COMPARATIVE STUDY OF THE INTERNET BANKING SERCVICES BEING PROVIDED BY THE LOCAL AND INTERNATIONAL BANKS.

NIDAA BABAR
(111012-018)

A research project submitted in partial fulfillment of the requirements for the degree of BBA

Department Management Sciences
Bahria Institute of Management and Computer Sciences
(BIM&CS)

Bahria University Islamabad

2006

ABSTRACT

Name of student: Nidaa Babar

Name of supervisor: Shehryar Yousafzai

Research Title: "Comparative study of the internet banking services being provided by the local and international banks"

Degree Conferred: BBA (Hons) Information Technology

Date: 24th January, 2006

Problem: Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. This technology has been in use in Pakistan too. There are a number of International and local banks offering online banking services. Even though its been quite a while that the banks have been providing people with such services in Pakistan but there has been no detailed study on how the banks are performing and what the level of satisfaction the customers have regarding these services.

Objectives: The objective is to find out how the customers perceive the internet baking services provided by their banks and to what capacity are these online facilities being utilized.

Method: The survey method of research will be used in the study. Data will be collected through questionnaires and interviews conducted with the sample.

Conclusion: The end result is that even though the Pakistani banks are offering internet banking services but they don’t have much options. This is one of the main reasons for the customers to use the internet banking facilities by the International banks since they are more reliable and offer them a variety.

TABLE OF CONTENTS

ABSTRACT iii
LIST OF TABLES VI
LIST OF FIGURES VII

CHAPTER

I. INTRODUCTION
- Broad problem area/Background 1
- Rational of the study 4
- Problem statement 5
- Objectives of the study 6

II.LITERATURE REVIEW 7

III.METHOD
- Sampling Design 14
- Data Collection and Analysis 15
- Questionnaire Design 15
- Data Presentation 16

IV.RESULTS AND DISCUSSION 17

V.CONCLUSION AND RECOMMENDATIONS 39

REFERENCES

LIST OF TABLES

TABLE NUMBER & HEADING	PAGE NO.
4.1 NUMBER OF SERVICES OFFERED BY THE INTERNATIONAL AND THE LOCAL BANKS	17
4.2 AGE GROUP OF THE USERS GENDER-WISE (MALES).....	19
4.3 AGE GROUP OF THE USERS GENDER-WISE (FEMALES).....	19
4.4 LENGTH OF TIME WITH THEIR BANK (STANDARD CHARTERED)	23
4.5 LENGTH OF TIME WITH THEIR BANK (HBL).....	23
4.6 THE MOST USED ONLINE BANKING SERVICES BY THE CUSTOMERS	34
4.7 THE ADDITIONAL SERVICES THAT THE CUSTOMERS REQUEST(STANDARD CHARTERED)	35
4.8 REASONS FOR USING NOT SWITCHING TO ANOTHER INTERNET BANKING WEBSITE	37
TABLE 4.9 REASONS FOR USING NOT SWITCHING TO ANOTHER INTERNET BANKING WEBSITE	38

LIST OF FIGURES

FIGURE NUMBER & NAME	PAGE NO.
4.1: Gender of the Respondents ……..	18
4.2: Age group of the users	19
4.3: Age group of the users Gender-wise (Females)	20
4.5: Income Levels of the Respondents	21
4.6: No. of Respondents from every bank	21
4.7 Length of time with their bank	22
4.8: Length of time with their bank (Citibank)	22
4.9: Length of time with their bank (MCB)	23
4.10: How often do the customers visit their banks	24
4.11 How often do the customers visit their banks (Standard Chartered)	24
4.12: How often do the customers visit their banks	25
4.13: How often do the customers visit their banks	25
4.14 How often do the customers visit their bank’s website	25
4.15 How often do the customers visit their bank's website (Citibank)	26
4.16: How often do the customers visit their bank's	26
4.17 How often do the customers visit their bank's website (MCB)	27

4.18 How often do the customers visit their bank's website (HBL) 28

4.19 How familiar are the customers with their bank's website 28

4.20 Importance of certain factors for the customers 29

4.21 Importance of certain factors for the customers (Citibank) 29

4.22 Importance of certain factors for the customers (Standard Chartered) 30

4.23: Importance of certain factors for the customers 30

4.24 Importance of certain factors for the customers 30

4.25 Level of importance of these factors 31

4.26 Level of importance of these factors (Citibank) 31

4.27 Level of importance of these factors 32

4.28 Level of importance of these factors 32

4.29 Level of importance of these factors 33

4.30 The most used online banking services by the customers 33

4.31 The most used online banking services by the customers 34

4.6 The most used online banking services by the customers 34

4.32 The most used online banking services by the customers

4.33 The Additional services that the customers request 35

4.34 The Additional services that the customers request(Habib bank) 37

4.35 Reasons for using not switching to another internet banking website 38

4.36 Reasons for using not switching to another internet banking website 38

CHAPTER-I

INTRODUCTION

Broad Problem Area/Background

The tremendous advances in technology and the forceful infusion of information technology had brought in a paradigm shift in banking operations. Internet banking that has revolutionized the banking industry worldwide has turned out to be the core issue of various studies all over the world. However, there has constantly been a literature gap on the issue in Pakistan. The aim of this research is to help and fill significant gaps in knowledge about the Internet banking background in Pakistan.

In the last decade business sectors have faced a rapid shift under the forces effecting the marketing environment. One of the major forces behind these changes is technology, it is creating new products, services market opportunities and developing more information and system oriented business and management processes (Liao & Cheung, 2002). The history of Internet is well known.

As an information medium, the Internet offers different information services that have been developed over the time. The services are e.g. electronic mail, file transfer protocol, and the worldwide web (www). The internet has no central owner, but the connected networks are owned and

administrated by different universities, companies, authorities and other organizations, in future the customers will be able to buy the goods and services on the internet from all over the world and over the internet with the minimal risk (Fraser et al., 2000).

Electronic commerce refers to the use of electronic means and technologies to conduct commerce-including within-business, business-to-business and business-to-consumer Interactions. The enabling technologies, of course, are also used for non-commercial activities such as entertainment, communication, filing and paying taxes, managing personal finance, research and education, which may still include the services of online companies. Ecommerce is the application of information technology to facilitate business exchanges among different parties (Rayport & Jaworski, 2001).

Banking is one of the most information intensive sectors and is an ideal domain for the successful development of E-Commerce (Kardaras & Papathanassiou, 2001). The Internet banking refers to the use of the Internet as a remote delivery channel for banking services (Furst et al., 2002),(Suganthi et al., 2001), (Dannenerg & Kellner, 1998) and (Zineldin, 1995). For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the understanding of their anywhere, anytime, anyway banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation and face the tough competition. Internet banking would help banks present a potentially low cost

alternative to brick and mortar branch banking. Internet banking services are crucial for long-term survival of banks in the world of electronic commerce (Burnham, 1996). The market for Internet banking is forecast to grow sharply in the next few years, affecting the competitive advantage enjoyed by traditional branch banks (Duclaux, 1996).Indeed, it also was estimated that financial institutions that failed to respond to the need for Internet banking services would likely lose more than 10% of their customers base by the year 2000 (Orr, 1998).

Rational Of The Study

The recent trends show that most brick and mortar banks are shifting from a product-centric model to a customer-centric model as they develop their new e-banking capabilities. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and worldwide web (www), banks increasingly use Internet as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication (RBI, 2001).

This research is being undertaken to find out about the facilities being provided by the local and international banks both on the internet. Through this research we will be able to compare how one bank’s e-banking services are considered better than the others.

Problem Statement

The nature of banking is changing rapidly in Pakistan. Customers are increasingly aware of and demanding sophisticated banking services including e-banking. It is to meet such needs of our commercial and individual customers that we are introducing PC and Internet banking which are apart of our current and future E-banking services.

E-banking has grown to be a major means of conducting business all over the world. In Pakistan its services are being availed and gradually customers are becoming used to this concept which is not relatively new anymore.

This study would help in analyzing the e-banking services being provided on the websites in Pakistan since a comparison is necessary to determine the level of comfort the customers face while using these services and which services are being appreciated by them. Moreover, it would be a great help for future research and comparative studies.

Objectives of the Study

There has been little research undertaken on comparing the internet banking services being provided by the banks here. This research would provide a better understanding of various areas internet banking is dealing with in Pakistan, and how much of it is being actually utilized by the customers.

The following are the specific objectives of the study:

- To examine the demographic analysis of the customers using internet banking
- To assess how many customers are aware of the different services being provided on their bank's website
- To evaluate how the customers perceive their bank's websites
- To assess which bank's services are more popularly used
- To examine which internet banking services are the banks still lacking in
- To assess the level of comfort a customer faces while holding transactions through a website
- To assess the reasons behind a customer's constant dealing with the same bank's website.

CHAPTER 2
LITERATURE REVIEW

Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its product and services. At an advance level, it involves provision of facilities such as accessing accounts, funds transfer, and buying financial products or services online. This is called “transactional” online banking (Sathye, 1999). It is reported that more than 35 million consumers in the USA used on-line PC banking by the end of 2003 (Barto, 1999), some 7 percent of UK customers used PC based Internet banking and this was expected to rise to 28 per cent by 2004 (Gandy, 1999), these figures being similar to those of Sweden, Norway and Germany (Bons, 1999). The proportion of people in Finland who have adopted online banking is higher than anywhere else in the world. As early as 2000, almost 40 per cent of all retail banking transactions in Finland was made over the Internet. All Finish banks offer a full range of Internet banking services (Mattila et al., 2003).

There are two ways to offer Internet banking. First, an existing bank with physical offices can establish a web site and offer Internet banking in addition to its traditional delivery channels. Second, a bank may be established as a branchless, Internet only or virtual bank.

