

**Research Article**

## **IMPACT OF ELECTRONIC BANKING ON CUSTOMER LOYALTY**

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### **ABSTRACT**

Banking industry is one of the very old industries, which has a special place among other industries. From which become all other industries, so deal with financial problems, and hence, will face a variety of banks. Meanwhile, the rapid development of information technology, which has been faced with change, every aspect of human life, has also caused major changes, in the form of money and funds transfer systems, in banking, and has presented new concepts, as electronic money and electronic transmission. This concept has created a new type of banking, entitled "Electronic Banking". Electronic Banking, due to its nature, has always been faced with challenges. This situation has led to ever financial institutions are trying to study the factors that will increase the quality of their services, and customer loyalty. Accordingly, the aim of this study was to review the studies on e-banking, and the influencing factors, on improving their service quality and customer loyalty. In this study, we first reviewed the literature, and various aspects of banking and commerce, and then, with a review of the studies presented cases, to promote of electronic banking services.

**Keywords:** *E-Banking, E-Commerce, Electronic Services, Customer Loyalty*

### **INTRODUCTION**

Development of ICT in all aspects of human life, has created a fundamental change, and put the world today, during a complete revolution. Global networking, and computer technologies, has changed the way of doing things. With the rapid development of information and communication technology in the world and the profound impact of electronic devices, to facilitate and accelerate tasks, and save time and money every day increases the importance of these devices and their applications (Moghly, 2007). Meanwhile, the rapid development of information technology has caused major changes in the money and funds transfer systems, in banking, and has provided some new concepts, such as electronic money and electronic transmission. This concept has created a new type of banking, entitled "Electronic Banking". Banking industry, one of the industry is relatively old, who has a special place among other industries. From which become all other industries, so deal with financial problems, and hence will face a variety of banks (Sarafrazi and Memarzadeh, 2009). In the end, "Swift" Community, this is an international non-profit cooperative association, to replace the paper with non-standard methods, and international communications, also country launched in 1973. In 1993, came to join the network, and now, all commercial banks and specialized countries are members of the International Network of Swift. In the past decade, there have been many efforts in the field of electronic banking in Iran, and services such as telephone banking, checking accounts, satellite, debit cards, ATM, (ATM) and point of sale systems (POS), are the these efforts. But it seems these services, such as ought, to, indeed, have been welcomed by customers (Moghly, 2007). While many studies have shown that up and maintain customer loyalty depends on the increase going to buy him, in the future, as well as customer loyalty is related to his understanding, of the quality of goods and services. Therefore, service and manufacturing industries, in addition, should pay attention to your customer satisfaction should also be looking to improve the quality of their goods and services. In today's competitive world, distributing more quality services is regarded as a fundamental strategy in most service organizations. Accordingly, today, according to a variety of banks, and increase their various subsidiaries, as well as the development of electronic banking, customer needs, and the needs and demands of them, have been more important. The banks have their basis and philosophy of providing quality services to customers. Therefore, the establishment of electronic banking, and improve the quality of e-banking services, which is a key issue today is the modern banking industry's needs (Mirabi *et al.*, 2008). Accordingly, in this study was to review the literature and history

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of research on e-banking, and its impact on customer satisfaction, provide a broader understanding of the subject.

