The Analysis of the Factors Affecting Iranian Customers' Satisfaction in Traditional and Internet Banking- Case Study: Saman Bank

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Abstract

One of the effective strategies for attracting the customers' trust and making them loyal is analyzing the effective factors on the customers' satisfaction in banking industry and adopting suitable policies related to these factors. This article focuses on recognizing the effective factors on the satisfaction of Saman bank customers and aims to identify procedures causing an increase in customers' satisfaction. In this research, first the factors related to the quality of traditional services, the quality of internet services, customers' satisfaction, complaint management, customers' mental image of the bank, customers' loyalty and trust have been extracted through conceptual study and review of literature as the effective factors on customers' satisfaction, and the conceptual model of the research has been made based on these factors. Then, 500 questionnaires have been distributed among the customers of Saman bank to evaluate the relationship between the variables and finally, 303 questionnaires have been the base of the research. This study has an applied aim and descriptive-correlational method and it is exactly PLS-SEM regarding the analysis of the data. This research The analysis the result, show the influence of service quality on customers' satisfaction, the effect of their mental image on their loyalty, the effect of their satisfaction on their trust, and the effect of customers' satisfaction on their loyalty. The results of this research provide useful insight for the bank, policy makers and marketing researchers in banking system and help the superior managers increase their customers' satisfaction through such policies.

Key words: customer satisfaction, customer loyalty, service quality, internet service quality, complaint management, image and trust.

1. Introduction

The recent years, customers' satisfaction has been the subject of many research articles. In the last two decades, organizations have discovered the importance of customer's satisfaction and their loyalty and in today competitive markets, customers' satisfaction has changed to a trading challenge. These days, companies realize the significance of predicting their customer's need. It's important to know about your customers' feeling and their expectations in order to keep them. Customer's satisfaction in competitions affects the marketing and their effectiveness. Customers' loyalty is an important factor in survival and development of the bank. A loyal customer is regarded as the investor of the company. The customer's loyalty is an important factor in predicting the benefit and in marketing. Loyalty makes the business stronger. In general, the customers' satisfaction is the prerequisite of the customers' loyalty. A satisfied customer stays in the bank but some researchers believe that a satisfied customer isn't necessarily loyal, so besides satisfaction, other factors influence the loyalty and need to be evaluated.

This research analyses the effective factors on customers' satisfaction and it is going to find the answer to this question that "what are the effective factors on customers' satisfaction in traditional and internet banking?", so the aim of this study is recognizing measures on behalf of the banks which lead to customers' satisfaction, so by obtaining these factors, the bank managers can adopt policies to increase customers' satisfaction. Therefore, a case study about Saman Bank has been conducted.

2. Literature review

Customers' satisfaction generally affects present and future organizations. In 1989 Swedish customer satisfaction index introduced a program to the companies to gain customers' satisfaction. American customers' satisfaction index, in 1994, introduces a structural model related to the last variables of customers' satisfaction, quality and value of customers' satisfaction. Satisfaction is also related to customers' loyalty and complaints. The successful experiences of the American and Swedish customers' satisfaction indexes provided the European customers' satisfaction index.

Turkyilmaz, A. and C. Ozkan (2007) introduced a model about the amount of using mobile phone in Turkey. This model is based on European customers' satisfaction index. The
result of this model shows the effect of image on customers' expectations, their satisfaction and loyalty and also the effect of customers' expectation on the perceived quality and customers' satisfaction. The perceived quality affected the perceived value and the customers' satisfaction and finally satisfaction affected loyalty.

Yap and his colleagues (2012) introduced a model of customers' satisfaction index which is in harmony with European customers' satisfaction index. This model analyzes the relationship among satisfaction, trust and loyalty it also analyzes satisfaction as a criterion for trust. The result of this research shows that service quality strongly affects customers' satisfaction. Also, satisfaction has positive effects on trust and trust affects the bank in a positive way. In the end, analysis of the complaints has a positive effect on satisfaction, trust and loyalty. So, banks shouldn't ignore the analysis of the complaints.

