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The Effect of Electronic Banking Products on Customer Satisfaction and Loyalty: A Case of GCB Bank Ltd, Koforidua

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Abstract

The study aims to find out the effect of electronic Banking products on customer satisfaction and loyalty. The objectives were to evaluate the effectiveness of electronic banking methods employed by the Bank; to determine the current level of customer satisfaction and loyalty at GCB Bank Ltd (GCB), Koforidua; and to find out the relationship that exists between electronic banking and customer satisfaction. Findings on the effectiveness of electronic banking methods employed at GCB, Koforidua Branch indicated that the methods offer quick services to its clients; respondents can easily transfer money from one account to another electronically; there is insufficient number of Automatic Teller Machine (ATM) booths. Findings revealed that Electronic Banking has satisfied most of the customers' banking needs; GCB is characterized with long queues; the presence of breakdowns of ATM machines affects Electronic banking services hence affecting the level of client's satisfaction. The Pearson's correlation between Electronic banking and customer satisfaction stood at 0.388, which is a weak direct relationship between the two variables. It's been recommended that management of GCB invest in IT to further promote efficient service delivery. There is also the need to do extensive customer education to enable more customers patronize.

Keywords: internet banking, customer loyalty, customer satisfaction, contribution, banking

INTRODUCTION

The upsurge in Information Communication Technology (ICT) in the present world has affected the delivery of service in most if not all organizations. The GCB Bank Ltd (GCB) like other service industries has its own share of ICT influence. The revolution in information technology has a direct influence on the way business is conducted. In the banking industry, one of the most notable and momentary developments has been the introduction of Electronic banking. Electronic banking offers customers the flexibility of 24-hour access to banking services without the need to visit the bank for most services and transactions. This study examines the effect of Electronic Banking products on customer satisfaction and loyalty of GCB.

In spite of the growing interest and importance of Electronic banking in many financial institutions in Ghana, the implementation of such innovations at GCB has remained low, the adoption rates among clients and its usage has not brought significant outputs in the way clients become happy with the services offered, and indeed existing literature indicates that despite such growing interest, no significant studies that have focused on consumer adoption and more so, customer satisfaction in Ghana. One of the benefits banks derive from Electronic Banking in banking operations especially, with respect to service delivery is improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks. The customers on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of going to banks physically and reduced cash handling, which will give rise to higher volume of turnover. However, with this development at GCB, long queues are still seen at the banking hall, bank customers still handle too much cash, and hardly do people talk about the electronic banking products that are available to customers of GCB. Thus, the study seeks to investigate the effect of electronic banking products on customer satisfaction and loyalty of GCB Koforidua Branch.

The general purpose of the study is to investigate the effect electronic banking products have on customer satisfaction and loyalty of GCB Bank, Koforidua Branch. However, the study specifically seeks to:

- Identify the electronic banking services offered by GCB and its usage by customers
- To evaluate the effectiveness of electronic banking methods employed by GCB
- To determine the current level of customer satisfaction at GCB
- To find out the relationship between electronic banking and customer satisfaction at GCB

Based on the research objectives, the study will test the following questions:

- What are the electronic banking products of GCB Koforidua Branch?
- What is the effectiveness of electronic banking methods employed by GCB Koforidua Branch?
- What is the level of customer satisfaction at GCB Koforidua Branch?
- What is the relationship between electronic banking and customer satisfaction at GCB Koforidua Branch?

LITERATURE REVIEW

The concept of electronic banking has been defined in many ways. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Timothy (2012), also, defines electronic banking as the use of the Internet as a remote delivery channel for providing services, such as

opening a deposit account, transferring funds among different accounts and electronic bill presentment and payment. According to Arunachalam and Sivasubramanian (2007), Internet (electronic) banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser.

In addition, Ongkasuwan and Tantichattanon (2002) further defines Internet (electronic) banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining a history statement on all accounts linked to the bank's customers' Auto Bank (ATMs).

Pikkarainen et al. (2004) observed that a variety of electronic banking technologies in recent years had expanded. With financial institutions, technologies like direct deposit, automated teller machines and credit/debit cards have been the key investments and innovations. He however observed that these innovations and creations need an environment that is customer friendly and likely to improve on their satisfaction. He noted that in a clientele world, the customer is the king so if these technologies are meant to improve on service delivery and satisfaction, electronic banking possess a better future.

E-banking has been defined differently by researchers partly because e-banking services vary (Daniel, 1999; Sathye, 1999). For instance, Salehi and Zhila, (2008) indicated that e-banking involves an electronic connection between bank and customer in order to prepare, manage and control financial transactions of the customer by the bank. This type of banking has been found to be driven through the following channels:

- Internet banking (or online banking),
- Telephone banking,
- TV-based banking, and
- Mobile phone banking (or offline banking)
- ATMs.

Applications of ICT within the banking sector are the development of products and service such as: networked branches, ATMs, internet banking, SMS and Telephone Banking, Electronic Bill Payment among others. The GCB has under their electronic banking models the following: Internet banking, Mobile banking and ATM cards (Readycash, MasterCard, Visa and E-zwich). These developments have enabled the bank to provide more diversified, secured and convenient financial services.