### **Literature**

#### **Electronic Service**

There are different categories of services, based on the technology. The classification is based on the notion that, who use the technology, which offers the service. In the delivery of services to individual employees, use of technology, to provide services to clients. Customer Technology refers to the ability of the customer, to use of technology, such as ATM. The second floor has a position on the basis that the service should be provided, for example, in the actual environment, home or office, use of personal computers. The final class was able to identify the different levels of customer calls, direct or indirect service at all times, such as telephone banking (Qadikolaiy *et al.*, 2011). Literature Electronic service has followed widely, commercial influx of internet marketing. First, is the use of ordinary companies, and users through its website, which is often achieved with an overall view of the company, and having a public relationship, and being in the world of electronic commerce. The next most common usage has more information about products. Third Wave application is predominant interest in electronic sales, which are using the Web to buy or sell commodities. This story takes us to the fourth wave of emerging, called the Electronic service, which is still being applied to. Necessity ", electronic Service, is the leading provider of advanced applications of internet technology. For example, companies can use a smart interface, through tracking, and data mining on the Web sites, and develop an awareness of patterns and customer needs, provide outstanding service. On the other hand, customer relationships can be developed based on the client's responses to the proposals. In the literature on electronic service, introduced three it. The first thing is to call it "a very wide vision or macro" electronic service, which is also synonymous with e-commerce. Electronic Service means visibility, what can we read it as "services special ", which provides specialized services offered to Internet users. The third thing is, we call it" micro vision ", and is part of customer service, on a site as part of a website (Dennis *et al.*, 2004).

#### **Electronic Service Quality**

The concept of electronic services, increasingly, by researchers and experts, will be introduced as one of the key factors in the success of e-commerce. Based on electronic service quality, service quality, is one of the critical factors in determining the success or failure of e-commerce. Electronic services, we can define the role of services in cyberspace (Alvani *et al.*, 2009). Provide details about the movement of money between clients' accounts, and providing information related to the exchange rate on a daily basis, are the ones who expect their customers receive via e-services. Web site design, as it is attractive and user friendly, and easy to work with the bank's website, even at low speed internet, is one of factors affecting the quality of electronic services. Confidence in the bank's name and brand, helps customers authoritative information in regard to the site, and is heartened that, compared to the use of electronic services. Guarantee, in removing harmful, for the flaws in the safety and security of electronic services, quickly responding to complaints, as well as providing facilities, coaching clients online, it can be improved bank performance, the provision of electronic services (Amiri, 2010).

#### **Electronic Banking**

The term e-banking, is less than two decades in the world. This term, after the development of pervasive computing networks in the world, has entered the international banking literature. (Yaghoobi, Alizadeh, 2006). Electronic banking is a banking service, which was used for the first time in 1995 in America, and then quickly spread among other countries (Amadeh and Jafapour, 2009).

Electronic Banking, which includes systems that enable customers to financial institutions, in the three levels of information, communication and transactions, use of banking services:

(A) Notification: This level is the most basic level of Internet banking. Database-related services and banking operations, introduce themselves, through public or private networks.

(B) Communications: This level of Internet banking provides the ability to perform transactions between the bank and the client system. This level of risk in e-banking, is the most traditional way, and requires appropriate controls.

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(C) Transactions: This system, according to the type of information and communication, is the highest level of risk, and is able to a control security system; perform the Czech export, transfer, and open an account (Yaghoobi and Alizadeh, 2006).

Also in Iran, after the 80 AD, banks in the country, began to computerize the bank, banking automation master plan, a proposed plan for comprehensive development, informatics activities of banks, to coverage provided by the banking system, Then in 1993, with the approval of the General Assembly of the banks, this project became official. For the same reason, the central bank, to IT services company, established as an executive agency, and the same time, to be heard whispers of creating a national switch to electronic banking, and in this context, there was a communication network between National Bank, and national stores until June of 2012, with the adoption of rules governing the exchange of information between the banking system, known as the acceleration began new developments in the electronic banking system (Koochakiyan and Hajian, 2008).

### **Customer Loyalty**

Since the 1980s, academic researches, and research works, which are in abundance, institutions and successful companies in the field of customer loyalty, have significant profit growth. In this regard, in the early 1990s, there was an explosion, for use of customer loyalty programs in different fields (Margarita, 2007). Initial approaches to customer loyalty, focus on repeat purchase, or the purchase of this product. But gradually, was criticized by scholars, such as DEY and colleagues that may repeat purchase, caused by lack of alternative options to the customer. In response to such criticisms, the researchers have offered proposals, which evaluation and measurement of loyalty, in addition to behavioral dimensions, done through attitudinal dimension. In organizations, usually for reasons, including lower number of customers, more continuity of service by them, the importance of maintaining and strengthening long-term relationships with customers, closer and deeper relationships with customers, and professional customers, has attention to the factors affecting customer loyalty, and be of great importance (Jayawardhena *et al.*, 2007). From different perspectives, customer loyalty can be interpreted as an unwillingness to change products and services. Looking at the issue of loyalty, rather than exclusively as frequency, is not sufficient, and is as sense of customers. Customer loyalty can be evaluated, as the value that they offer to their businesses. In concept of customer loyalty, customer relationship with the firm is the long-term relationship. Fullerton recognizes customer loyalty does consisting of:

