

**THE CONTRIBUTION OF ELECTRONIC BANKING TO CUSTOMER  
SATISFACTION IN CAL BANK LIMITED**

**BY**

**KNUST**

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## DECLARATION

I hereby declare that this submission is my own work towards the Commonwealth Executive Masters in Business Administration and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## DEDICATION

This work is dedicated to the Almighty God for the strength and guidance that I continue to receive from him. It is also dedicated to my entire family especially my unborn children.

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## ACKNOWLEDGEMENT

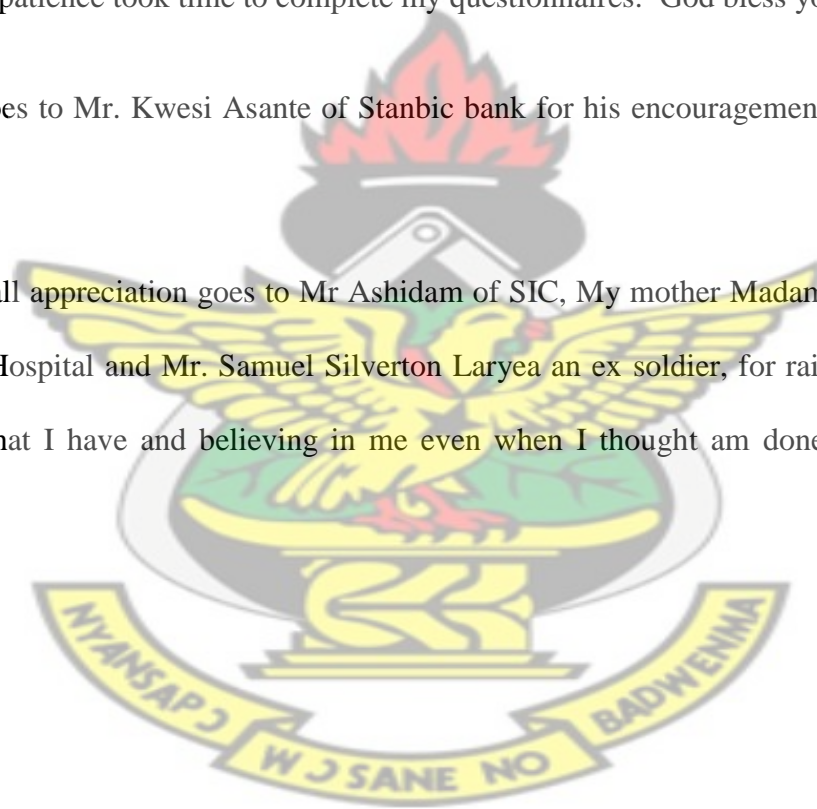
I wish to acknowledge a number of people and organizations for immeasurable assistance and co-operation that I received from them. This work is made possible because of them.

To my supervisor, Mr. Kwesi Enniful, who thoroughly supervised this work from the beginning to the end, I say thank you and God richly bless you for your time and concern.

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## ABSTRACT

Technological advancement has brought significant changes to banking worldwide. Ghana is not an exception to this development in the banking industry. This development has drawn the attention of many stakeholders including researchers who have tried to investigate issues concerning electronic banking in Ghana. The purpose of this study was to find out the contribution of electronic banking to customer satisfaction in CAL Bank Limited. Literature related to the topic was reviewed. Quantitative and qualitative approaches were adopted in gathering data from 282 customers of the bank through questionnaire administration and a manager in charge of electronic banking at the bank's head office through interview. The findings of the study shows that the bank's electronic products include CAL Alert, CAL Net , CAL SMS, Automated Teller Machine (ATM), Ezwich and Visa Electron Card and all customers of the bank use at least one of these electronic banking products. The study also found that majority of the bank's customers were satisfied with the bank's electronic products although there was a gap between management perception and customer expectation of the electronic banking services. The study further revealed that unreliable ATMs, connectivity, lack of adoption of all the electronic banking products by the core customer segment, customer education and dependency on cash in the economy are the major challenges confronting the bank's electronic banking services. The study concluded by recommending customer education, customer satisfaction and constant monitoring of the bank's equipment as well as investing in modern equipment to improve on satisfaction of the bank's customers.

