

Effect of E-Banking Services on Customer Value and Customer Loyalty

OPEN ACCESS

Volume: 6

Special Issue: 1

Month: December

Year: 2018

ISSN: 2320-4168

Impact Factor: 4.118

Citation:

Abdul Suban, B. "Effect of E-Banking Services on Customer Value and Customer Loyalty." *Shanlax International Journal of Commerce*, vol. 6, no. S1, 2018, pp. 34–40.

DOI:

<https://doi.org/10.5281/zenodo.2532933>

Dr.B.Abdul Suban

Head & Assistant Professor

*Department of Bank Management and Computer Applications
Urumu Dhanalakshmi College, Trichy*

Abstract

In Percent years, the Electronic Banking Services have formed to give the impression is widely as an electronic channel of conducting financial transactions to the customers. In the Tiruchirappalli commercial banks carry on to offer most of their banking transactions usingelectronically. The E - Banking services are theinternettransactions, and transferring electronic funds, whereby customers produce services forthemselves without assistance from banker.The objective of this study is to investigate the effect of electronicbanking services on Customer value and Customer loyalty in Tiruchirappalli commercial banks. Were this banks are chosen and questionnairesdistributed on banks customers those using e-banking services,operationalquestionnaires were analyzed; the results exposed that e-banking services have apositive effect on customer value and customer loyalty. In addition the researchalso indicated that there is an secondary effect of E-Banking Services on Customer Loyaltythrough Customer Value as mediator.

Introduction

Electronic banking technologies significantlyextended in modern years. E- Banking services new technologies to deliverin various banking services directly to customers. The Banks offer a wide range of these servicesthat can be used by electronic tools. Banks are creationchanges in service to meet customer needs, where banks can provide anoutstanding service to customers and can have a major affect in supporting economic development througheffective financial services. It is very important for banks to offer serviceselectronically to differentiate themselves from challengers. They need to provideinformation for customers on various opposite services, which make it possible tocompare them and then select the one that best meets customer wants. The electronic banking literature lacks observedindication about how aperson's attitude affects their selections of financial service delivery channel.

Though the value of a service depends on customer preferences and alternatives,value can be improved by falling costs or growing benefits.Customer value is considered central to get competitive advantage and long-termssuccess of the banks throughdelivery the good service. From another side, Customer loyalty has a powerful

impact on banking performance and is considered an main source of competitive advantage, customer loyalty has also been publicized to be important in the online background. The measurements of the main constructs were selected on the basis of reviews from previous researches, as well as questionnaire instrument was constructed mostly by implementing the measures from prior researches to be consistent with the purpose of study and suit with study population and sample.

Four characteristics of e- banking services (Convenience, Helpfulness, Cost saved and Self-control) measured by prior researchers, as well as Customer value has been determined by three dimensions (Serviceable value, Sensitive value, and Epistemic value), while Customer loyalty has been determined by two dimensions (Attitudinal and Social). The purpose of this study is to explore whether electronic banking services affect Customer value and Customer loyalty within the Tiruchirappalli Public Sectors Banks. Moreover seeks to display how customers observe values, and what underlying factors that affect their choice of banking services the most of as the researcher will try to examine the facilitating role of Customer value in the impact of e-banking services on customer loyalty.

Statement of the Problem

All Commercial banks compete with each other to attract their customers in different ways through providing convenient, accessible and acceptable services. One of the most important of these services is the electronic services that have donated significantly to increase the space between costumers and the banks. From the view of some customers, choosing to use electronic banking services can mean easier, lower-cost, around the clock availability, and time savings in managing of financial services. Although the banks have recently taken much interest in generating value for the customer, they have knowledgeable high levels of dissatisfaction on the part of users. Hence, no matter how much effort the banks put into their electronic services, if the customers do not understand the meaning or value of using them, the electronic service itself will be meaningless.

Study Hypotheses

Based on the study problem and the literature review, this study aims to test the following hypotheses:

- H1: There is positive effect on E- banking services to the Customer value in various levels
- H2: There is positive effect on E-banking services to Customer Loyalty in various levels
- H3: There is positive effect on Customer value to Customer Loyalty in various levels
- H4: There is indirect effect on E- banking services to Customer Loyalty through Customer value as a mediator variable in various levels.

Study Objectives

The main objective of this study is to investigate the effect of E- banking services on Customer value and Customer Loyalty in the Banking sector in Tiruchirappalli by achieving the following objectives:

1. To determine the effect of E- banking services on Customer Value.
2. To examine the effect of E- banking services on Customer Loyalty.
3. To determine the effect of Customer value on Customer Loyalty.
4. To investigate the indirect effect of e-banking services on customer loyalty through customer value as a mediator factor.