Farnaz Beheshti and her colleagues (2012) have analyzed aspect of service quality and its effect on internet customers' satisfaction in using internet banking services. The analyzed factors in this research, conducted in Iran, are: usefulness, trust, performing, aesthetic of the site, answering easiness and safety. This study has used E-SERVQUAL to provide e-service quality in order to evaluate the internet banking services. The first data have been collected from 392 internet bank users in four main banks related to the government in Iran. The analysis of the regression showed that safety, trust, aesthetics of the site and easily using internet bank services have positive effect on satisfaction with electronic services.

The first hypotheses of the study have been made through review of the literature and analysis of the existing studies about customers' satisfaction with traditional and internet banking industry.

- The quality of the internet service
  The quality of the internet service refers to the users’ satisfaction with the level of the delivered services by the website. In fact, from the customer's point of view electronic service quality is described as the evaluation and judgment about electronic delivery of the services in cyber space.

- The traditional service quality
  Service quality has been changed to an important factor for success and survival of the banking industry. The quality evaluates recent experiences of the customers. In banking system in 2000, Kamilia and Jacques suggested that service quality is gained by the difference among customers' understanding of the delivered services in bank and customers' expectations from the bank include services. Philip and Brat, in 2001, understood that customers have high expectations from the bank tellers in taking services. In general, the customers were worried about the staff's appearance, humility helpfulness and their knowledge.

- Customer satisfaction
  It shows the amount of satisfaction and expectations. Customers' satisfaction is their points of view through a comparison between their expectations from the bank action and the perceived action gained by experience about bank services.

- Complaint management
  It refers to the importance of the complaint and the way to manage them in the organization. Complaints are expected to reduce by increasing the customers' satisfaction. Nowadays, some organizations pay a lot of attention to the customers' complaint and even some of them believe that the number of customers' complaints can be an important way to evaluate customers' satisfaction.

- Image
  Mental image is the most important factor in customers' satisfaction. Mental image makes prestige, fame and good publicity for the organizations. The mental image of organization is a general understanding of the physical situation of the company and is related to physical behavioral situation of the company such as its trade name, profession, and variety of the products, the delivered services and interaction. Mental image of the organization is gained through processing beliefs, emotion and the experiences gained from the organization. It sticks in mind and changes to a psychological image. So the mental image of the organization is the result of the evaluation of the processes.

- Trust
  Trust refers to the customers' understanding about the traits of the bank giving services, for example, ability, honesty and benevolence of the service provider. Trust shows the tendency of the creditor to the customer or the tendency of the customer to lend. Trust is a prerequisite for loyalty, because it helps first attract new customers and second keep them. When customers get a true understanding of the trust to the organization, they get satisfied. Trust is an important factor in evaluating the result.

- Loyalty
  Loyalty is gained through suitable services, support and acceptable behavior. Increasing the customers' loyalty guarantees high output in future. Loyal and satisfied customers cause the bank to get famous and attract new customers. Loyalty is an index for introducing and recommending the services to the others. Customers' loyalty is a commitment to the bank or reward for suitable services in future.

3- Methodology

This study has an applied aim and descriptive-correlational it is exactly PLS-SEM type.
3-1- Conceptual model and the hypotheses of the research

The base of the conceptual model is the model of Yap and his colleagues (2012). Since Yap model had selected only traditional customers as the statistic group in this study the statistic group has been developed by adding the variable of internet service quality, so both traditional customers and internet customers are included.

![Conceptual Model](image)

Figure (1): The conceptual model

1. Service quality in traditional banking affects customers' satisfaction.
2. Internet Service quality in internet banking affects customers' satisfaction.
3. Complaint management of customers affects customers' satisfaction.
4. Customers' mental image about the bank affects their satisfaction.
5. Customers' mental image about the bank affects their loyalty.
6. Customers' satisfaction affects their trust.
7. Customers' satisfaction affects their loyalty.