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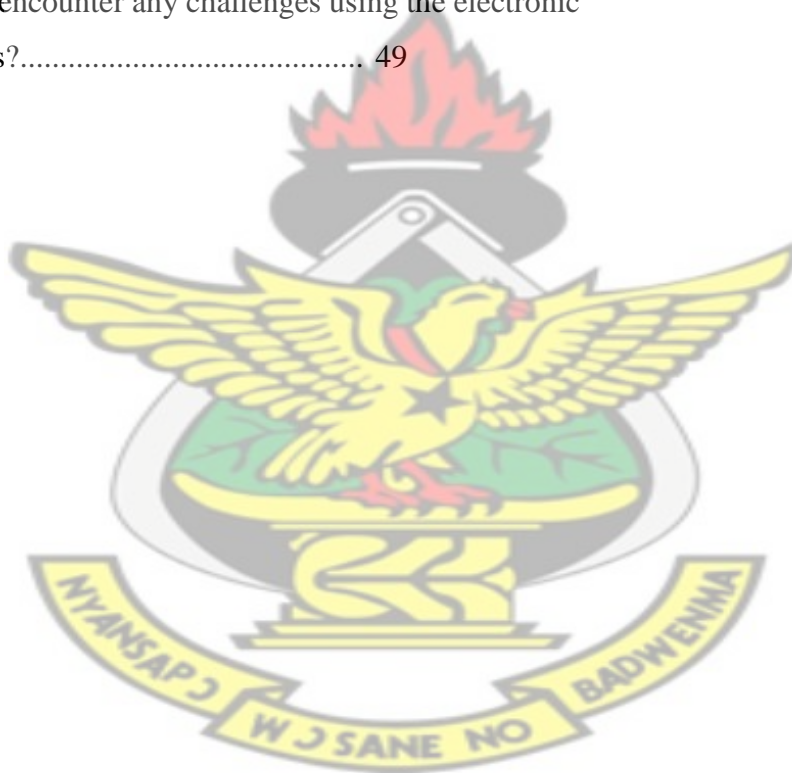
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## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND OF THE STUDY

The banking industry is constantly responding to changes in customer preferences and needs. Increasing competition from non-bank financial institutions, changes in demographic and social trends, information technologies advances, channel strategies, and government deregulations of the financial service sector have accounted for the current competition (Giannakoudi, 1999; Byers and Lederer, 2001). Success or failure of many retail banks is dependent upon the capabilities of management to anticipate and react to such changes in the financial marketplace. In the search for sustainable competitive advantages in the competitive and technological financial service industry, banks have recognized the importance to differentiate themselves from other financial institutions through distribution channels. Among the more recent delivery channels introduced is electronic banking. Daniel (1999) defines the term electronic banking as the provision of information and/or services by a bank to its customers via computer, telephone or television. A more developed service, in Daniel's (1999) view, is one that provides the customers with the opportunity to gain access to their accounts execute transactions or buy products online or via other electronic means such as TV, telephone or automated teller machines (ATM).

The information technology revolution in the banking industry began in the early 1970s, with the introduction of the credit card, the Automatic Teller Machine (ATM) and the ATM networks. This was followed by telephone banking, cable television banking in the 1980s, and the progress of Personal Computer (PC) banking in the late 1980s and in the early 1990s (Giannakoudi, 1999). Information technology enabled electronic channels to perform many banking functions that would traditionally be carried out over the counter to improve

customer satisfaction. (Giannakoudi,1999). The evolution of electronic banking, such as internet banking from e-commerce, has altered the nature of personal banking relationships and has many advantages over traditional banking delivery channels. This includes an increased customer base, cost savings, mass customisation and product innovation, marketing and communications, development of non-core businesses and the offering of services regardless of geographic area and time all aimed at improving customer satisfaction (Giannakoudi, 1999).

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The banking industry in Ghana has undergone tremendous changes. The industry consisted of a number of relatively small banks that operated in a few geographically distinct markets. Products and services were primarily taking deposits, facilitating withdrawals, and granting loans. Services and products were delivered through the branch with emphasis on face to face contact with customers. Customers were less sophisticated and trusted their bankers to act in their best interest. However, twenty years down the line, there has been advancement in information and communication technology (ICT) and the banking industry has made good use of this revolution. Banks now render services and sell their products by using multiple distribution channels including online banking.

With information and communication technology (ICT) being the fastest growing industry in Ghana, many banks including Cal bank have taken the opportunity to upgrade their services and products. Banks now have the urge to make banking easier for its customers thus always looking for new ways to serve their customers better. Electronic delivery channels such as ATMs, telephone banking and online banking are options that have been made available by banks to serve their customers better. Customers do not have to transact business with their banks only through face to face contact. Information technology has brought about changes that have transformed the structure of the banking industry.