METHODOLOGY

This study is a descriptive survey with the use of questionnaire as the main instrument to elicit data and information. This was a cross sectional study conducted at GCB Koforidua branch. It constituted all customers using the electronic banking products. The sample size was determined using Cochran's sample size determination formula for continuous data (Snedecor & Cochran 1980). A total of 244 individuals, who are customers of GCB Koforidua branch, were randomly selected to participant in the study. These customers were selected using accidental sampling technique, a non-probability sampling method. Non-probability sampling is any sampling method where some elements of the population have no chance of selection, or where the probability of selection cannot be accurately determined. A

questionnaire consisting of open and closed ended were administered by the researchers. Ethical consent was obtained from the Branch Manager of the study setting before the administration of questionnaires. All the 244 questionnaires distributed were completed and retrieved. This represented 100% of the sample size and valid for analysis.

With the aid of Statistical Package for Social Science (SPSS) version16.0 computer software the data obtained were analyzed.

FINDINGS AND DISCUSSIONS

Findings on the effectiveness of electronic banking

Findings indicate that electronic banking at GCB offer quick services to its clients; 32.4% respondents out of 244 that were interviewed strongly agreed, 54.1% agreed, 4.1% were not sure, 5.7% disagreed and 3.7% strongly disagreed. Findings also indicated that there were sufficient numbers of ATM booths at GCB Koforidua branch 49.2% of the respondents strongly agreed, 26.6% agreed, 18.9% disagreed and 5.3% strongly disagreed.

Findings on the level of customer satisfaction

Findings reveal that electronic banking has satisfied most of customer banking needs; 36.9% of the 244 respondents strongly agreed with the statement, 30.7% agreed, 9.8% disagreed and 19.3% disagreed. Findings indicated that GCB. Koforidua branch is characterized by long queues; 75.0% of the respondents strongly agreed and 16.4% agreed. This is the lowest level of satisfaction of the clients. Findings showed that there are a few break downs on the ATMs; 68.4% of the respondents strongly agreed, 24.2% agreed, 2.5% were not sure, 4.9% disagreed. The presence of breakdowns of ATMs affects electronic banking services hence affecting the level of client satisfaction.

Findings on the relationship between electronic banking and customer satisfaction

Majority of the respondents strongly disagree that the customer is satisfied according to the way GCB. Koforidua branch carry out their electronic systems and this implies that the relationship between electronic banking and customer satisfaction is weak. Findings revealed that there is a weak direct relationship between Electronic banking and customer satisfaction. The Pearson's correlation between Electronic banking and customer satisfaction stood at 0.388 which is a direct relationship between the two variables. It is therefore true to say that electronic banking has a significant effect on customer satisfaction.

CONCLUSIONS

Basing on data analysis and discussion that mentioned, hence this study can be concluded that the responses of respondents on electronic banking variable is positive; majority respond are agree and strongly agree to the effects of electronic banking methods employed at GCB. Koforidua branch, the service is quick, easy to use, and easy to transfer money from one account to another electronically. The insufficient number of ATM booths and the customer representatives for on-line services fairly respond to clients queries on a timely fashion, were the major factors negatively affecting electronic banking methods employed at GCB Koforidua branch. Findings reveal that Electronic Banking has satisfied most of customer banking needs, most bank clients enjoy using e-Banking, this results into a high level of satisfaction. The long queues lower the level of satisfaction. Findings revealed that there is a weak positive relationship between Electronic banking and customer satisfaction. The Pearson's correlation between Electronic banking and customer satisfaction stood at 38.8% which is a weak direct relationship

between the two variables. It is therefore true to say that Electronic banking has a significant effect on customer satisfaction and loyalty.

RECOMMENDATIONS

- There is a need to increase on the number of ATM Booth of GCB Koforidua branch; this would eliminate the problem of long queues in the bank and at the ATM machines. The presence of adequate number of ATMs would increase the level of customer satisfaction hence building a stronger positive relationship between electronic banking and customer satisfaction.
- There is a need for the customer representatives for on-line services to improve on the response to clients queries on a timely fashion; results indicated that customer representatives for on-line services fairly respond to clients queries on a timely fashion. The fair timely fashion response affects negatively the methods of electronic banking employed at GCB Koforidua branch, for example telephone banking and internet banking is affected negatively. Therefore, if they improve on the timely fashion response, customers will receive quick response and this would improve the turnaround time, thus increase their level of satisfaction hence building a stronger positive relationship between electronic banking and customer satisfaction.
- GCB Koforidua branch today have no other choice than to advance in ICT if they are to remain key players in the global banking system. This requires banks to forge partnership agreements with renowned ICT institutions in Ghana and abroad in improving on the state of ICT in the industry and the economy at large.
- There is the need to educate customers extensively on the use of electronic services such as internet banking, SMS (mobile) banking and e-zwich banking services which are not well patronized.
- E-banking services should be developed extensively in the face of competition in the banking industry to sustain the pressure and maintain profits.
- Lastly, as customer is the essence of any business being, the development of these new Electronic Banking Services (EBS) should be customer-centric (Customers' needs should be the watchword right from idea conception, development and use of the services).

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