Study Limitations

This study was implemented in the Tiruchirappalli Public Sector banks. The aim was to look into customers of banks using e-banking services within a certain range.

Study Model

The researcher therefore hypothesized that e-banking services positively influence both customer value and customer loyalty (H1, H2). Additionally, the researcher assumed a positive effect of Customer value on Customer loyalty (H3). Finally, Customer value can be seen as a mediator for the indirect positive influence of e-banking services on Customer loyalty (H4).

E- Banking Services

1. Convenience
2. Helpfulness
3. Cost saved
4. Self-control

Customer Value

1. Serviceable value
2. Sensitive value
3. Epistemic value
4. Customer Loyalty
5. Attitudinal loyalty
6. Social loyalty

Benefits of Electronic Banking Services

There are arguments that the benefits of e-banking services on the fact that customers can access services when and where they want without some of the complications of interpersonal exchanges.

Benefits from the bank point of view

- The first benefits for the banks offering Internet banking services are better branding and better responsiveness to the market. Those banks that would offer such services would be perceived as leaders in technology implementation. Therefore, they would enjoy a better brand image.
- The second benefits to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation and better customer service and satisfaction, the online banking strengthens the relationship between the service provider and the customer.
- The third benefits that online channel enables banks to offer are low-cost, high value-added financial services and also benefit from the promotional opportunity to cross sell products such as credit cards and loans.
- The other benefits are possible to measure in monetary terms. The main goal of every company is to maximize profits for its owners and banks are not any exception. Automated e-banking services offer a perfect opportunity for maximizing profits.

Benefits from the customers' point of view

- The main benefit from the bank customers' point of view is significant saving of time by the automation of banking services processing and introduction of an easy maintenance tools for managing customer's money.
- Reduced costs in accessing and using the banking services.
- Increased comfort and time saving - transactions can be made 24 hours a day, without requiring the physical interaction with the bank.
- Quick and continuous access to information. Corporations will have easier access to information as, they can check on multiple accounts at the click of a button.

- Better cash management. E-banking facilities speed up cash cycle and increase efficiency of business processes as large variety of cash management instruments is available on Internet sites.
- Speed. The response of the medium is very fast; therefore customers can actually wait till the last minute before concluding a fund transfer.
- Funds management. Customers can download their history of different accounts and do a what-if analysis on their own PC before affecting any transaction on the web. This will lead to better funds management.

Table 1.1
Cronbach's Alpha Coefficients for main constructs and dimensions

S. No	Dimension	Number of Items	Coefficient
1.	Convenience	4	0.796
2.	Helpfulness	3	0.671
3.	Cost save	3	0.793
4.	Self - Control	3	0.700
E - Banking Services		13	0.824
5.	Serviceable Value	3	0.648
6.	Sensitive Value	3	0.720
7.	Epistemic Value	3	0.778
Customer Value		9	0.860
8.	Attitudinal Loyalty	4	0.735
9.	Social Loyalty	7	0.820
Customer Loyalty		7	0.861
All Constructs		29	0.919

The Cronbach's Alpha coefficient of main constructs "E - Banking services" including (13) statements as a scale to it was (82.4%), with all characteristics, the highest coefficient (79.6%) was to "Convenience" and the lowest (67.1%) was to "Helpfulness". The other construct "Customer value" including (9) statements as a scale to it was (86.0%), with all dimensions, the highest coefficient (77.8%) was to "Epistemic Value" and the lowest statement as a scale to it was (86.1%), within its dimensions, the highest coefficient (86.1%) was to "Social loyalty" and the lowest (82.0%) was to "Attitudinal loyalty". Finally the overall Cronbach's Alpha coefficient equal to (91.9%). These results are an acceptable level.

Table 1.2
Descriptive Statics of E - Banking Services Characteristics

S. No	Characteristics	Mean	Standard Deviation	Rank	Level of Importance
1.	Cost Saved	6.2233	.79140	1	High
2.	Convenience	6.0667	.70976	2	High
3.	Self - Control	5.5922	.95018	3	High
4.	Helpfulness	5.1958	1.03697	4	High
Grand Mean & Standard Deviation of E - Banking Services Scale		5.7924	.62014		High

The table above illustrates that the variable “E – Banking Services” has a “High” level of important with mean (5.7924) and standard deviation (.62014). One plausible reason which explains this ranking is that most customer tend to use the E – Banking services if, these service enhance their cost, are user- friendly, are less effort to use, and when they have sufficient control over their financial transactions with the bank.