Broadly the levels of banking services offered through Internet can be categorized in three types:

(i) The Basic Level Services use the banks websites which disseminate information on different products and services offered to customers and members of public in general. It may receive and reply to customers queries through e-mail

(ii) In the next level are Simple Transactional Websites which allow customers to submit their instructions, applications for different services, queries on their account balances, etc, but do not permit any fund-based transactions on their accounts

(iii) The third level of Internet banking services are offered by Fully Transactional Websites which allow the customers to operate on their accounts for transfer of funds, payment of different bills, subscribing to other products of the bank and to transact purchase and sale of securities, etc. Most of the banks providing Internet banking products and services offer, to a large extent, an identical and standard package of banking services and transactional capabilities (RBI, 2001).

A website plays very significant and key role in Internet banking. Websites should be able to convey all the information for both current customers and potential new customers via the Internet (Jayawardhena & Foley, 2000). If the content of the site fails to pass sufficient information on account capabilities, then the site is not fulfilling its objectives.

A well designed website creates an interest in the firm and its offerings, and it should also offer the users opportunities to reconstruct the website in their minds so that it matches their cognitive structures (Gronroos et al., 2000). The web's interactive features multimedia content and capacities for inexpensive customization (Kling, 1994) have increasingly attracted the attention of commercial enterprises (Dholakia & Rego, 1998). Non-price competitive advantages have become ever more critical because instant price and technical comparisons on the Web are essentially cost-free and feasible for consumers (Hof et al., 1998).

A sense of loyalty that comes from an online company offering better service than its competitors is the determining factor in customer loyalty (Reichheld & Schefter, 2000). Therefore, focusing on quality of service is the primary concern of Internet based e-commerce (Griffith & Krampf, 1998). The Internet, if properly utilized, can be a powerful tool to increase overall service offerings and create a higher standard in various industries (Griff & Palmer, 1999).

According to (Chaffey, 2001), the bank's website provides a better way for communication. When assessing the success of a website, the role of the Internet in communicating with customers, other partners can best be considered from two perspectives. First, organization to customer direction which deals with how the Internet complements other channels in communication of proposition for the company's products and services to new and existing customers with a view to generating new leads and retaining existing

customers. Second, customer to organization which deals with how the Internet complements other channels to deliver customer services to these customers.

Customer’s perceptions of service quality and their satisfaction are profoundly influenced by their service encounters. The term service encounter can be defined as: “A period of time during which a consumer directly interacts with a service” (Shostack, 1985).

This concept encompasses all aspects of the service firm with which the consumer may interact, including its personnel, its physical facilities, and other tangible elements, during a given period of time (Bitner et al., 1990). It involves both interpersonal and non-human interactions with service providers (Meuter et al., 2000).

To date, few research studies have paid attention to customer’s perceptions of service quality in Internet banking, perhaps due to the view of the Internet as remote technological format change only. Yet, (Zeithaml, 2000) indicates that, although there is no direct human contact in remote services, each service element provided represents an opportunity for the firm to reinforce or establish quality perceptions for customers.

As a consequence of the increasing importance of modern information and communication technologies for the delivery of financial services the analysis of e-banking quality issues becomes an area of growing interest to researchers and managers (Hughes, 2003) and (Jayawardhena, 2004). Virtually all studies dealing with the quality of

electronic financial services focus on specific aspects of the quality evaluation. To our knowledge, the study presented by (Gounaris & Dimitriadis, 2003) is the first attempt to investigate the service quality of e-banking portals.

The following studies are focused on specific service delivery aspects of conventional, simple banking web sites and therefore consider particular service quality dimensions. (Broderick & Vachirapornpuk, 2002) and (Jun & Cai, 2001) employ qualitative techniques. By using the critical incident technique, (Jun & Cai, 2001) identify 532 critical incidents in online banking, which are grouped into three central quality categories namely that of customer service quality, online systems quality, and banking service products quality. (Broderick & (Vachirapornpuk, 2002) tracked the member usage patterns over a three-month period based on a participant observation in an internet banking community. The bulletin board enabled discussion episodes on the experiences the participating members made with internet banking. In total, 160 incidents from 55 topic episodes were analyzed. The findings show that the elements with the most immediate impact on service evaluation are cues in the service setting, key events in the service encounters and the level and nature of customer participation. However, the results indicate an aggregated level of research, which makes a precise and testable measurement of service quality in internet banking impossible.

To sum up, the studies discussed above provide important insights into the dimensions and characteristics of service

quality in general as well as service quality in e-banking in particular.

The first dimension which meets the basic demands is related to classic bank products such as payment processing (cash management, transfers, viewing bank statements, bill paying) or brokerage (Furst *et al.*, 2002). Furthermore, technical characteristics such as ease of use and speed of data transfer, a clear and consistent web site design and functional navigation constitute core services (van Riel *et al.*, 2001). In addition, secure payment methods, search facilities and transaction archives can likewise be interpreted as core services (van Riel *et al.*, 2001). Generally speaking, these core products of bank portals are expected to be minimum elements, which reflect the reliability of the service provider and therefore, reduce the perceived risk of using a financial portal site (Gounaris & Dimitriadis, 2003). They are highly assimilated in competitive markets.

A portal's additional services, which are explicitly demanded by the customer, consist of, e.g. the possibility of obtaining loans online and a selection of branded financial products such as brand funds or insurances (Furst *et al.*, 2002). By transferring the reputation of trusted conventional brands on the web portal, the provider can leverage trust and loyalty on the internet (Srinivasan *et al.*, 2002). In addition, a challenging and entertaining web site design that facilitates flow experience also belongs to the group of additional services (Broderick & Vachirapornpuk, 2002) and (Csikszentmihalyi, 1988). As several findings suggest, hedonic elements play an

important role even for evaluating the quality of professional, information-based web services which are predominant in e-banking (Bauer & Hammerschmidt, 2002).

The problem-solving services form the highest level of portal services reflecting the provider's responsiveness to customer problems and providing a high level of transaction process quality. Responsiveness is assured by tailoring web site elements, products and conditions to customer demands which enhances customer participation in the service delivery process (Van Riel *et al.*, 2001). This also includes assuring high availability and accessibility of the portals offerings and providing interactive calculation and decision support tools enabling financial engineering via the internet (Srinivasan *et al.*, 2002). Furthermore, providing virtual community facilities (chats, news groups) to develop customer-to-customer interaction create useful resources in the form of social capital (online advice and exchanging experience of the community members) that users can draw upon (Blanchard & Horan, 1998). These aspects are major prerequisites for guaranteeing superior relationship quality which increase the customers' benefit of long-term relations with the portal provider. Particularly in virtual environments providing high relationship quality is a suitable opportunity to exceed customer expectations, which may lead to increased satisfaction. Thus, relationship-oriented service elements can create competitive advantage in e-banking.

CHAPTER-III

RESEARCH METHODOLOGY

Sampling Design

Selection of Banks

A list of various banks located in Islamabad/Rawalpindi was prepared. Some of the major banks which have websites include:

- Citibank
- Union Bank
- Standard Chartered
- United Bank Limited
- ABN AMRO
- Muslim Commercial bank
- Bank Alfalah
- Bank Al-Habib
- Habib bank Limited
- Askari Bank Limited

Out of the above banks, four banks were selected for study purpose. The chosen banks included two national ones and two international ones since a comparison had to be derived between them. The names of the banks are:

1. Citibank
2. Standard Chartered
3. Muslim Commercial Bank
4. Habib bank Limited

Sample Size of Respondents

To derive some viable results/findings from this research study, a sample size of 100 respondents was determined. This sample size of 100 respondents was allocated with equal number (i.e. 25 Nos.) for each bank to be monitored.

Data Collection and Analysis

The report covered the following steps in order to produce the due quality of results:

- ⇨ Questionnaire design
- ⇨ Data Collection – primary data was collected from the banks using physical visits and interviews of the target group/respondents, while, the secondary data refers to the relevant data from various departments/organizations, and published documents/data including data from relevant websites as well covering international experiences and lessons learnt on the subject in this research report.
- ⇨ Data editing & checking
- ⇨ Data computing
- ⇨ Identification of outliers & data cleaning
- ⇨ Data analysis & derivation.

Questionnaire Design

Keeping in view of the objectives of the study, a well presentable format of questionnaire was developed. The questionnaire covered all the components and answers of desired questions. The major components/ aspects covered in the survey questionnaire are as under:

→ Demographic analysis of the customers including gender.

→ Perception about internet banking websites

→ Familiarity with the services being provided online

→ Popularity of certain services

→ Services that the customers would like to see on the website

→ Reasons of making transactions through a particular internet banking website.

Data Collection

A well-structured questionnaire was used to collect the required information/data relating to objectives of the study. To collect a representative data, data collection techniques like interview method, probing and visits to different banks were applied.

Data Computerization and Analysis

All filled in questionnaires were computerized using M.S. Access programme. In view of accomplishing the objectives of the research, data analysis was done as required.

Data Presentation

The data was presented using the actual figures and percentages. Furthermore, the results were also presented using graphic illustrations.

CHAPTER-IV

RESULT AND DISCUSSIONS

The Analysis has been done in two parts. The first was to analyze all the services being provided on the banks' website in such a way that the comparison could be made easier. Keeping this in view, a table was made for a better understanding of the services being provided. The table is as follows:

Table 4.1: Number of services offered by the International and the Local banks

Services	Banks			
	Citibank	Standard Chartered	HBL	MCB
Transfer Funds to another account	Yes	Yes	Yes	Yes
Foreign Currency Transfer	Yes	No	No	No
Foreign Currency Exchange rates	Yes	Yes	No	No
Check Balance	Yes	Yes	No	Yes
Ordering Bank Account Statement	Yes	Yes	Yes	Yes
Cheque Book Requests	Yes	Yes	No	Yes
Demand Drafts	Yes	No	Yes	No
Bills payments	Yes	No	No	Yes
Credit Card Bill	Yes	Yes	No	No
Bulk Salary Payments	Yes	No	No	Yes
Funds Transfer	Yes	No	No	Yes
Standing orders	Yes	Yes	No	Yes
Personalized Alerts	Yes	No	No	Yes
Add new payees	Yes	No	No	No

Through this table it can be seen that Citibank offers services like checking Account Information, balance summary, making transfers and payments, making foreign currency transfers, paying utility bill payments, paying Citibank's credit card, Adding new payees to your list, ordering for a cheque book, ordering for statement of accounts,payment,Issuing demand drafts, providing foreign

currency exchange rates and the ability to check your messages.

