

Client Satisfaction of Internet Banking Services in Bangladesh: An Exploratory Study

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Abstract

Internet banking is a new concept in Bangladesh which can be used for doing almost all works of a physical bank. Through internet banks can provide services like- electronic fund transfer, bills payment, balance inquiry, account maintenance, transaction flexibility, loan application etc. Internet banking service, thus, facilitates making deposits, issue withdrawals, transfer funds among accounts, collect and pay bills, make small loans etc. This study is an exploratory research using convenience sampling technique where samples have been selected on the basis of convenience. This paper tries to reveal portion of bank clients using internet banking, how many of them are satisfied regarding this innovation. This study found clients are satisfied with the bill payment and fund transfer service, whilst they are quite concerned and worried about the availability of internet and electricity for using it. Thus banks need to focus on this issue and increase their CSR activities and continue persuasion to government of the country for internet friendly policy making.

Keywords: Internet banking, Online banking, Client satisfaction, Electronic fund transfer.

Introduction

Nowadays internet banking is growing popular in Bangladesh. A number of private as well as local banks are going online now considering the demand and necessity of fast banking. Internet banking not only provides banking facility round the clock but also helps a country to get attached to the international economy as well as business. People throughout the world are now getting engaged with more activity and business and hence need the fast and anytime access to his/her bank account. Internet banking also facilitates buying and selling various products which varies country to country.

As the world economy is growing faster and banking sector is making mark each and every day, internet banking is very important and effective to be a part of it. Bangladesh just started its journey in internet banking and banks are coming forward to make it a success. Internet banking is clearly a huge benefit for the customers and saves a lot of time and things get done so easily. A developing country like Bangladesh can make the best out of internet banking and banks are completely into it. The growth rate of internet banking users is shown in the following table:

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Table 1: Growth Rate of Internet Banking Users

Particulars	2008	2009	2010	2011
Growth rate	27.67%	36.67%	42.36%	98.37%

Source: Own survey, 2011.

The above table shows that though the growth rate is declining, the use of internet banking is increasing day by day. So it is high time to investigate how the customers feel with the online banking, what are their newer demands etc.

Rationale of the Study

Due to emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The new information technology is becoming an important factor in the future development of financial services, industry, and especially banking.

Many banks quickly realized that there are a momentous number of customers who would like to do banking electronically. The application of E-banking has been proven as an effective way to reduce the costs of operation for the financial institutions. For instance, E-banking services will allow banks to reduce expenditures on physical structures. It is believed that the E-banking will help banks to cut costs, increase revenue, and become more convenient for customers (Halperin, 2001). Another important benefit from E-banking is a more effective information collection and management. These aspects of E-banking have not been comprehensively studied in Bangladesh. This study aims to fill this gap.

Objectives of the Study

The main objectives of the study are as follows:

- To assess the existing scenario and to detect the problems and prospects related to the implementation of E-banking in private commercial and foreign commercial banks in Bangladesh
- To identify the operational process and the performance of E-banking in Bangladesh in comparison to other developed nations.
- To identify the factors that influence customers' adoption of internet banking services and also examines the present status of existing E-banking in Bangladesh.

Limitations of the Study

Every research has some limitations. In conducting this research the following limitations are faced:

1. Sometimes respondents were reluctant to provide information.
2. This study is done by taking samples only from Dhaka city, which may not reflect the whole picture of Bangladesh.

Literature Review

These days banking is more important to our society than ever before. The advance of communication and computer technology and the availability of the Internet have made it possible that one can do most banking transactions from a remote location even without stepping into a physical financial structure - that is, the emergence of E-banking (Bruene, 2002). The way Bill Gates (2008) announced that “banking is essential, banks are not”. This quotation means that the traditional bank branch is going to vanish in order to be surrogated by electronic banking which continues to attract new users. The banking industry believes that by adopting new technology, the banks will be able to improve customer service level and tie their customers closer to the bank. Meanwhile, the banking industry has been also looking for new methods to expand its customer base and to counteract the aggressive marketing effort of those non-traditional banking entities (Graven, 2000). Larger banks that maintain expensive branch networks tend to have the greatest incentive to adopt E-banking services. In comparison, smaller banks have higher startup costs and tend to have a high initial technological costing developing E-banking services (Treadwell, 2001).

