Review of literature about online banking and customers satisfaction

Finance, Banks

Online banking first introduced in the UK was early 1990s when number of banks conduct test with their own Internet services. The first major financial institutions to offer a web-based banking service in the UK was Nationwide Building Society's Online Banking websites, launched in May 1997; the first bank to offer current account services over the internet was Royal Bank of Scotland. Now, all the major high street banks offer some kind of e-banking solution. Online banking is the " process that allows a consumer to perform banking functions online. Online banking can be accomplished through the internet with specific account and a consumer password".

Online banking is an " outgrowth of PC banking. Internet banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit. An internet banking customer accesses his or her accounts from a browser–software that runs Internet banking programs resident on the bank's World Wide Web server, not on the user's PC. Electronic banking can be defined as the provision of banking services and the initiation and performance of payments through the banking system by electronic means and other advanced technologies. Electronic banking is a conceptually generic term, which denoted banking services through a variety of access devices and links of communication.

Internet banking refers to the provision of electronic banking services via the Internet, commonly through a personal computer or other access devices with Internet capabilities. It gives customers the ability to access virtually any type of banking services (except cash) in any places and at any time. From an economic perspective, information technology and computer networks have enhanced the automation, spped and standardization in communications and internal administrations, increasing customer convenience and functionality and reducing costs in back-office and front desk banking functions. The same technological advances have stimulated financial innovation and improved efficiency in financial markets by enabling the seamless communication among issuers, investors, intermediaries and rganized markets. Electronic trading, whether in organized markets or in alternative trading systems, can reduce costs, attract new investors and remove the physical limitations on how prices are discovered and trades are performed, thus improving the functionality, transparency, and trading capacity of organized markets. (Gkoutzinis) Banks have provided electronic banking services to customers for a number of years using such familiar access devices as telephones and automated teller machines.

Corporate customers also have had access to on-line banking features by dialing into a bank’s system using proprietary software. More recently, retail customers have been able to access their bank accounts from computers in their homes or workplaces by connecting to on-line banking systems. Such systems offer services that enable individuals or business to verify their account balances, apply for loans, authorize bill payments, or transfer funds between their accounts and from other banks. Some on-line banking systems also let customers reorder checks, review their account histories, stop check payments, or facilitate wire transfers.

(Carl Ramirez, Delois Richardson) The word “ satisfaction” is the most appropriate label for the range of attitudes and feelings that customers hold about their experiences with an organization. (Nigel Hill, Greg Roche and Rachel Allen) If the product matches expectations, the consumer is satisfied; if it exceeds them, the consumer is highly satisfied; if it falls short, the consumer is dissatisfied. (Kotler)Richard Oliver has defined customer satisfaction as “ a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or-over-fulfillment. ” Customer satisfaction, or dissatisfaction, is the feeling of a customer has about the extent to which their experiences with an organization have met their needs.

So customer satisfaction is a relative concept. It’s the customer’s subjective judgment or feeling, the attitudes they hold, about he extent to which their requirements have been met by the supplier. However, satisfaction is rarely an end itself because whilst it is pleasing that customers hold favorable attitudes, that’s of little value if they’re not behaving like loyal customers. It is customer’s behavior that enables companies to achieve their objectives, particularly desirable behaviors such as buying more often, spending more or recommending the organization to others.

The reason why the measurement of customer satisfaction is so important is that attitudes drive behaviors and, therefore, future company performance. Satisfaction is an attitude, loyalty is a behavior. We also measure customer satisfaction because in phrases such as ‘ you can’t manage what you don’t measure' reflect the widely held view that without measures organizations lack the focus to make improvements even in areas regarded as very important. Some go further and suggest that organizations are defines by what they measure. They maintain that ' what a business measures shapes employee thinking, communicates company values and channels organizational learning'. What Determines Customer satisfaction? It is influenced by specific product or service features, perception of product and service quality, and price.

In addition, personal factors such as the customer's mood or emotional state and situational factors such as family member opinions will also influence satisfaction. In less technical terms, we interpret this definition to mean that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met the customer's needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service. In addition to a sense of fulfillment in the knowledge that one's needs have been met, satisfaction can also be related to other types of feelings, depending on the particular context or type of service. Satisfaction may also be associated with feelings of pleasure for services that make the consumer feel good or are associated with a sense of happiness. For those services that really surprise the consumer in a positive way, satisfaction may mean delight.

In some situations, where the emoval of a negative leads to satisfaction, the consumer may associate a sense of relief with satisfaction. Finally, satisfaction may be associated with feelings of ambivalence when there is a mix of positive and negative experiences associated with the product or service. There is an important relationship between customer satisfaction and customer loyalty. The relationship is particularly strong when customers are very satisfied.

Thus firms that simply aim to satisfy customers may not be doing engender loyalty-they must instead aim to more than satisfy or even delight their customers.