In today's competitive banking environment, customers have become more sophisticated with increase expectation of banking services. As a result, the minimum level of service they are willing to accept as adequate service has gone up, minimising the zone of tolerance. In an attempt to meet customers' expectations banks in the financial services sector are looking for ways to improve on customer satisfaction through the use of electronic banking products to reduce the time spent by customers at the banking hall which is a major expectation of customers. Customer satisfaction however can better be measured from the customer's point of view; this is because, when customer's perception of the service is equal to his/her expectation of the service, satisfaction is said to be achieved. This study is therefore aimed at exploring the role of electronic banking in improve customer satisfaction.

## **1.2 STATEMENT OF THE PROBLEM**

In the world of banking, the development in information technology has an enormous effect on the development of more flexible transactional methods and more user friendly banking services.

Banking Service in Ghana has been plagued by long queues; high transaction cost and time wasting that depressingly affect business activities and eventually economic improvement. Checking account balances, withdrawing cash, paying for goods and services and money transfers have been a major headache for individuals and financial institutions in Ghana resulting in high dissatisfaction amongst consumers of banking products and services.

Currently, a number of banks in Ghana offer electronic banking services to their customers as a way of differentiation to gain competitive advantage. However, some Ghanaians are yet to come to terms with the benefits of technological advances made in the banking industry like networking of business branches, electronic transfers and use of various cards to access funds

and pay for goods and services. The electronic banking products and services that are available are not well patronized by bank's customers. This is so, because customers still heavily rely on the conventional ways of banking, because of their apparent mistrust in electronic banking as a safe means of dealing with the banks. They still prefer to be spoken with and treated with "a feel of human touch", making the technology-customer service interface a most challenging endeavour.

The development in Ghana's banking industry has attracted the attention of policy makers and researchers to the sector. However, it appears that most of the studies conducted in the banking industry focused on the adoption (Anamuah-Mensah, 2009; Tumdie, 2008; Hinson et al., 2008; Boateng, 2006) of electronic banking products and its effects on the performance of the banks. The outcome of electronic banking products adoption particularly from customers' point of view appears to be under researched in the banking literature in Ghana. If customers do not derive any satisfaction from the use of electronic banking products, its adoption will be meaningless to the banks and the industry as a whole. This underscores the importance of measuring customer satisfaction from the use of the E-Banking products. This study is therefore conducted to fill this research gap by exploring the contribution of electronic banking to customer satisfaction using CAL Bank as a case study.

### **1.3 OBJECTIVES OF THE STUDY**

Generally, the study seeks to assess the contribution of electronic banking to customer satisfaction. Specifically, the study seeks to:

1. Find out the nature of Electronic Banking Services offered at CAL Bank
2. To determine the contribution of Electronic Banking to customer satisfaction
3. Identify the challenges militating against Electronic Banking .



## 1.4 RESEARCH QUESTIONS

The research addressed the following questions:

1. What is the nature of Electronic Banking Services offered by CAL Bank?
2. what is the contribution of Electronic Banking in satisfying CAL Bank customers?
3. What are the challenges militating against Electronic Banking Services?

## 1.5 SIGNIFICANCE OF THE STUDY

The study is meant to provide clear and comprehensive view of how electronic banking can enhance customer satisfaction in CAL Bank . The findings of the study will therefore provide an insight into how the management of CAL Bank can tailor their electronic banking activities to improve customer satisfaction.

Further, the study will thus provide banks in the industry with an insight into how electronic banking services are impacting on customer satisfaction.

Finally, the study would add to existing knowledge and enrich the electronic banking literature and serve as reference material for any further research work in related topics.

## 1.6 SCOPE AND LIMITATION OF THE STUDY

The study will concentrate mainly on the contribution of E-Banking to customer satisfaction, with special emphasis on CAL Bank branches located in Accra Ghana; specifically the headquarters and the Spintex road branches whose customers the researcher believes use electronic banking.

The study will also examine some of the electronic banking products to determine their feasibility and the ease of use by consumers. Considerable time was devoted to studying existing literature that is related to the research topic to ensure that it is well understood and



reviewed appropriately. The limitation of the study lies in the fact that the use of customers from two branches as respondents might not reflect the overall outlook of customer satisfaction situation in the entire country.