Hasan (2010) claimed that nowadays e-commerce, e-business and financial services industry have increasingly become a necessary component of business strategy and a strong catalyst for economic development. As a third world developing country, Bangladesh is far behind to reach the expected level in global banking system. So it is our urgent need to upgrade its banking system. Akinci et al (2004) compared users and non-users in the process of trying to identify the factors influencing adoption among sophisticated consumer segments in Turkey. They stated that non-users were not aware of all the benefits of Internet banking and did not believe in receiving adequate help for problem solving when using Internet services. Sudarraj et al (2005) used deconstructed TAM to measure the importance of usefulness and ease of use in internet and telephone banking. They successfully validated the model with Canadian university students. Karjaluoto et al (2002) built a model based on TRA and TAM, which was empirically tested with private Finnish retail bank customers. Their conclusion is that prior computer experience, prior technology experience, personal banking experience, reference group, and computer attitudes strongly affect attitude and behavior towards internet banking.

Methodology

The study is conducted mainly based on primary and secondary sources of data or information. The first is an exploratory research that is based on secondary data obtained from the internet, books and related journals. Secondly, survey questionnaire is administered to empirically assess the level of adoption of E-banking in Bangladesh including different publications: (i) Bangladesh Institution of Bank Management, (ii) Bank for International Standard Working, (iii) Papers International and local Publications, (iv) Different seminar papers, (v) Information from Internet and (vi) UNCTAD and WTO publications.

Primary data sources

Primary data were collected from Dhaka on some selected banks (eg. Dutch Bangla Bank, Dhaka Bank, Bank Asia, One Bank, Eastern Bank, Southeast Bank, Prime Bank, Premier Bank etc) using judgmental sampling technique. Primary data collections were made by the interviewing method with proper questionnaire.

Secondary Data Sources

Secondary data were collected from different publication material and web site as well as books and material from different libraries, hand notes of the various seminars and researches related to the issue were taken into account that includes the library of BIBM, BANBASE, Science Laboratory, DCCI library. Secondary data have also been collected from research materials of the following sources; DBBL–Products and Software, EBL–Survey Report, IBA–Feasibility Report, WTO/UNCTAD–Secret of e-commerce.

Survey Design

The present study used a survey that was designed and conducted to find out the feasibility of the E-banking in Dhaka based on different national, private commercial banks as well as foreign banks. A specifically designed questionnaire was used as a tool and the survey covered a sample of 200 respondents for the purpose of analysis. These respondents are customers of various banks; age group being 14 to 65 years. The survey included queries on the following topics:

- Occupation of customers
- Education level of internet banking service users
- Whether customers are interested in using internet banking service
- Whether any problem faced while using the service
- Nature of the problems faced
- Critical factors for client satisfaction
- Overall satisfaction level regarding the service

Statistical Package for Social Sciences (SPSS) version 19 was applied as the statistical analysis tool while descriptive statistics were computed and used in the interpretation of findings. The data will be presented in the form of tables and graphs.

Analysis and Findings

Gaining high level of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and make repeat orders and use a wide range of services offered by a business.

Customer and Bank-Specific Analysis and Findings

Analyses regarding the respondents' age, educational qualification, occupation and so on are presented below.

Age and Educational Qualification of the Respondents

The study finds that 14 percent users belong to 15-29 age group, while the highest number of users belong to 25-29 age group. Usage rate decreases with the increase of age, as show in Table 2. Out of 200 respondents, 176 are male (88 percent) and 24 are female (12 percent). Most of the respondents (50 percent) completed their undergraduate program while very few (4 percent) belong to M Phil. /PhD level.

Table 2: Age and Educational Qualification of the Respondents

Age group	Percentage	Educational Level	Percentage
Below14	0	SSC	10
15-19	3	HSC	20
20-24	9	Undergraduate	50
25-29	20	Postgraduate	16
30-34	28	M Phil./PhD	04
35-39	17		
40-44	8		
45-49	7		
50-54	6		
55 and above	2		
Total	100% (N=200)	Total	100% (N=200)

Source: Own Survey from February 02-15, 2012

Occupation of the Respondents

Out of 200 respondents, 22 percent are teachers, 10 percent bankers and the highest number of respondents (24 percent) are involved in business. 17 percent and 15 percent are doctors and students respectively.

Table 3: Occupation of the Respondents

Occupations	Percentages
Businessman	24
Teachers and researchers	22
Students	15
Doctors	17
Bankers	10
Others	8

Source: Own Survey.

