The Analysis of Customer’s Recognition of Electronic Banking Services In Order To Banks Success

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Abstract

Today, the financial services industry is changing in the world, new technologies, has changed methods provide financial services to customers in many organizations. One of the greatest opportunities and challenges of today's organizations is use of web-based technologies. Internet as a new channel for financial transactions, have been provided new sources of income and opportunities to organizations. With the development of electronic systems such as internet, financial and banking institutions have been affected; World Wide Web has mainly changed clients' expectations on speed, accuracy, cost, and services and the availability ease and speed of service delivery creates a competitive advantage for organizations such as banks. Businesses are forced to compete in this complex environment and give customers newest and most attractive services that they demand it. Bank customers can accomplish the banking operations in their favorite time and space using e-banking services, and banks also benefit from lower operating costs due to the reduce the number of branches and the employees. Since success or failure of e-banking directly affected by welcoming of staff and banks customers of the system, the impact of knowledge on the employees and customers of e-banking services on the competitive advantage of banks has been studied in this research.

Keywords: Services, electronic banking services, customers, banks.

Introduction

Today, banking industry is rapidly changing. Banks have been affected by development of the international economic and competitiveness in markets. The main force in this environmental that will break the legal barriers, geography, and industry is technology and has developed new products and services. With the development of information and communication technologies and growing e-commerce and transactions globally, and the need to trade with the bank for the transfer of financial resources, E-banking, as an integral part of e-commerce has main role in its implementing (Liao, 2002). Dare to say, it will not happen e-commerce without e-banking (Venus, 2000, p 120). The term e-banking is defined in two ways. One, banking services using e-banking system and other, banks and other banking services of e-banking. If we
take the first definition, we follow the old discussion, such as using telex and telegram, which was already in the bank and the bank's advantage, is not having it. But in the second definition, electronic banking offers electronic services. In fact, the bank's infrastructure is completely changed in the electronic banking, thus, relationship with the customer is changed, in other words, if the computer is only used to perform compulsive work of the office employees we have not reached to electronic banking (Sayed Javadein, 2004). Through the use of telecommunications systems and technologies, Bank can easily access to their customers and not only give them general information about the services, but also provides opportunities for the banking industry. Bank customers can do banking operations without leaving their home or work using these services (Ali Saneyei, 2003, p 199). In fact e-banking electronic are included all electronic channels that customers use them to access their accounts and funds transfer between accounts or paying their bills, these channels include the Internet, mobile phone, digital TV and ATM (Karjalouto&koivumakia,2006).

Increase in competition, changes in the business environment and globalization are the major changes that has occurred in the financial services and banking industry. Demand for financial services is rapidly changing and customer’s behavior has changed over the last decade, with the passing of customers from the stage of traditional banking to e-banking, new strategies are needed to attract new customers and retain existing customers (Karjaluoto, 2006). Nowadays, many banks in the world offer their services electronically. Our country will be affected with the integration of global economy, so in the long run we can only do e-banking. On the other hand, there has been a growing segment of customers who have the technological understanding and prefer the ease of distributed systems based on technology through bank staff. It is not easy respond to customer needs with traditional context of banks and developing and getting the proper technology is necessary (Joseph & stone, 2003). Ignoring this market creates suitable space for companies and non-bank institutions to take a large share of financial activities with providing their services (Mahdi Azar Saberi, 2000, p 236). The gradual expansion of the internet and having access to home computers by companies and various sectors of society in Iran, have revealed potential needs in the field of electronic banking services via the Internet (Haman, p 234). Internet banking using the Web technology and the Internet enables customers to carry out financial activities in a virtual environment. Research on the adoption of internet banking by the customers enhances the understanding of customer beliefs about the use of internet banking and shows how these beliefs and attitudes influence about the use of internet banking (Bomil suh & ingoo han, 2000).

**Banks service channels**

Electronic banking is a tool for the development of banking services and it is available in different models, methods and types in terms of the markets demands and amenities:

1. ACSI
2. Threshold / Basic attributes
3. One dimensional attributes
4. Attractive attributes
5. Internet
6. Phone
7. Fax
8. ATM
9. kiosk
10. Sales terminals
11. Banking phone

**Definition of Customer**

Customer is the natural or legal person who has a relationship with institutions and will benefit from the goods and services (Soleimani, 2001). Most people think the customer is the ultimate consumer while customer is both group, internal and external of the organization. It means that, any person who is produced commodity or service for providing of his needs "(Juran, J, 1990).

**Who is the customer?**

According to Ashlinger and Heskit (1991) Knowing "What exactly are the customers?" Although customer satisfaction may be the most banal aspects, however, it is the most important and complex aspects and it can change to the program vulnerable if it is overlooked.
Electronic banking

Muller (2008) defines electronic banking as banks using the Internet to provide banking services to customer and customers using of the Internet to organize, control and the transaction on their bank accounts. However, some experts have suggested a more general definition like the use of other tools and electronic channels, such as mobile phones, phones and digital television to inform, communicate and carry out banking transactions has been defined include electronic banking.

History

Electronic money was used in America for the first time by the Federal Reserve Bank in 1918. These banks were performed the payments and funds transferring by using the dispenser, later development of automated clearinghouse facilities (in 1972) provided the widespread use of electronic money.

The ATM was built for the first time by three inventors named, lotter, George and Simjian in 1939, which will not be considered banks and organizations. Despite this failed experiment, three other inventors named Don Vetzel, Tom Barnes and George Chestyn began construction of ATM with a new concept in 1968 that construction of their first sample found five million dollars. The product of this project was installed as the first ATM in Chemical Bank in New York City in 1973. The first generation of ATMs was working as offline and money did not automatically deducted from the customer's account. So, only certain customers who have had credit were allowed to use these devices.