## **1.7 ORGANISATION OF THE STUDY**

### **Chapter One**

This chapter provides the primary introduction of this study. It proposes the extensive construction inherent in this study. It thus provides adequate background of information to allow the reader understand the reason behind the study and what the researcher intends to accomplish by undertaking the study.

### **Chapter Two**

This chapter reviews earlier research interrelated to the research topic with specific reference to the research objectives. The chapter presents extracts from various books, journals and collected works that are helpful to the carrying out of this work in justifying key conclusions and recommendations that will be set forth by the study.

### **Chapter Three**

This part of the research unveils how data was collect assembled, organized and analysed. It suggests the varied techniques and tools used to collect and analysed data to gain valid answers that will be pertinent in answering the main questions of the research.

### **Chapter Four**

This chapter provides presentation of analysis and discussion of results.

### **Chapter Five**

This chapter provides summary of findings, conclusions from the study and recommendations for users of the research findings.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

This chapter is a review of existing literature on related topics. It takes into consideration the meaning of electronic banking, evolution of electronic banking, types of electronic banking products in Ghana, benefits of electronic banking, and challenges of electronic banking. The chapter continues with among other things, a review of customer satisfaction, and antecedent of satisfaction and finally looks at the outcome and future of customer satisfaction.

#### 2.1 WHAT IS ELECTRONIC BANKING

E-banking can be defined as the deployment of banking services and products over electronic and communication networks directly to customers (Singh and Malhotra, 2004). These electronic and communication networks include Automated Teller Machines (ATMs), direct dial-up connections, private and public networks, the Internet, televisions, mobile devices and telephones. Among these technologies, the increasing penetration of personal computers, relatively easier access to the Internet and particularly the wider diffusion of mobile phones has drawn the attention of most banks to e-banking.

However, the continuing convergence of information, communications and media technologies is also opening up new electronic channels (such as "*pod-banking*") of delivering banking services.

Significant differences exist among banks in terms of their e-banking capabilities. These differences can take two main dimensions. The first is the use of electronic channels and the second is the sophistication of banking services delivered over an electronic channel. Many established banks in developed countries began with ATMs and evolved through Personal

Computer-banking, Telephone banking, Internet-banking, TV-banking, and Mobile-banking. However, this evolution is not visible in recently established banks and in most of the African countries with the exception of South Africa. It appears that e-banking has dawned in Africa with Internet-banking (Brown and Molla, 2005).

In terms e-banking services sophistication, this ranges from one way *information-push* services where customers receive information about the bank, its products and services to *information-download* where customers can download (or ask in case of telephone-banking) account information and forms to *full-transaction* services where customers can perform most banking transactions (such as transfer between accounts, bill payment, third party payment, card and loan applications, etc) electronically (Diniz, 1998; Singh and Malhotra, 2004). Some banks do also provide new banking products (such as e-saving) that are only accessible electronically. Figure 1 shows the general trend in the evolution of e-banking along the dimensions of electronic channels and banking applications.

Some of the key drivers of offering e-banking services include reducing transaction costs, increasing convenience, availability and timeliness of transactions, and improving accessibility for better fund administration (Brown and Molla, 2005). Achieving these objectives tend to contribute strategic benefits in terms of better customer relationship management, increased customer base, and improved market image.

A bank may therefore need to decide on *what* e-banking services to provide to *which* customers and *when* and *how* (channel choice) to provide those services. The seeming dominant strategy is the "click and mortar" model? in which the bank combines or adds an online presence to its physical presence (UNCTAD, 2002: 134). A number of factors related to a bank's motivation, its resources and capabilities, and strategic orientation and positioning can affect the specific path a bank takes in terms of developing e-banking. In addition, other

factors related to customers awareness, customer readiness, the specific nature of ICT diffusion in the wider market, and experience with electronic based transactions can also influence this path (Jasimuddin, 2001; Awamleh et al., 2003).

In addition, issues related to customers, development choices and potential channel conflict need special attention (Janice et al., 2002). A critical assessment of these issues can enable a bank to formulate the objectives of entering e-banking services, make strategic decisions on the services to be provided and the appropriate delivery channels to deploy and manage these services efficiently. The strategic choices are deciding between information-oriented services or full transactional services across single/dual or multiple channels. Hence, from a critical assessment of the issues earlier outlined, the bank may start by providing information-oriented services over a limited number of delivery channels, and gradually advance through organizational learning to providing full transactional services across manageable number of multiple delivery channels. Making the right strategic choice with respect to the bank's resources and capabilities is essential to achieving success in providing services and in creating a unique value proposition to customers.