A) Behavioral loyalty: customer intent to repurchase the service and product, from service provider, and intent on maintaining relationships with suppliers.

B) Attitudinal loyalty: level of dependence, and the attitude of the customer towards service provider. The characteristic of this kind of loyalty, are positive word of mouth advertising, inviting others to make use of that product or service, (Fullerton, 2003), loyalty to the organization, which is the issue, affected by numerous factors and conditions within and outside the organization, the extent of their influence, according to the type of organization varies from organization to organization. Recognizing these factors and determines the impact of each of them, in helping managers to make decisions, is of great importance. On the other hand, the organization's resources are limited, and if management is to design programs to keep their customers should be given to factors, loyalty, and the importance of each of these factors, the allocation of limited resources (Khorshidi and Kardgar, 2009).

### **Electronic Loyalty**

E-loyalty: loyalty is an important factor in the success of the organization, and makes a positive impact on profit organization. Customer loyalty, in the term refers to a situation where the customer is located, at the higher levels of satisfaction, to purchase permanent, not paying attention to competitors, and praised the organization, among others. Loyalty, accompanied by three approaches, attitude, and availability (Jouyandeh *et al.*, 2013). Oliver, there are four stages to the attitudinal approach:

1. Cognitive Loyalty: related to customer belief, and leads to behavior.
2. Emotional loyalty: refers to the feeling, and leads to commitment, and trust.
3. Action loyalty: related to the client's intent to purchase in the future.
4. Loyalty in action: purchasing, changed to ready for action (Floh and Treiblmaier, 2006).

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Anderson and Serinivasan, positive attitude, a customer, an e-business, which will result in the re-purchase behavior, defined electronic loyalty (Anderson and Serinivasan, 2003). If managers quickly devised, profitable customer loyalty, and attracting new customers are not suitable, will have, in gaining the trust and loyalty of customers, they followed the others. Increasing consumer electronics has caused banks to pay attention to the benefits of the loyalty of the customers because loyal customers, not in search of products and services at lower prices, but it will, in exchange for the product, and service with better features, to pay a higher price, and the seller offer products and services to others. In a virtual environment, this by clicking and moving earrings, and more quickly, than deny the environment, and this is a rich source of potential profit for the organization because of lower operating costs, customers are able to afford more. Thus, even though it is more expensive to create and manage online, compared to the traditional, but the relationship of loyalty, the profit will be, of the more rapid growth (Abkenar *et al.*, 2013).

Eskandarikhoee (2010), in their model, customer electronic satisfaction and customer electronic trust and the electronic quality have role of the interface.

According to this model, are mentioned, factors affecting electronic customer satisfaction, from the perspective of the customer, delivery time, billing and delivery system. To provide reliable electronic client, it is necessary reliability of the information available on the Web, credit card information, and the physical location of the seller. The brand and recommend others, are the most important factors that increase trust, and loyalty are effective in electronics. Factors affecting electronic loyalty, due to the similarity and overlap with each other, were merged, and were placed in six general categories. The researcher, loyalty electronic components required, in addition to internal cognitive concepts (trust and satisfaction), and aspects of quality (quality of the site, quality of service), are variables such as (Details Order and value provided), which are be investigated (Floh and Treiblmaier, 2006)

Site quality in electronic business, the first, and perhaps the only network client communications, and business, that business is a commercial site, where customers are forming initial attitude toward business.