Heralded of the modern home banking services, were remote banking services through electronic media in the early eighties. Online word became popular in the late eighties and referred the use of a terminal, keyboard, and screen for access to the banking system via a telephone line. The word of home banking is also defined as using a small numeric keypad to send sound through the phone line by the instruction to the bank. Online services began in New York in 1981 when four major banks, offered home banking services through the Videotext system. These banking services were not popular due to technology business fail of Videotext, Except in France where the use of videotext was financed by telecom companies and Britain which was used prestel system, the first home online banking services was founded in UK's by Nottingham Construction Company (NBS) in 1983. The used system was based on the prestel and used of the BBC Micro, or keyboard connected to a telephone and television systems. This system named home link View made bills online, bank transfers and bill payments. For bank transfer or bill payment, written instructions containing details of the intended recipient should be sent to the NBS and then the data is logged home link. Most of the recipients were gas, electricity and telephone companies and accounts in other banks. Payment information is entered NBS system by the account holder via Prestel. A Czech is sent by NBS to the payee and a statement containing payment details will be sent to the account holder. Later, BACS system was developed and used for payment direct transfer. Stanford Federal Credit Institute was the first institution in October 1994 Internet banking services offered to its members.

Electronic Banking Services

Lau (2002) considers three aspects of electronic banking services and believe that bank customers are able to receive e-banking services in three levels. The three levels are:

1- Informing: This is the basic level of e-banking services. At this level, bank introduces information and banking services through public or private networks.

2- Communications: The level of e-banking services provides transactions between the banking system and customer. The risk of this level in e-banking services is more than traditional and needs to appropriate means to control user access to the bank network.

3- Transaction: In this level, the customer is able to do activities such as, Czech issuance, transfer funds and accounts using a controlled security system. This level of e-banking services has the highest level of risk.
Electronic banking branches

- Internet banking
- Banking based on mobile and related technologies
- Telephone Banking
- Fax-based banking
- ATMs-based banking
- Banking based on sale terminals
- Banking based on electronic subsidiaries

Benefits of Electronic Banking

1. Allows customers to access banking services without physically secure connections.
2. Using the Internet to provide operations and banking services and changes of customer accounts.
3. Provide the direct services and new and traditional banking to customers through electronic interactive communication channels.

According to research firm Data Monitor (Center for Analysis Banking Information in Europe) users statistics of electronic banking systems in eight countries, France, Germany, Netherlands, Spain, Sweden, Switzerland and the UK is over from 4.5 million in 1999 to about 22 million in 2004.

More than 75 percent of active companies in developed countries use at least one of the e-banking services in 2005. Statistics show dramatic growth of electronic banking in the world and learning technology has been developed the infrastructure, inclusive growth of related technologies and standards at the international level (Tavassoli Shakib, 2000, p 97). On the other hand, benefits of electronic banking in better service to customers and improving productivity in banks have focused many researchers attention on the world. Some studies are as follows:

In a study have been carried out by some media faculty member’s (Multi Media) 1 to assess the new banking services in Malaysia, development of communication technologies and telecommunication has been introduced as a cause for mutations and main change in the Malaysian banking sector. The result of change has been the extensive use of modern banking services such as ground around ATM machines, banking phone and home banking. The major changes have been made to the satisfaction of the customers. Among the services, the most popular has been use of the ground around ATM machines and the lowest has been the use of banks banking phone. According to studies of these researchers, have internet banking has not been created in Malaysia yet, But it seems the government is seeking to implement conditions (Krishnan Guru 2 and others, 2004). Several professors at the University Of Dubai in evaluation of Internet Banking have compared Jordan and the United States banking system and have identified the major difference between banking system applications of Jordan and the U.S. This study shows difference between the developed and developing countries’ banking systems, as well as. Based on the findings of this study, the difference between these two systems is related to delivery of services in their website. U.S. banks have provided investment, stock purchases, payment of bills and financial analysis in addition to banking services in website. However, it can be seen a major weakness in the Jordanian banks in this regard (John Evans 3 and others, 2004). In another study by the National Institute of French communications carried out in collaboration with the university of Zilina Slovakia, has been studied the role of effective factors in the uptake of e-banking customers. Based on these studies in the process of banking services, recognition of consumer behavior and intended factors is effective in increasing quality of electronic service.

1 - Multi Media
2 - Krishnan Guru
3 - John Evans and others
4 - Jean-Michel Sahut
5 - Emtiyaz Al-sabbagh & others
Researchers are considered some effective factors for improving the quality of Internet banking services: Response time, range of services, relationship with customer, available financial information, ease of use, security and design of effective graphical environment are the ways to attract customers to the Internet (Sahut, 2003). In a study conducted in Oman about 225 people have been answered to the questions regarding the adoption and application of new approaches including internet banking. The results of this study indicate that the traditional habits of people, lack of government support, poor communication systems and low speed of networks are the major obstacles to the development of new ways of banking in Oman (Emtiaz and others, 2004).

**Conclusion**

Wide attention of banks to provide banking services through electronic channels, and development banks and financial institutions are to increase competition in the banking industry. Banks should consider the economic and social conditions before offering any new services because of the lack of customer acceptance of e-banking systems, services will fail. Studies by various scholars and researchers and also collected data showed that customers are looking for convenience in their daily living activities; they have more knowledge of e-banking services in different ways, especially education and awareness campaign that it brings quality of life and well-being for the customers especially in financial activities, therefore, if every bank use more and better e-banking services in the rise of customers recognition, are going to be successful and each bank can not to attempt in this competition will go out of the competition to destroy. Thus, identifying the factors that causes the customers use a new technology such as using e-banking services is very important for banks today.

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