On the other hand, the other foreign bank that was taken i.e. Standard Chartered offers almost all the services but one important service that it doesn't offer is that of making foreign currency transfers.

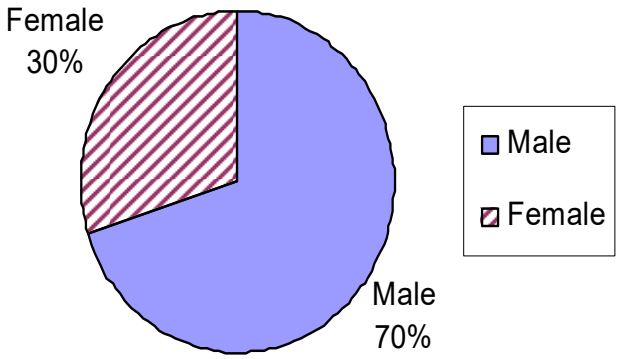
Coming to Pakistani banks, Muslim Commercial Bank (MCB) provides the facilities of making Bill Payments online, Checking Bank Account Statement, Ordering Cheque Book Requests, Standing Orders, Funds Transfer, Personalized Alerts, Bulk Salary payments and Funds Management.

On the other hand, Habib Bank Limited offers a limited number of services

The second part of the analysis includes the research conducted through interviews and questionnaires.

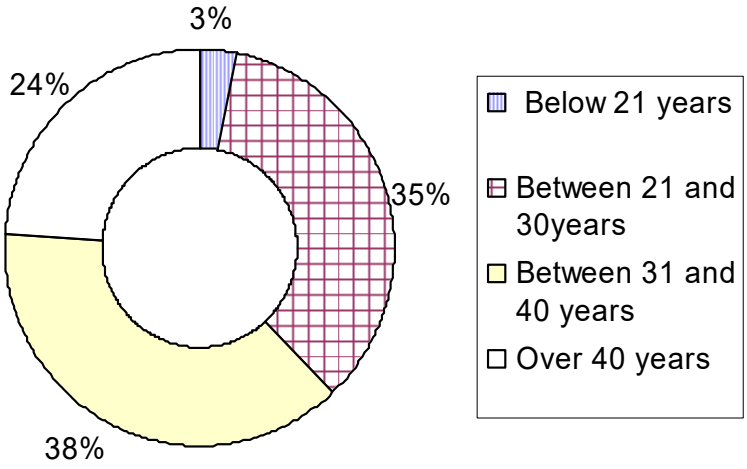
A sample of 100 users was taken as a whole among which there were 70 male respondents and 30 female respondents.

Figure 4.1: Gender of the Respondents



An analysis of the age groups was done and it was figured out that 38 respondents were between 31 – 40 years of age whereas only 3 respondents were below the age of 21 years.

Figure 4.2: Age group of the users



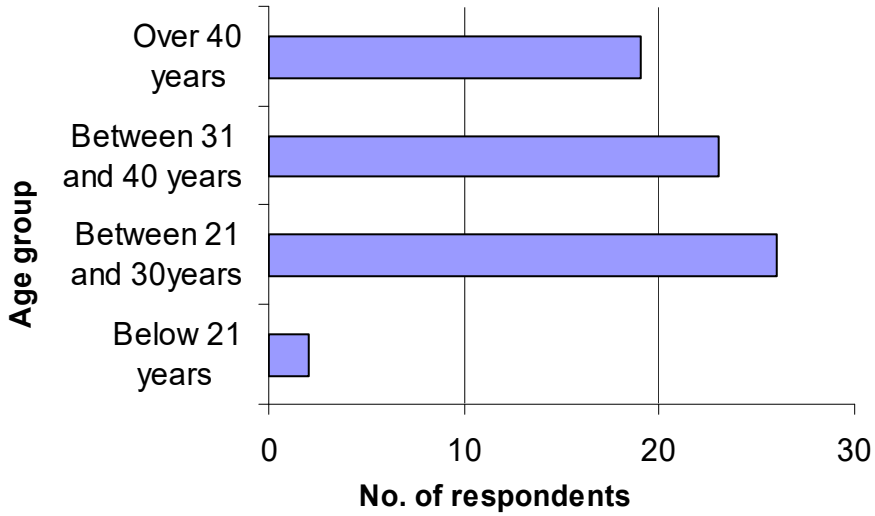
When the number of respondents was further broken down as the number of male and female respondents, the results showed that the number of females below 21 years of age was 2 and there was only one male respondent in that age group.

Between the ages of 21 and 30 years, 9 respondents were males whereas the rest of the 23 respondents were females. The number of respondents between 31 and 40 years of age was 15 males and 23 females. The last age group was over 40 years of age, where 5 respondents were males and 19 were females.

Table 4.2: Age group of the users Gender-wise (Males)

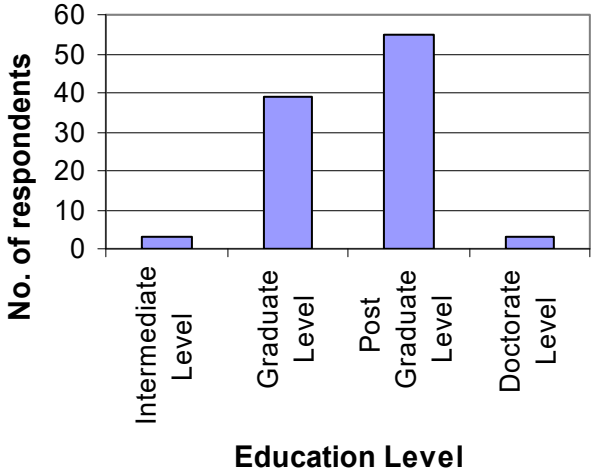
Ages	**No. of customers**
Below 21 years	3
Between 21 and 30years	30
Between 31 and 40 years	50
Over 40 years	17

Figure 4.3: Age group of the users Gender-wise (Females)



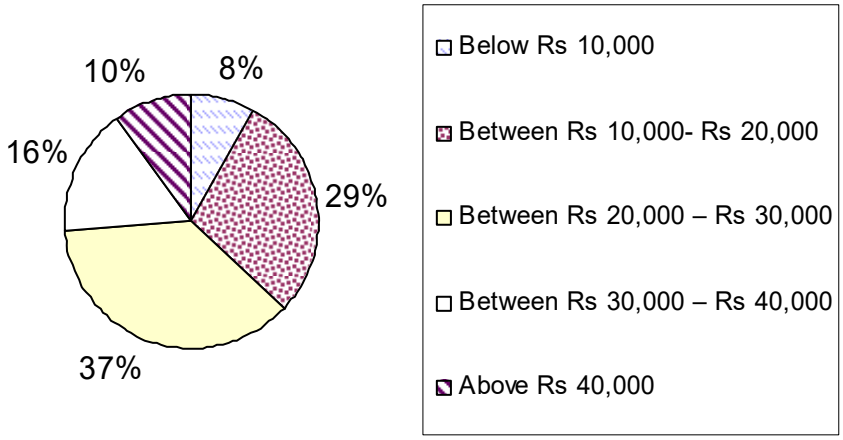
The Educational background of the respondents according to the given answers shows that most of them were Post Graduates having degrees like MBA, MCS etc. There were only 3 respondents which had only studies till intermediate or were taking a break from studies for some time.

Figure 4.4 Educational backgrounds of the Respondents



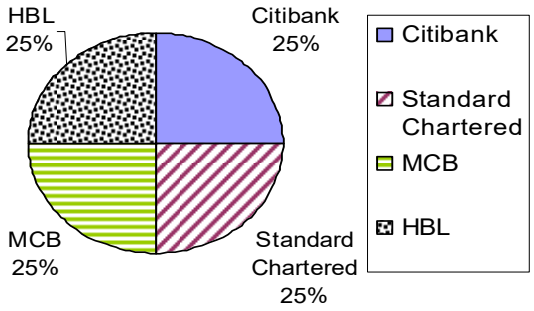
Through the table above, it can be easily seen that eight of the respondents earn something below Rs.10000 every month which is the lowest range of income displayed in the questionnaire. Around 37 respondents earn between Rs. 20000 – 30000 which makes it the average income of the respondents.

Figure 4.5 Income Levels of the Respondents



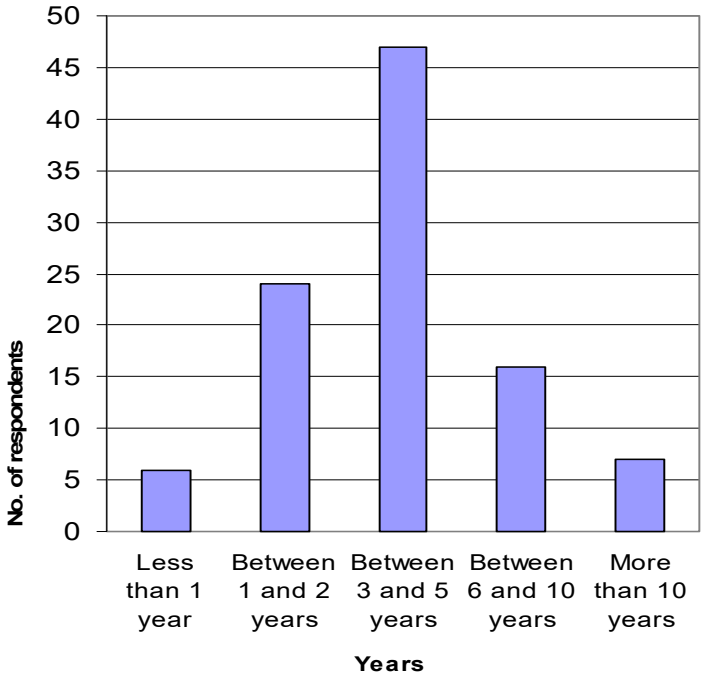
This graph shows the equal distribution of the questionnaires that were filled by the customers of respective banks.