3-2- Data collection

A questionnaire was used to collect data. After studying the related article and extracting possible index which can be seen in the table of the results of measurement model. A questionnaire was prepared based on the hypotheses of the study, including 33 questions based on the mentioned indicators in the literature. In order to recognize the sample of the model, cluster sampling was used. To do so, the customers of different branches of Saman bank were selected as the statistic group. 500 questionnaires were distributed and finally the data from 303 questionnaires were analyzed. The rate of the return is 60.6%.

3-3- Reliability and validity of the questionnaire

The questions which were designed for this questionnaire were approved by several marketing experts after doing some revision. In addition, the reliability of the questionnaire has been evaluated by average variance extracted so this questionnaire has high reliability.

In order to evaluate the validity of the questionnaire, the trust ability of the questionnaire was approved by measuring alpha Cronbach and composite reliability. Finally a communality test was done to evaluate the quality of the measurement model and the results were put in the table of measurement model.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Communality</th>
<th>AVE</th>
<th>CR</th>
<th>Alpha</th>
<th>Number of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality</td>
<td>0.6828</td>
<td>0.6828</td>
<td>0.9378</td>
<td>0.9228</td>
<td>7</td>
</tr>
<tr>
<td>Internet service quality</td>
<td>0.6249</td>
<td>0.6249</td>
<td>0.8926</td>
<td>0.8558</td>
<td>5</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.6536</td>
<td>0.6536</td>
<td>0.9188</td>
<td>0.8940</td>
<td>6</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.7216</td>
<td>0.7216</td>
<td>0.9120</td>
<td>0.8711</td>
<td>4</td>
</tr>
<tr>
<td>Image</td>
<td>0.6759</td>
<td>0.6759</td>
<td>0.8930</td>
<td>0.8404</td>
<td>4</td>
</tr>
<tr>
<td>Trust</td>
<td>0.6070</td>
<td>0.6070</td>
<td>0.8599</td>
<td>0.7819</td>
<td>4</td>
</tr>
<tr>
<td>Complaint management</td>
<td>0.7513</td>
<td>0.7513</td>
<td>0.9005</td>
<td>0.8406</td>
<td>3</td>
</tr>
</tbody>
</table>
3-4 Data analysis method

The model of the research is based on the structural equation model. In general, there are two approaches of covariance-based SEM and variance-based SEM in structural equation model in which the PLS-SEM technique is based on variance. In this research, PLS-path modeling technique has been used by Smart PLS to analyze the data. Bootstrapping has been used to determine the significance levels and path coefficient.

4. Data analysis results

After analyzing the measurement model, the structural model of the research was tested. Since the applied technique for data analysis is PLS path modeling, for a significant relationships between the variables, the P value must be lower than 0.05 at 95% confidence interval. Based on the obtained results, service quality with affecting level of 0.382 affects customers' satisfaction, customers' mental image with affecting level of 0.127 affects customers' loyalty, and customers' satisfaction affects customers' trust with path coefficient of 0.223, and finally customers' satisfaction with path coefficient of 0.624 affects customers' loyalty. In the other hypotheses of the research, no significant relationships have been found because P value has been lower than 0.05. The situation of the research hypotheses can be observed based on the table obtained from structural model.

Table (2): The result of structural model

<table>
<thead>
<tr>
<th>Label</th>
<th>P.Value</th>
<th>T.Value</th>
<th>Estimate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accept 0.000</td>
<td>6.973</td>
<td>0.382</td>
<td>Customer satisfaction &lt;--- Service quality</td>
<td></td>
</tr>
<tr>
<td>Reject 0.518</td>
<td>0.647</td>
<td>0.056</td>
<td>Customer satisfaction &lt;--- Internet service quality</td>
<td></td>
</tr>
<tr>
<td>Reject 0.793</td>
<td>0.262</td>
<td>0.017</td>
<td>Customer satisfaction &lt;--- Complaint management</td>
<td></td>
</tr>
<tr>
<td>Reject 0.722</td>
<td>0.356</td>
<td>0.025</td>
<td>Customer satisfaction &lt;--- Image</td>
<td></td>
</tr>
<tr>
<td>Accept 0.004</td>
<td>2.853</td>
<td>0.127</td>
<td>Customer loyalty &lt;--- Image</td>
<td></td>
</tr>
<tr>
<td>Accept 0.001</td>
<td>3.240</td>
<td>0.223</td>
<td>Trust &lt;--- Customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>Accept 0.000</td>
<td>14.994</td>
<td>0.624</td>
<td>Customer loyalty &lt;--- Customer satisfaction</td>
<td></td>
</tr>
</tbody>
</table>