Table 1.3
Descriptive Statics of Customer Value and its Dimensions

S. No	Dimensions	Mean	Standard Deviation	Rank	Level of Importance
1.	Serviceable Value	5.4806	1.02616	1	High
2.	Sensitive Value	5.4353	1.10572	2	High
3.	Epistemic Value	5.1780	1.14510	3	High
Grand Mean & Standard Deviation of Customer Value		5.3646	.93722		High

The table 1.3 illustrates that variable “Customer Value” h as a “High” level mean (5.3646) and Standard Deviation (.93722).

Table 1.4
Descriptive Statics of Customer Loyaltyand its Dimensions

S. No	Dimensions	Mean	Standard Deviation	Rank	Level of Importance
1.	Attitudinal Loyalty	5.4927	.95218	1	High
2.	Social Loyalty	5.4256	1.13080	2	High
Grand Mean & Standard Deviation of Customer Loyalty		5.4639	.95620		High

The above table 1.4 shows that the variable of Customer Loyalty has a High level of important with mean (5.4639) and Standard Deviation (.95620).

Table 1.5
Effect of E – Banking Services on Customer Value

DV	R ²	F	D.F	Sig*	Regression Coefficient				Decision
					ID	β	SE	t	
Customer Value	.343	106.673	1	.000	E-Banking Services	.586	.086	10.328	Support
			204						
			205						

According to the results in the above table 1.5, the simple regression is good for fitting the relation between E –Banking services and Customer Value, the regression equation is significant since (F – test = 106.673) with (sig =0.000) is less than 0.05 the level of significance. The coefficient of determination (R²=0.343) which means that ID (E – Banking services) explains (34.3%) of the

variation in DV (Customer Value), which the effect of ID variable will increase ($\beta = 0.586$) on DV which mean that increasing one unit in E –Banking services variable will increase (0.586) unit in customer value; so it is a positive effect, and its standard error, and its standard error is (SE = 0.086); this direct effect is significant according to associated ($t = 10.328$) with opposite ($\text{sig} = 0.000$). All these results confirm the first hypothesis so we accept it thus, “There is positive effect of E – Banking Services on Customer value at the significant level ($\alpha \leq 0.05$)”.

Table 1.6
Regression Analysis – Effects of E – Banking services and
Customer Value on Customer Loyalty

DV	R ²	F	D.F	Sig*	Regression Coefficient				Sig*
					ID	β	SE	t	
Customer Loyalty	.433	77.588	2	0.000	E-Banking Services	.377	.101	5.789	0.000
			203		Customer Value	.362	.067	5.546	0.000

Significant if $\text{sig} \leq 0.05$

First of all, the multiple regressions is a good fit for the relationship among three study’s variable. Since F –test (77.588), this indicates a significance model to represent the relationship. E – Banking services and customer value explain (43.3%) of the difference in customer loyalty value. Increasing one degree in the E –Banking services will increase customer loyalty (0.377),. This I a direct effect and t – test (5.789) associated with its significant because ($\text{sig} < 0.05$), while increasing one degree in the customer value will increase customer loyalty (0.362). This is a direct effect significant, where t – test (5.546) at associate ($\text{sig} < 0.05$), for the multiple, the indicator tolerance equal to (0.657) which is greater than (0.1) the value that maybe a problem between independent variables.

Findings of the Study

The purpose of this study was the examining of the effect of electronic banking services on both customer value and customer loyalty within the Tiruchirappalli. This study produced many hypotheses which reflected the relation of the positive effects between study factors, several findings emerged that contributed to solve the study problem.

The applied study found evidence that supported all hypotheses. Therefore the results of the study can be summarized as followings.

1. Characteristics of e-banking services (Convenience, Helpfulness, Cost saved and Self-control) demonstrated a positive effect on customer value.
2. Dimensions of customer value (Serviceable Value, Sensitive value, and epistemic value) demonstrated a positive effect on customer loyalty dimensions.
3. Characteristics of e – banking services demonstrated a positive effect on customer loyalty.
4. The high level of e – banking services in Tiruchirappalli public sector banking.
5. E – Banking service characteristics (cost saved, Convenience and self – control and Helpfulness) have high levels.
6. The level of customer value was high. The dimensions (Serviceable value, Sensitive value and epistemic value).
7. There was a significant positive effect of E –Banking services on customer value and customer loyalty at level ($\alpha \leq 0.05$). this indicates that e-banking services meet with customer’s attitudes, behaviors, desires and preferences.

8. There was an indirect effect of E – Banking services on customer loyalty through customer value as mediator variable.

Conclusions

The study confirmed the positive effect of e-banking services on customer value and customer loyalty. The customer's value has an influence on customer loyalty through its dimensions. Customers who are ready to use new technology to experience the advances of e-banking services have a positive attitudinal value. Although the three constructs of E – Banking services, customer value and customer loyalty have a high level, and the customer value and customer loyalty were close to mid-level.