Frequency of the Respondents of Sample Banks

Out of 47 private banks presently operating in Bangladesh, only 9 banks are selected for this study. Highest number of respondents (45 percent) is selected from Dutch Bangla Bank Limited and the lowest number is selected from Arab Bangladesh Bank Limited (01 percent).

Table 4: Frequency of the Respondents Among Selected Banks

Name of the Bank	Percentage of Respondents	Name of the Bank	Percentage of Respondents
MBL	17	PBL	8
DBBL	45	SCB	2
CBL	4	ABBL	1
EBL	15	SJIBL	4
BBL	4	Total	100% (N=200)

Source: Own Survey

Purpose, Duration and Times of using Internet Banking

Customers use internet banking service either for bills payment or for purchase of goods and services or for both. This study shows that 82 percent respondents use internet banking service for bills payment, while 08 percent use it for purchasing goods and services. Only 10 percent customers use it for both purposes. Duration of internet banking service use is different for different customers. The study shows that 80% customers are using internet banking service for 1 year, 84% are using it for 1-2 years and others are using for 3-4 years. There is no user who uses the card for 5 years or more. It is also noteworthy that the usage pattern of customers is different. Some users use it just one time per month while some others use it 4 or more times. This study indicates that 40 percent customers use only 1-2 times per month for bills payment or purchase of goods and services or for both, while 30 percent customers use internet banking service more than four times for the same purpose.

Cause of Customers' Interest to Use Internet Banking Service

When the customers were asked what factors motivated them to use internet banking service, most of them answered that they started to use it as it saves time. There are some other stimuli to encourage customers to use internet banking service for their transaction. However, there is overlapping of some causes of interest because at the same time more than one factor have influenced a single customer.

Table 5: Cause of Customers' Interest to use Internet Banking

Cause	Frequency
Time saving	90
Instant transaction	47
Easy to use	33
Other cause	30

Source: Own Survey.

Problem–Specific Analysis and Findings

Whether Customers Faced Problems

Satisfaction or dissatisfaction largely depends upon the problem that customers face when they use any product or consume any service. This is also applicable for internet banking service. This study shows that 65 percent customers have faced problem during their use of internet banking service.

Table 6: Whether Customers Faced Problems

Answer	Percentage
Yes	68%
No	32%

Source: Own Survey

Nature of Allegations

Allegations are different for different customers. Figure 1 shows that 65 percent customers have faced problems. A total of 112 customers answered that the unavailability of internet facilities hampered their usage of internet banking. Seventy-eight customers are worried about internet fraud while using passwords, credit card, debit card number etc. ‘Load shedding is a hindrance’ 34% customers did agree with this point. Here, a single customer may have faced different problems.

Table 7: Nature of Problems Customers Faced

Problem faced	Frequency
Unavailability of internet facilities	111
Unavailability of server performance	82
Possibility of internet fraud regarding usage	77
Wrong information and incorrect links	03
Obstacle of load shedding	33

Source: Own Survey.

Banks with most allegations from customers

As customers have different types of problems, it is rationale to know in which bank’s web service they faced that. It has been found that 54 percent customers of DBBL faced most problems, whereas BBL’s customers faced least problems during their internet banking service use. It is noteworthy that some customers have faced same problems in more than one bank.

Table 8: Name of Alleged Banks with Frequency of Problem

Bank’s name	Frequency of problem	Percentage
EBL	40	20
DBBL	104	52
PBL	16	08
ABBL	24	12
BBL	16	8

Source: Own Survey.

Satisfaction Factor-Specific Analysis and Findings

Studies show that users' satisfaction is an essential determinant of success of the technology based delivery channels (Tong 2009, Wu & Wang 2007). Different factors affect users' satisfaction level differently. Findings from the calculation in Table 9 are discussed below:

Quality of EFT service

Electronic fund transfer is a benefit of internet banking. **Electronic funds transfer (EFT)** is the electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems. In this case the customers are satisfied but not highly as the calculated mean value is 76.40%.

User Interface

Satisfaction among the internet banking service depends on many factors and user interface is one of them. Reading characters on the website, organizational information, help messages through internet banking service customer get high satisfaction. According to the calculated mean value, customers are satisfied though 34% respondents are neutral. Therefore, some banks are lagging behind in this case.