Figure 4.6 No. of Respondents from every bank



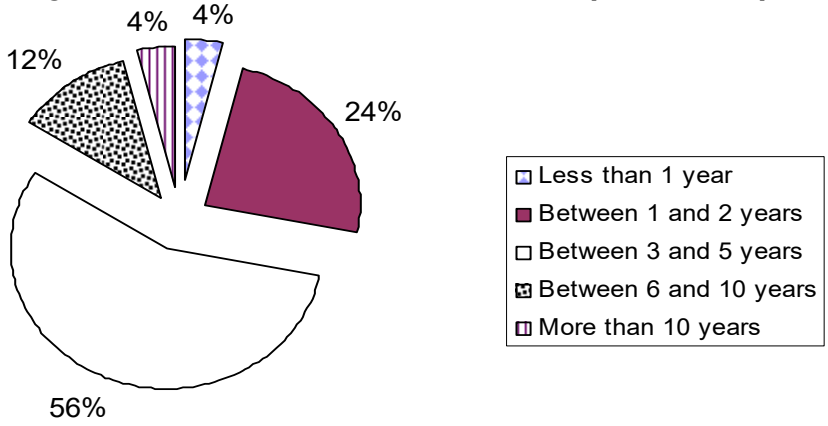
The length of time the respondents spend with their time definitely has an effect on their loyalty with the bank. According to my research I found out that most of the respondents had been with their respective banks for 3-5 years now.

Figure 4.7 Length of time with their bank



The larger number of Citibank customers had been with this bank for a period of 3-5 years indicating the bank's growth in this time period.

Figure 4.8 Length of time with their bank (Citibank)



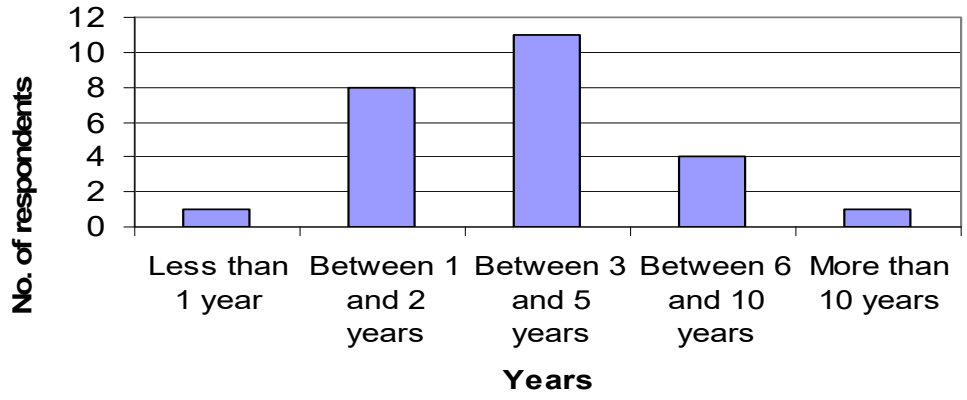
Like Citibank, Standard Chartered showed the same growth pattern in terms of its customers. This can be easily seen in the table below:

Table 4.3 Length of time with their bank (Standard Chartered)

No. of years	%age of customers
Less than 1 year	12%
Between 1 and 2 years	24%
Between 3 and 5 years	44%
Between 6 and 10 years	12%
More than 10 years	8%

The same thing was found true for MCB too indicating the fact that the banking business has definitely been on the rise since the past 3-5 years.

Figure 4.9 Length of time with their bank (MCB)



The same growth pattern was fond true for Habib bank too.

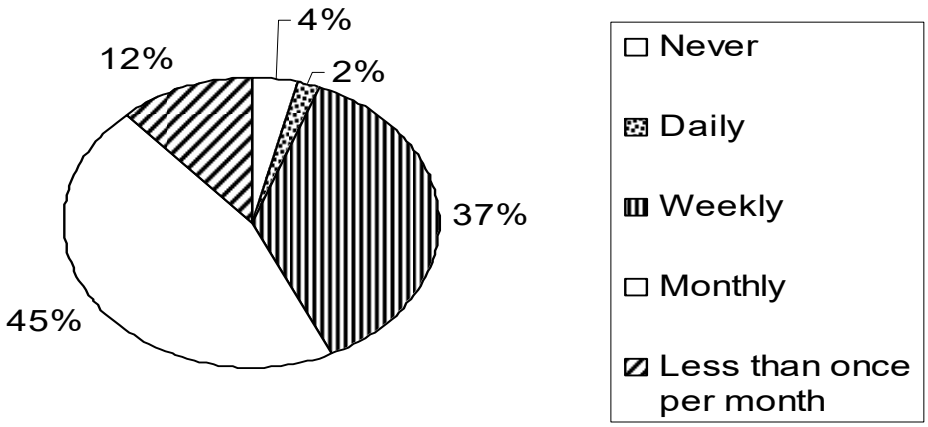
Figure 4.4 Length of time with their bank (HBL)

Less than 1 year	4%
Between 1 and 2 years	16%
Between 3 and 5 years	44%
Between 6 and 10 years	24%
More than 10 years	12%

When the behavioral pattern of the customer was determined in terms of the number of times they visited their bank, it was found out that the 45% of the Citibank Customers

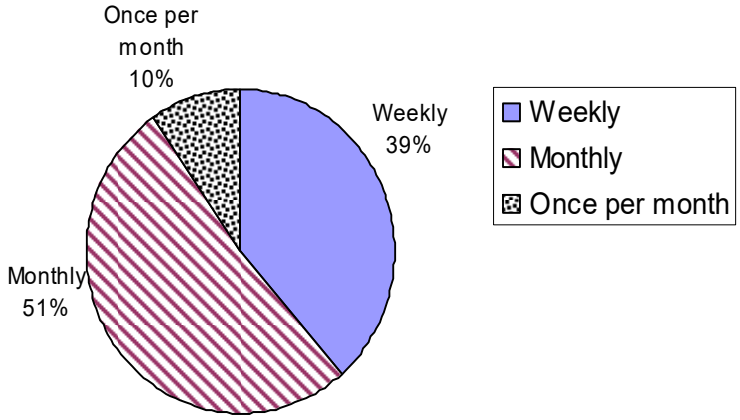
visited their bank monthly whereas 37% of them visited it weekly.

Figure 4.10 How often do the customers visit their banks



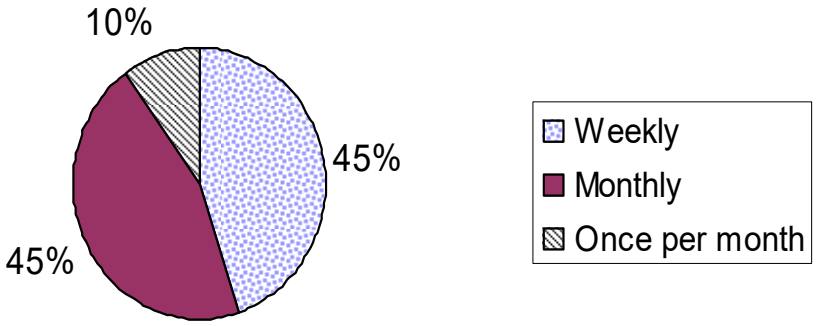
Only 10% of the Standard Chartered's customers visit the bank once per month. Whereas around 51% only visit it once a month.

Figure 4.11 How often do the customers visit their banks (Standard Chartered)



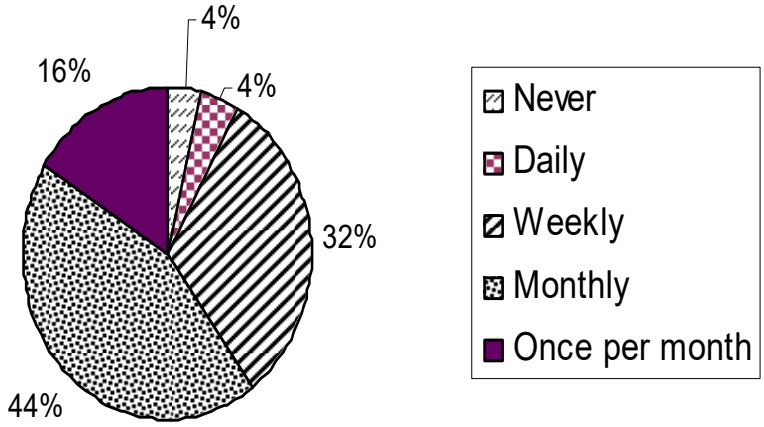
Around 45% of MCB's customers visit it monthly.