Finally, based on the obtained results, the final model of the research is like this:

Figure (2): The final model
5. Discussion

Based on the analysis of the data gained from the questionnaire, it can be understood customers are satisfied with the quality of the services of traditional banking but there is no meaningful relationship between customers' satisfaction and the quality of internet services. According to the results of the data 50.2% of the participants were not familiar enough with the internet. On the other hand, Saman bank is one of the pioneers of E-banking in Iran, so the lack of a meaningful relationship between customers' satisfaction and quality of internet services can be explained by the low level of the familiarity of half of the participants with internet and their lack of tendency for using internet services. Doing the research with the people who are highly familiar with the internet, can increase the possibility of a meaningful relationship. In addition, regarding the fact that internet banking services are in their early days in Iran, it is supposed to provide related education for the customers, so the customers will not need to attend in person in order to do their everyday affairs, and they will be able to do their banking affairs through internet services.

The analysis of the complaint management of the customers by the bank increases customers' satisfaction. Since the system for managing the analysis of complaints in the banks of Iran has not been codified in a correct way, the hypothesis has not been approved. By providing a system for checking customers' complaints in each branch of the banks, we can increase customers' satisfaction.

Also, customers' mental image of the bank increases their expectations from the bank, so it will be more difficult to attract customers' satisfaction. Therefore, recognizing customers' need in a correct way and understanding their expectations improve their satisfaction.

6. Conclusion

This research has focused on recognizing the measures on behalf of the banks in order to increase customers' satisfaction. To do so, based on the review of the literature seven variables were extracted including: service quality in traditional banking, quality of internet services in internet banking, customers' satisfaction, customers' loyalty, complaint management, image and trust. According to these factors, the model of the study has been developed based on the Yap and his colleagues' model (2012) and the hypotheses of the research were formed. Based on the extracted variables, according to the existing literature in the articles, measurable items have been extracted for every item and the questionnaire of the study has been prepared. The questionnaires were distributed among the customers of Saman bank and finally 303 questionnaires were collected. After analyzing the validity and reliability of the questionnaire, the accuracy of the hypotheses was checked according to the data gathered from the collected questionnaires. In order to analyze the research model, partial least square was used. Based on the conducted analysis, some of the research hypotheses were approved. The findings gained from the research approves the effect of service quality on customers' satisfaction, customers' mental image on their loyalty, customers' satisfaction on their trust and finally customers' satisfaction on their loyalty. Also, the effect of three factors, i.e. the quality of the services of internet banking, the analysis of the customers' complaints and the customers' mental image of the bank, on customers' satisfaction has not been accepted. The banks are supposed to increase customers' satisfaction and provide a suitable mental image for the customers by teaching internet payment system, encouraging the customers to use the internet services and also running a system for analyzing the customers' complaints.

The limitation of this research is that it focused only on 303 of Saman bank customers. Searching among different banks and doing the research on the customers who are more familiar with internet services can increase generalization of the results of this research. In this research, banks and their customers didn't help us in distributing the questionnaires and finally because of rejecting the first questionnaire by the customers due to its high number of questions, we had to change the questionnaire and revise the number of questions. In addition, this research analyzed only part of the factors mentioned in the literature. There are other factors such as perceived safety, perceived value and customers' expectations which can be checked and can be a good subject for the following researches.

Finally, this research was conducted in a servicing environment in which there is a long term relationship between the bank and customers. It's better to do this research on non-contract industries such as health services and on some product such as mobile phones in order to check the differences between effective factors on customers' satisfaction in contract and non-contract industries and the delivered products to the customers.

References