Levels of trust: Trust is a fundamental approach to marketing. In gaining customer loyalty, to win the trust of customers. This is always true, but on the Web (Internet), which transaction is carried away, this is truer. Online shopping, customers can look to the eyes of sales staff. Cannot watch, the physical space of a shop or office, and see and touch the products in the store. They must rely on the images and quotations. If customers can trust the company, it offers pictures and quotations; the Order will be from elsewhere (Yee and Faziharudean, 2010)

Quality of Service: Quality is part of the nature of all things. Comparison of business, in the electronic environment, it is very easy, and customer convenience, with simultaneous search in other organizations, and compared the levels of the organization, and the organization's choice, with better services. Internet customers, who are, for the acquisition of high quality electronics, are willing to pay higher prices.

Value provided: the value provided, in fact, was to customer evaluation of the usefulness of the transaction, based on what he brings to all deals. The purchasing, there is a positive relationship between the value provided, and are willing to buy again. Customers remain loyal when they feel the current supply, compared to other competitors, will be more profitable for him.

Details of Order: The greater the volume of purchases, customers show more obsessed with the choice of the provider, if you have a successful shopping experience, in the past, rather than that, use the services of the company, and cannot accept the risk purchase of other companies (Abkenar *et al.*, 2013).

Satisfaction: customers, often consciously or unconsciously, to meet their needs, to choose to suppliers, that the price paid to produce the highest in customer satisfaction. In fact, satisfaction and dissatisfaction, obtained from the customer's expectations, and the quality of service they received (Taylor *et al.*, 2007).

### **CONCLUSION**

Today world, and the world economy has witnessing extensive transformation in the field of information exchange, and the development of information and communication technologies, that this topic, the adoption of new practices and policies, seems inevitable, management, and economic activities. Today's

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management, which is based on modern information and communication, are Require to mechanisms, and various infrastructure, to include the development of the business, and create a favorable environment for entrepreneurship, which, perhaps, as the most important infrastructure to the development of electronic commerce, and consequently, e-banking. In the study found that the use of information and communications technologies can be used to increase the efficiency of banks. But if the technology without customers will not be able, institutions such as banks, their main audience, and people can bring success. The failure of these institutions, ultimately, will lead to the economic inefficiency of the country. One of useful way to get well, and ultimately, customer satisfaction is to raise awareness of this service. According to some experts, mainly because of the use of certain electronic systems, does the lack of customer awareness of available valuable services, or due to hardware limitations exist in some services. Many believe that a continuous effort for the preservation and retention of customers, financial institutions, including banks, is not a new issue. Today, many banks have raised and famous around the world, creating and maintaining relationships with stakeholders, including service providers, customers and competitors in the international market, has been the cornerstone of our management philosophy. In fact, almost all banks in the world are actively pursuing strategies to customers. Hence, if the banks are calling for a bright future, and hope to survive, at least, have no choice but to retain valuable customers and key. In fact, external pressures arising from the shrinking of available markets, and the bank's internal efforts, for the development of services, tailored to provide customers, has led banks and financial and credit institutions, are looking for new markets, and new ways, services at a cheaper, easier, and with greater benefit to the consumer. In this way, according to customer requirements, and other factors important to them, and the loyalty of the Bank's activities and services, can be a crucial element in achieving these financial institutions, to the success and goals. Customer care and loyalty to him, something that goes back to compete on a global level. Customer loyalty is a cumulative experience of buying and using commercial customer. Customer loyalty, experience is influenced by two factors, expectations and service quality, which would eventually lead to his loyalty. But one of the key points of attraction and customer loyalty, especially in the case of electronic banking, which creates a sense of trust in them. Among other services that may be causing the increase in customer loyalty was to provide electronic services, such as mobile banking, mobile phone short message service, get cash from an ATM, and provide services through the Internet, Auto Bank, card credit Bank. One of the remarkable things about electronic banking services, which can result in some large cities, solve many of the problems caused by traffic, is that impact on reducing unnecessary trips within the city. It can also cause economic savings, and reduce traffic problems.

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