Figure 4.13 How often do the customers visit their banks (MCB)



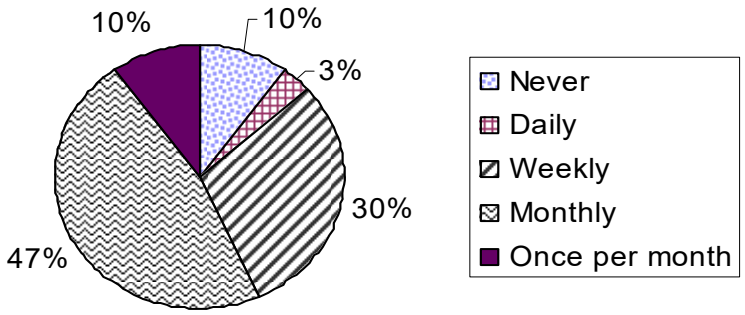
The HBL customers never visit their bank daily according to the survey. 44% of them visit it monthly as you can see below in the graph:

Figure 4.13 How often do the customers visit their banks (HBL)



While trying to determine how often the customers visit their bank's website, it was found out that 10% said they never did it daily and the majority of them which amount up to 41% said that they do it monthly.

Figure 4.14 How often do the customers visit their bank's website



Generalizing the research more, we found out that the Citibank customers said that 33% of them check the website on a monthly basis whereas 8% of them said that they never did.

Figure 4.15 How often do the customers visit their bank's website(Citibank)

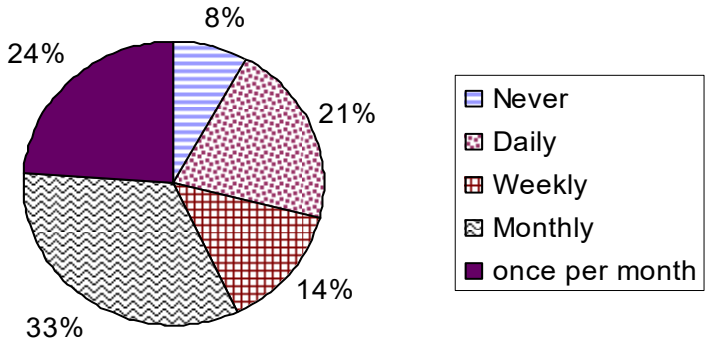


Figure 4.16 How often do the customers visit their bank's website (Standard Chartered)

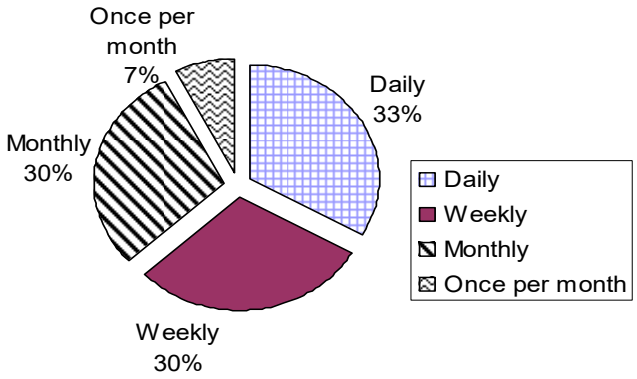


Figure 4.17 How often do the customers visit their bank's website (Standard Chartered)

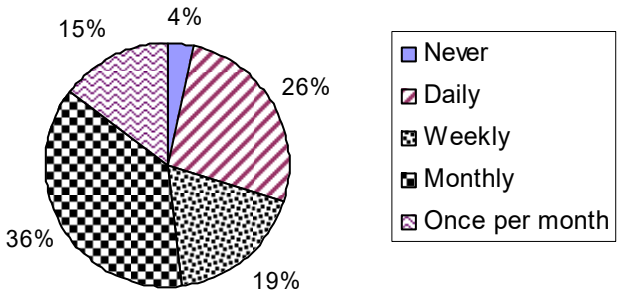


Figure 4.18 How often do the customers visit their bank's website (MCB)

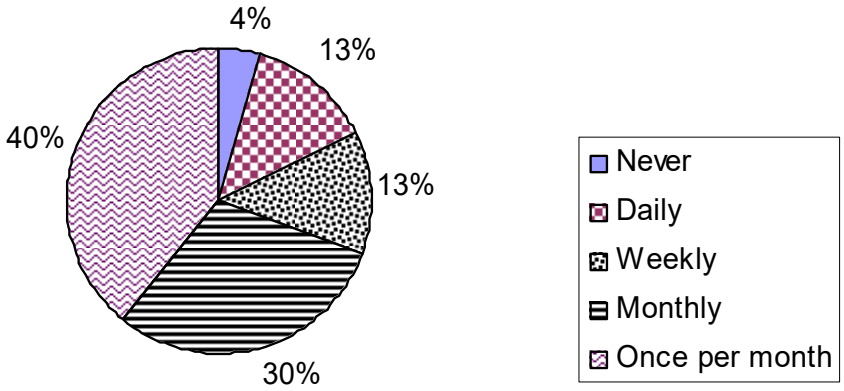
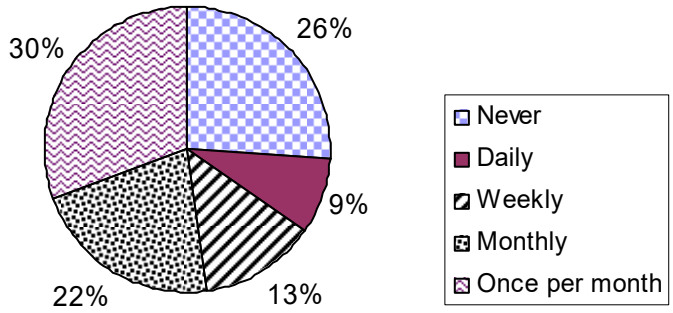
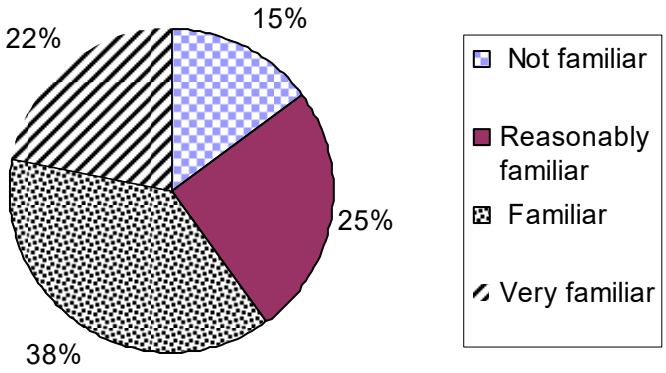


Figure 4.29 How often do the customers visit their bank's website (HBL)



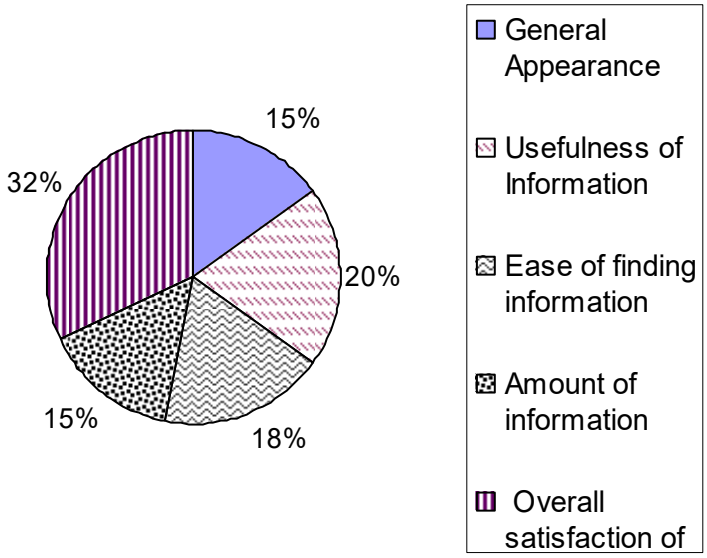
We determined how many users are familiar with the websites of their bank’s and found out that 38% people said that they were very familiar with it whereas 15% said that they were either not familiar with it or not every familiar.

Figure 4.20 How familiar are the customers with their bank's website



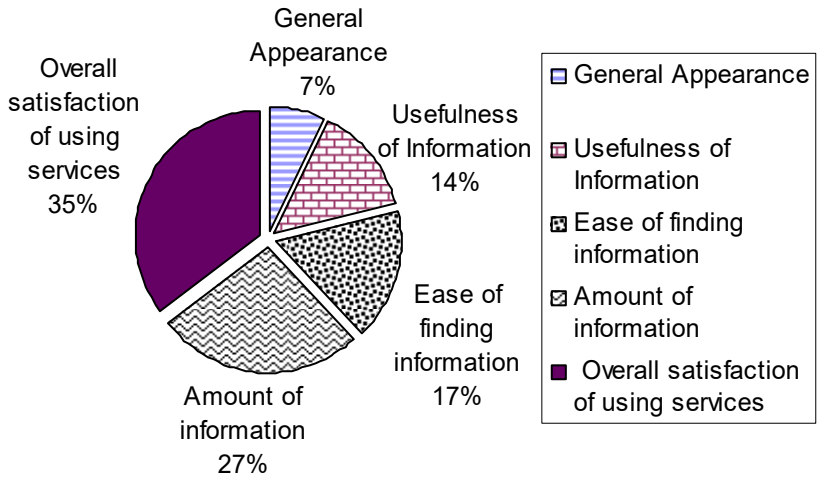
We found that the customers in general gave more importance to the overall satisfaction of the services and the usefulness of the information displayed on their website.