Responsiveness of the system

System availability, speed of the system, response from E-banking, confirmation of each transaction, giving prompt service are the foremost condition to make internet banking service users satisfied because without all these it is not possible to make internet banking service user free. This study shows that users are somewhat satisfied regarding the responsiveness of the system. The mean value is only 62.2%, which is very close to neutral value. It indicates a large number of respondents have faced problem.

Table 9: Satisfaction Level of Customers at Different Factors

Factor	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied
	(1)	(2)	(3)	(4)	(5)
Quality of EFT service	0	16	32	124	28
User interface	0	22	34	96	48
Responsiveness of the system	20	44	64	38	34
Ability to pay bills	12	40	22	86	40
Banks concern for customer welfare	0	10	60	112	18
Service quality	0	18	34	130	18
Fulfillment of the information	0	52	34	96	18
Security	10	22	104	56	8
Reasonableness of costs	20	34	42	56	48

Source: Own Survey.

Ability to pay bills

Bills payment is more important in E-banking. Customer most uses internet banking for bills payment. Here the average response is 70%, which means customers are more satisfied with the bill payment service of internet banking. But it should be mentioned here that 12% respondents are highly dissatisfied.

Banks concern for customer welfare

Customers may face any type of problem during their usage of internet banking service that needs to be solved as soon as possible by the banks for creating good image. The respondents were satisfied as the average value shows 73.8%. The result indicates banks take care about solving the problems that customers face through using internet banking service.

Service quality

The customers always compare the service of one organization with other. This is why banks try to provide updated and best service to their customers. Regarding the question of service quality, majority respondents expressed their satisfaction.

Fulfillment of the information

Nowadays customers are very much conscious and they always expect that the information they are getting through internet banking is correct and accurate and also match with what customer need. When they were asked whether they are satisfied, they agreed 68% that means they are satisfied with the information that are provided by banks.

Security

Security providing for any organization is necessary to satisfy their customers. Customers need to feel safe when using internet banking. Privacy policy, control over the account and adequate security features satisfied the customers more through internet banking. It is to be mentioned that only 8% customers are highly satisfied, 56% customers are satisfied and 104% customers are neutral. For this reason, the mean value is only 63%, which is almost nearest to neutral position.

Reasonableness of costs

Customers are more concerned about the value regarding the cost they are paying. This study shows that most of the customers are in satisfied and highly satisfied level. The mean value is 67.8%. The result also indicates most of the banks are giving more value to their customers within the cost they have been paying.

Table 10: Mean Value of Satisfaction Regarding Usage of Internet Service

Satisfaction level	Value of satisfaction level (x)	Frequency (f)	d = x - A	Fd
Highly dissatisfied	1	0	-2	0
Dissatisfied	2	16	-1	-16
Neutral	3=A	32	0	0
Satisfied	4	124	1	124
Highly satisfied	5	28	2	56
Total		$\sum f = 200$		$\sum fd = 164$

Note: All other factor specific means are calculated in the same way

Client Satisfaction of the Internet Banking Service based on EFT service

$$\begin{aligned}\bar{x} &= \left(A + \frac{\sum fd}{\sum f} \right) \times C \\ &= \left(3 + \frac{164}{200} \right) \times 20\% \\ &= 76.40\%\end{aligned}$$

**Here, w_i = weight to each satisfaction in factor,
 f_i = mean value in percentage of each factor.

The weighted mean value for all the factors of satisfaction is 70.30%, which lies in value = 4. It means internet banking service users are satisfied. So, it can be said that all the banks are performing well in their internet banking services. But to make customers highly satisfied, some strategies can be adopted.

Conclusion

E-banking, the latest generation of electronic banking transactions, has got immense potential to open up new window of opportunity to the existing banks and financial institutions in our country. In Bangladesh most of the people are illiterate and obviously they are technology ignorant. But among the literate portion many of them have computer phobia. So, these people cannot trust on the internet banking services. To gain the confidence on internet banking the overall computer literacy must be developed. And in that sense this proposed study will be very much helpful in taking initiative even in the root level to develop literacy in the country. This would be a perfect ground for the development of internet banking.

However, with banking customers growing increasingly comfortable with the digital lifestyle, this study can contribute to creating new markets, and reducing operational costs, administrative costs and workforce are increasingly important aspects for the banks' competitiveness, and improved E-banking system.

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