibility, security and efficiency are significantly correlated with the education level. This may be due to the fact that professionals or those with tertiary education are more knowledgeable about and more receptive to self-service technology such as Internet banking. In addition, customers' perceptions of the credibility, efficiency, security and problem handling of a bank are significantly correlated with their usage rate of Internet banking. This may be explained by the fact that customers tend to use more Internet banking if they feel that Internet banks are trustworthy and can fulfill their needs. Previous studies have indicated that customers' feelings of trust or confidence were the most essential issue (Gwinner, Gremler and Bitner 1998; Zeithaml and Bitner 2003). The more transactions the customers conduct online, the more they trust or have confidence in their banks.

Nowadays, banks are more aware of the need to enhance future usage and to build long lasting relationships with customers. They seek to exceed customer expectations and, by doing so, keep them away from their competitors. Customers are encouraged to practice convenient one-stop shopping at the banks' web site. Banks could sell more products and services to their existing customers by further expanding their non-core online businesses such as insurance, stock brokerage and fund marketing. Banks could continuously improve and enhance their electronic customer relationship management (e-CRM) program so as to strengthen their relationships with customers. Practitioners could continuously conduct electronic service quality research using the four dimensions—credibility, efficiency, problem

handling and security-as a framework, and attempt to monitor the perceived gaps between customers' and managers' perceptions of online service. The four dimensions could be integrated into marketing strategies in order to develop unique and superior Internet banking experiences for customers. The insight gained in this study may offer a foundation for future research on self-service technology, and provide useful recommendations for improving Internet-banking service. [41]