Figure 4.21 Importance of certain factors for the customers



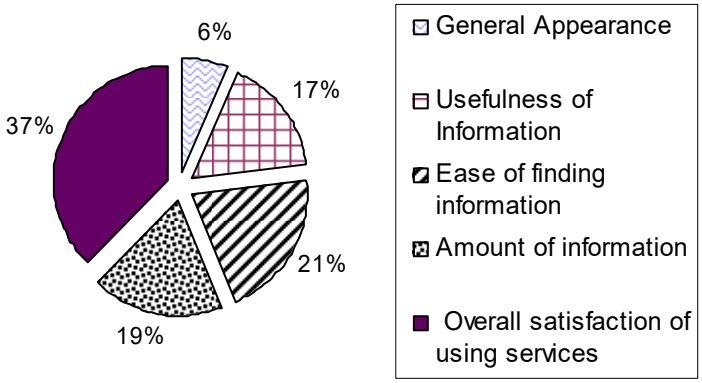
Around 35% of the Citibank customers rated the overall satisfaction of the services high on heir list as can be seen from the graph below:

Figure 4.22 Importance of certain factors for the customers (Citibank)



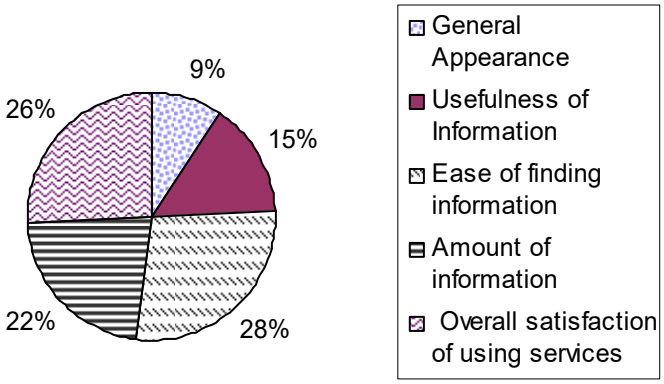
The standard chartered customers rated the general appearance of the website as the lowest on their scale.

Figure 4.23 Importance of certain factors for the customers (Standard Chartered)



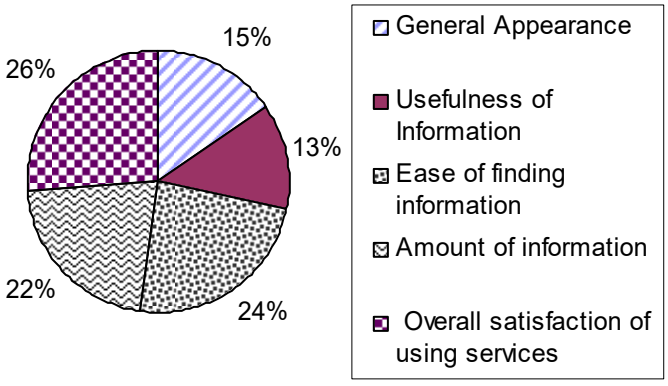
The MCB customers rated the amount of information on the website, the ease of finding information and the overall satisfaction of services as three important points for an internet banking website.

Figure 4.24Importance of certain factors for the customers



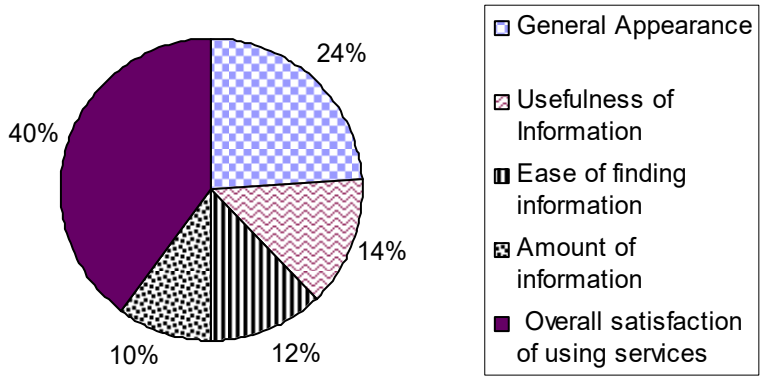
The HBL customers voted more for the ease of finding information.

Figure 4.25 Importance of certain factors for the customers



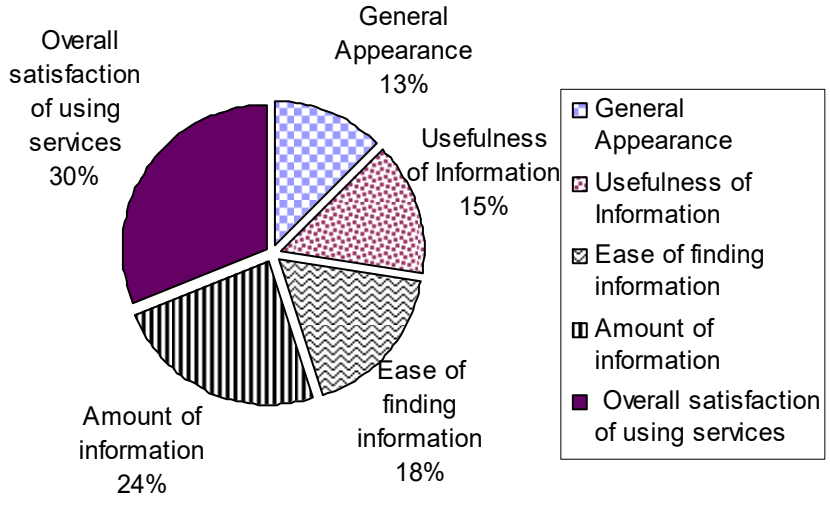
When the level of these above mentioned factors was determined, 40% of the customers said that o them the total satisfaction of the services was important.

Figure 4.26 Level of importance of these factors



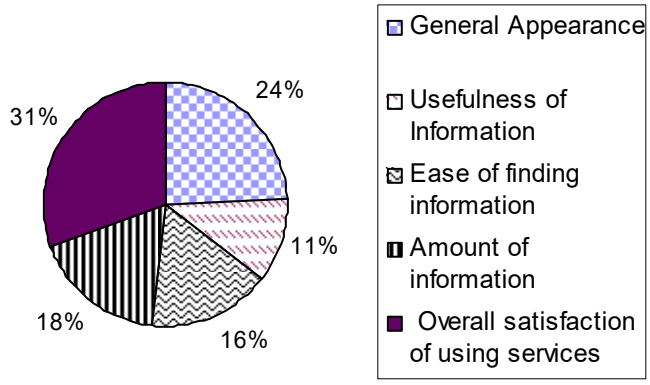
The Citibank customers opted for the overall satisfaction of the services as the most important factor to them.

Figure 4.27 Level of importance of these factors (Citibank)



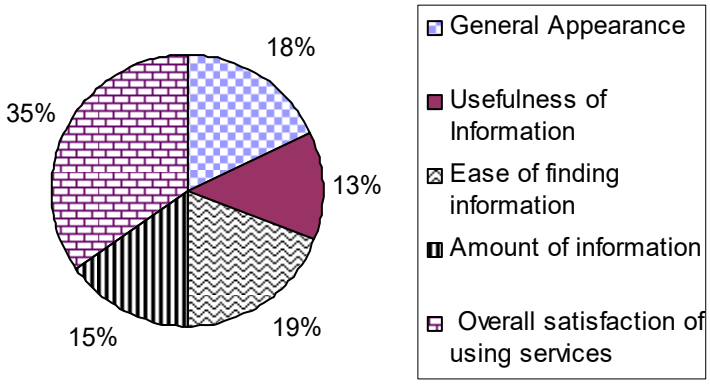
The Standard Chartered customers rated the same factor high on their scale.

Figure 4.28 Level of importance of these factors



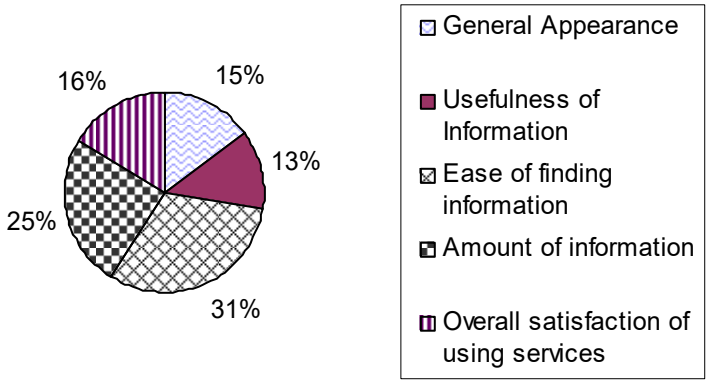
The MCB customers rate the ease of finding information high on their scale.

Figure 4.29 Level of importance of these factors



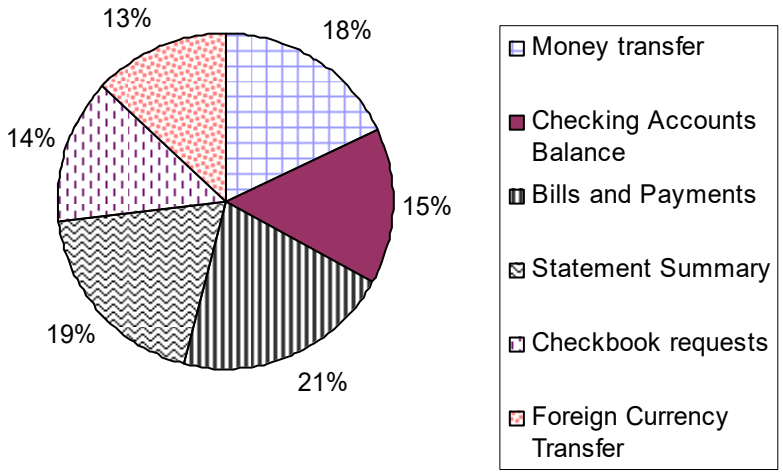
The HBL customers opted for the same.

Figure 4.30 Level of importance of these factors



When we tried finding out which online banking services the customers used mostly, we found out that 21% of the people voted for Bills and payments as the most used facility on the internet.

Figure 4.31 The most used online banking services by the customers



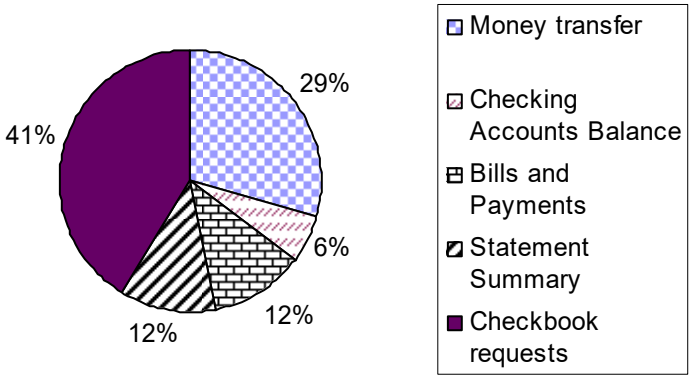
The Citibank customers voted for the payment of bills online and the ability to transfer foreign currency as the most used services.

Table 4.4: The most used online banking services by the customers

Money transfer	7
Checking Accounts Balance	4
Bills and Payments	16
Statement Summary	5
Checkbook requests	2
Foreign Currency Transfer	13

The Standard Chartered customers said that 41% of them ordered cheque books online.

Figure 4.32 The most used online banking services by the customers



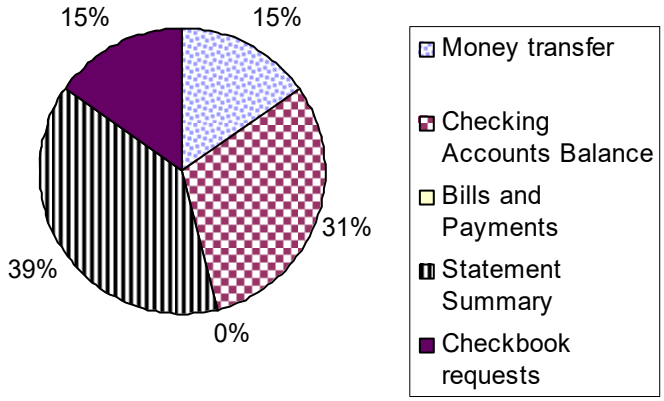
The MCB customers voted for the statement summaries more.

Table 4.4: The most used online banking services by the customers

Money transfer	4
Checking Accounts Balance	6
Bills and Payments	3
Statement Summary	7
Checkbook requests	5
Foreign Currency Transfer	0

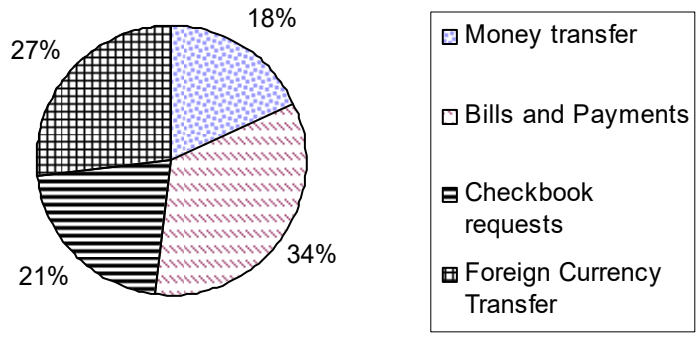
The Habib bank customers voted for the same.

Figure 4.33 The most used online banking services by the customers



The additional services that almostall the users requested were the incvlusion of being able to make foregn currency transfers.

Figure 4.34 The Additional services that the customers request



Citibank customers were satisfied with the services.

The standard charteed customers requested for the option of making the payment of utilty bills online.

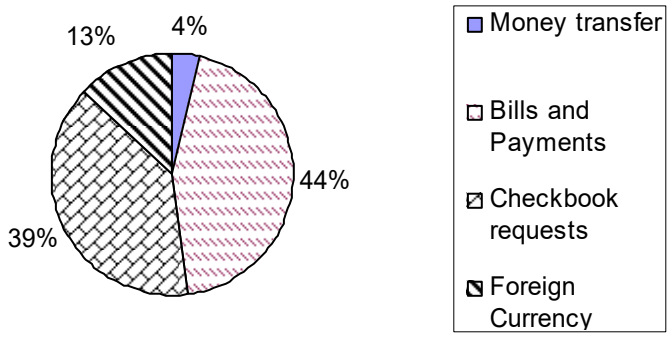
Table 4.5 The Additional services that the customers request

Money transfer	5
Bills and Payments	11
Checkbook requests	0
Foreign Currency Transfer	12

The MCB customers requested for the foreign currency transfer option.

The HBL customers voted for the inclusion of making bills and payments online.

Figure 4.35 The Additional services that the customers request(Habib bank)



The reasons the customers gave for not siwthcing to another bank's website wa that most of them felt that there wer emor eoptions available on their website.

Figure 4.36 Reasons for using not switching to another internet banking website

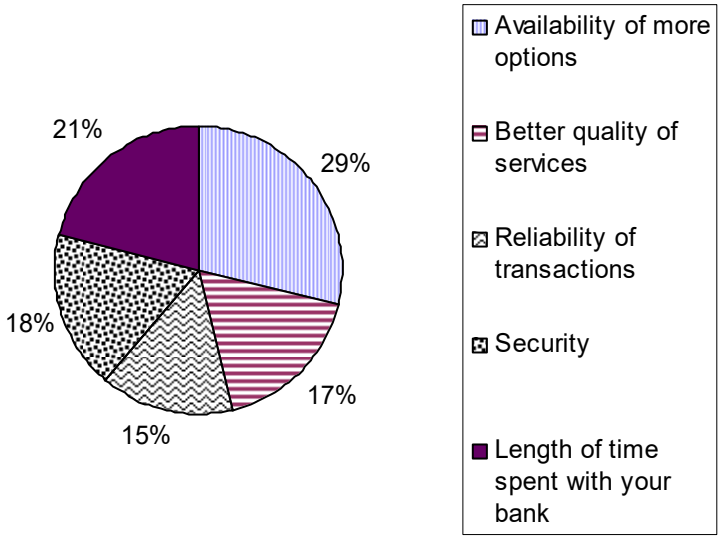
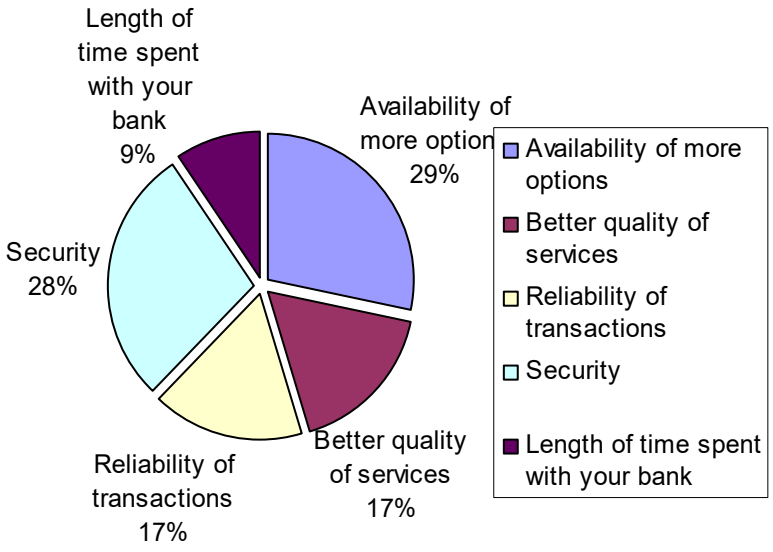


Figure 4.37 Figure 4.36 Reasons for using not switching to another internet banking website



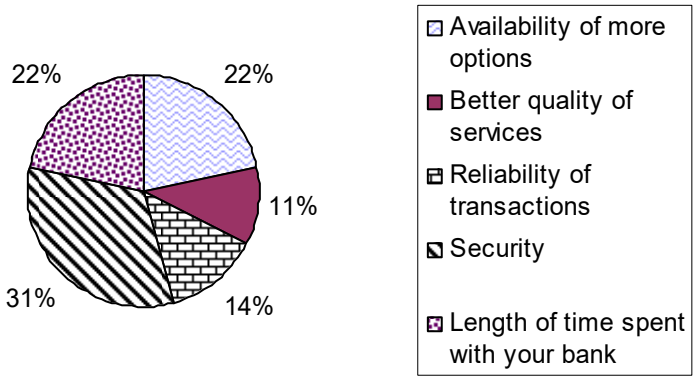
The standard charted customers didn't want to switch because of security purposes.

Table 4.5 Reasons for using not switching to another internet banking website(Standard Chartered)

Availability of more options	4
Better quality of services	2
Reliability of transactions	5
Security	10
Length of time spent with your bank	7

The MCB customers didn't wan to switch because they were satisfied with the number of services they were being provided online.

Figure 4.38 Reasons for using not switching to another internet banking website(MCB)



The HBL customers didht want to switch because of the time spend with their bank

Table 4.6 Reasons for using not switching to another internet banking website

Availability of more options	2
Better quality of services	2
Reliability of transactions	3
Security	4
Length of time spent with your bank	8

CONCLUSIONS AND RECOMMENDATIONS

A sample of 100 users was taken and 25 questionnaires were filled out from each bank. Around 70% of the questionnaires were filled out by males whereas the rest of the 30% were filled out by the females.

Gender was used as a factor to determine the male to female index ratio for the usage of these online internet banking services. The ratio comes out to 7:3.

When the age groups of the users were determined, it was found out that largest group of the users was between the ages of 21 and 40, representing working people who have less time to go to the banks because of their busy schedules. The smallest number of users fell in the category of age 21 or below which indicates that they probably don’t have personal bank accounts. There were more females between the ages of 21 and 30 showing that these were working women and have less time to come physically to the bank so they rely on the internet banking facilities.

When the educational background of the users was determined, it was found out that most of the respondents were medium to high income earners probably needing frequent amount of transactions for a number of purposes.

Equal distribution of the questionnaires was done from ach bank and the sample size of the makes or the female wasn’t decided.

Most of the customers had been with their banks for the past 3-5 years which does indicate a positive growth in the banking sector of Pakistan during these years.

Most of the customers said that they visited their banks monthly indicating that they didn't have the time to make transactions as frequently as they wanted to by personally going to a bank. Since these people don't have time, so it was important to find out that how many of them were actually keen on going online and doing business from there because of the unavailability of time.

Some customers didn't visit websites either because they are not internet savvy or are not aware of where to access – url etc. Usually the respondents said that they visit banks monthly showing they do need information – possibly they replace their monthly visits by accessing content online. The customers' of the foreign banks visited their websites more often than those of the Pakistani banks.

Around 38% of the customers were aware of the services being provided online by their banks but this ratio mainly comprised of the customers of the renowned international banks. MCB customers were aware of the services being provided to them but Habib bank's customers didn't really have a good idea of the number of services being provided to them at the moment.

A number of customers of the foreign banks said that the most used options online were either making foreign currency transfers or making the payments of their credit card bills and utility bills online. The customers of the

local banks said that they usually checked their account’s balance online or ordered for statement summaries.

Those banks which didn’t have the facility of making payments online usually included Pakistani banks and the customers said that they would like to see this option on their website.

The customers rated the overall satisfaction of the usage of services high on their list.Some of them gave importance to the physical appearance of the website but the numbers of people who looked for the ease of using these services surpassed them.

One important reason why they didn’t want to switch to some other internet banking website is because of the availability of a number of options being provided on their website. The international banks’ customers were satisfied with the services being provided to them and didn’t feel the need to switch to other website. The Pakistani banks’ customers rated security and the lenght of the time they have been with those banks as the two factors they wouldn’t want to which over to another website. It also shows that some of the customers of our local banks might not be fully aware of the different options they can utilize on other website and are just content with what they know about.

RECOMMENDATIONS

In order to improve the percentage of customers using the internet banking services being provided by our local banks, these banks should follow in the foot steps of the International banks working here.

For instance the International banks are offering numerous services on their websites which our local banks don’t. Besides this, there are some local banks which don’t even have a website and this technology is one of them factors they are far behind in their growth and popularity. The international banks are offering some really advanced services in our region and the local banks would definitely have to catch-up with them to be known as the upcoming banks in Pakistan.

First of all, those local banks which don’t have an online platform for the users, should build one. This would not only provide them with a chance to grow but would enable them to cater to a larger market of the nation.

The banks which do have websites should make additions to the list of services they are providing to their customers. They should introduce services which should enable people to make foreign currency transfers which have become one important facility according to our survey.

This new era demands simplicity in every walk of life and saving time is one aspect that every customer considers today. There are people who don’t have the time to go to

banks now and would prefer a system which would be simple, save them time and fulfill their needs. Keeping this in mind, the local banks should make a secure system which should let customers pay their utility and other bills online. This would not only save their time but simplify the banking functions too.

Most importantly, customers should be educated on the kind of facilities they are being given online by their local banks and how those services would benefit them. They can be provided with brochures from time to time which would not only teach them about the bank’s internet banking services but would also help them in knowing that their bank is as good as any other International bank.

This would not only help our Local banks in being equal to the International banks in terms of the internet banking services they are providing but would even give them a competitive edge since they have a larger number of braches throughout the nation than the International banks.

References

Baumgartner, H. & Homburg, Ch. (1996).Applications of structural equation modeling in marketing and consumer research: a review. *International Journal of Research in Marketing*, 13, 139-61.

Bergen, M., Dutta, S. & Shugan, S.M. (1996).Branded variants: a retail perspective.*Journal of Marketing Research*, 33, 9-19.

Griff, D.A. & Palmer, J. (1999).Leveraging the Web for corporate successes, *Business Horizons,* January-Feburary, 3-10.

Griffith, D.A. & Krampf, R.F. (1998). An examination of the Web-based strategies of the top 100 US retailers. *Journal of Marketing: Theory and Practice*, 12-22.

Gronroos, C., Helnomen, F., Isoniemi, K. & Lindholm, M. (2000).The NetOffer model: a case example from the virtual marketspace.*Management Decision*, 38, 243-52.

Hughes, T. (2003). Marketing challenges in e-banking: standalone or integrated?. *Journal of Marketing Management*, 19, 1067-85.

Jayawardhena, C. & Foley,P. (2000). Changes in the banking sector: the case of Internet banking in the UK. *Internet Research: Electronic Networking Applications and Policy*, 10, 19-30.

Jayawardhena, C. (2004). Measurement of service quality in internet banking: the development of an instrument.*Journal of Marketing Management*, 20, 185-207.

Lockett, A. & Littler, D.(1997).The adoption of direct banking services.*Journal of Marketing Management*, 13, 791-811.

Jun, Minjoon & Cai, Shaohan. (2001). The key determinants of Internet banking service quality a content analysis. *International Journal of bank Marketing*, 276-291

Meuter, M.L., Ostrom, A.L., Roundtree, R.I. & Bitner, M.J. (2000).Self-service technologies: understanding customer satisfaction with technology-based service encounters. *Journal of Marketing*, 64, 50-64.

Mold,N.P.(2000), The Internet and services marketing-the case of Danish retail banking, internet research. E*lectronic Networking Applications and policy*,10 , 7-18.

Payne, A., Holt, S. (2001). Diagnosing customer value. *British Journal of Management*, 12 159-82.

Reibstein, D.J. (2002),What attracts customers to online stores, and what keeps them coming back. *Journal of the Academy of Marketing Science*, 30, 465-73.

Rajan, R.G. (1998). The past and future of commercial banking viewed through an incomplete contract lens. *Journal of Money, Credit, and Banking*, 30, 524-50.

Ratchford, B.,Talukdar,D. & Lee, M.S.(2000).A model of consumer choice of the Internet as an information source.*International Journal of Electronic Commerce*, 5, 7-21

Sathye,M. (1999).Adoption of Internet banking by Australian consurmers: enimprical investigation. *International Journal of Bank Marketing*, 17, 324-34.

Shankar, V., Smith, A.K., & Rangaswamy, A. (2003).Customer satisfaction and loyalty in online and offline environments.*International Journal of Research in Marketing*, 20, 153-75.

Srinivasan, S.S., Anderson, R., & Ponnavolu, K. (2002).Customer loyalty in e-commerce. *Journal of Retailing*, 78, 41-50.

Szymanski, D.M. & Hise, R.T. (2000).E-satisfaction: an initial examination. *Journal of Retailing*, 76, 309-22.

Yang, Z., Peterson, R.T., & Huang, L. (2001).Taking the pulse of internet pharmacies. *Marketing Health Services*, 5-10.

Zeithaml, V.A.,Parasuraman, A. & Malhotra, A. (2000). *A conceptual framework for understanding e-service quality:implications for future research and managerial practice.* Woking Paper (Report No. 00-115).Marketing Science Institute, Cambridge.

Questionnaire

The following questionnaire is to determine how bank customers respond to the various services available through Electronic Banking. Kindly provide answers to the questions using the scales indicated. All answers are anonymous and will be used for solely for the purpose of determining customer usage patterns.

Personal Information

Gender

- Male
- Female

Age

- Below 21 years
- Between 21 and 30years
- Between 31 and 40 years
- Over 40 years

Educational Background

- Intermediate Level
- Graduate Level
- Post Graduate Level
- Doctorate Level

Level of Income

- Below Rs 10,000
- Between Rs 10,000- Rs 20,000
- Between Rs 20,000 – Rs 30,000
- Between Rs 30,000 – Rs 40,000
- Above Rs 40,000

1. Kindly indicate which Bank you use out of the following:
   - Citibank
   - Muslim Commercial Bank
   - ABN AMRO
   - Habib Bank Limited

2. How long have you been a customer of this bank?
   - Less than 1 year
   - Between 1 and 2 years
   - Between 3 and 5 years
   - Between 6 and 10 years
   - More than 10 years

3. How often do you visit your bank in person?
   - Never
   - Daily
   - Weekly
   - Monthly
   - Less than once per month

4. How often do you visit your bank's website?
   - o Never
   - o Daily
   - o Weekly
   - o Monthly
   - o Less than once per month

5. How familiar would you say you are with the electronic banking services offered by your Bank?
   - o Not familiar
   - o Reasonably familiar
   - o Familiar
   - o Very familiar

6. Which services do you mostly use when you go online? Kindly tick as many as appropriate.
   - o Money transfer
   - o Checking Accounts Balance
   - o Bills and Payments
   - o Statement Summary
   - o Checkbook requests
   - o Foreign Currency Transfer

7. Which additional service would you like to be provided with on your bank's website?
   - o Money transfer
   - o Checking Accounts Balance
   - o Bills and Payments
   - o Statement Summary
   - o Checkbook requests
   - o Foreign Currency Transfer
   - o Other: _____

8. Please rate your bank's website on the following characteristics by checking **HIGHER** numbers for better scores and **Lower** numbers for weaker scores:

a) General Appearance	6	5	4	3	2	1
b) Usefulness of Information	6	5	4	3	2	1
c) Ease of finding information	6	5	4	3	2	1
d) Amount of information	6	5	4	3	2	1
e) Organization of site	6	5	4	3	2	1
f) Overall satisfaction of using services	6	5	4	3	2	1

9. How important would you say the above factors are to you?

a) General Appearance	6	5	4	3	2	1
b) Usefulness of Information	6	5	4	3	2	1
c) Ease of finding information	6	5	4	3	2	1
d) Amount of information	6	5	4	3	2	1
e) Organization of site	6	5	4	3	2	1
f) Overall satisfaction of using services	6	5	4	3	2	1

10. What is the reason which makes you not want to use any other e-banking website?
    - o Availability of more options
    - o Better quality of services
    - o Reliability of transactions
    - o Security
    - o Length of time spent with your bank.