## **2.2 BRIEF BACKGROUND TO THE EVOLUTION OF ELECTRONIC BANKING**

Electronic innovation in banking can be traced back to the 1970's when the computerization of financial institutions gained momentum (Pang, 1995). However, a visible presence of this was evident to customers since 1981 with the introduction of the Automated Teller Machine (ATM). Innovative banking has grown since then, aided by technological developments in the Telecommunications and Information technology Industry Alagheband (2006).

The use of electronic banking became more widespread among U.S. households between 1995 and 2003 while the proportions of households using traditional (non-electronic) banking methods declined. Nevertheless, a large proportion of consumers still conduct at least some



banking business “in person”: More than three out of four households participating in the 2001 Survey of Consumer Finances reported that they deal in person with their bank. In the same survey, nearly three out of four households reported using some form of direct deposit (for pay, retirement benefits, or dividends, for example) and nearly three out of five reported using an ATM card.

The proportion of households banking by computer grew fivefold between 1995 and 2001 (threefold between 1999 and 2003), and the proportions using debit cards and smart cards more than doubled. The proportion of households using preauthorized debits also grew considerably. It is worth noting, however, that despite the rise in the proportions of households using computer banking and smart cards, relatively small proportions of households are using these technologies. Information on the use of prepaid stored-value cards is available only for 2003, when 73 percent of households reported having some experience with these cards, including phone cards and gift cards. The average number of e-banking technologies used per household has increased in recent years, while the average number of non-electronic means of banking used has remained steady. Anguelov, Hilgert and Hogarth (2004)

### **2.3 CHARACTERISTICS OF E-SERVICES**

Service management is commonly considered more difficult and complex, because of the problems created by unique service characteristics, such as intangibility, inseparability, heterogeneity, and perishability. More specifically, a service depends to some extent on the interaction between the service provider and the customer (Rahman, 2004).

In addition to the usual characteristics of traditional services, the characteristics of eservices are influenced by the nature of the Internet as a transaction channel, with specific characteristics like quick access and transfer of information; lack of space and time barriers,

ease of comparison between various objects, events or organizations; interactivity and flexibility (Chaston, 2001).

The fact that the services are delivered over the Internet creates challenges to service providers.

To begin with, the face-to-face contact between service providers and customers is missing and secondly, how the service is delivered is completely changed. When it comes to e-services, websites become crucial for communication and interaction between service providers and their customers. Consequently, the website (user-interface) decides to a large extent how the service is delivered to the customers. What the company has to offer and how the offer is presented is both evaluated by the customer. Due to the lack of personal interaction with customer contact employees, the user interface is what customers of eservices interact with, and as such it can be expected to influence their evaluation of the overall service quality (Grönroos, 2000).

## **2.4 FORMS OF ELECTRONIC BANKING PRODUCTS AND SERVICES**

As already mentioned, electronic banking is a term that encompasses a wide range of computer-generated banking products and services. The following thus outlines some of the major forms of electronic banking services available;

### **2.4.1 Automated Teller Machines (ATMs)**

According to the Federal Trade Commission (2006), *Tellers* are electronic terminals that let you bank almost any time.



Rose (1999) describes ATMs as follows: “an ATM combines a computer terminal, record-keeping system and cash vault in one unit, permitting customers to enter the bank’s book keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank’s computerized records 24 hours a day”. Once access is gained, it offers several retail banking services to customers. They are mostly located outside of banks, and are also found at airports, malls, and places far away from the home bank of customers. They were introduced first to function as cash dispensing machines. However, due to advancements in technology, ATMs are able to provide a wide range of services, such as making deposits, funds transfer between two or accounts and bill payments. Banks tend to utilize this electronic banking device, as all others for competitive advantage.

The combined services of both the Automated and human tellers imply more productivity for the bank during banking hours. Also, as it saves customers time in service delivery as alternative to queuing in bank halls, customers can invest such time saved into other productive activities. ATMs are a cost-efficient way of yielding higher productivity as they achieve higher productivity per period of time than human tellers (an average of about 6,400 transactions per month for ATMs compared to 4,300 for human tellers (Rose, 1999). Furthermore, as the ATMs continue when human tellers stop, there is continual productivity for the banks even after banking hours.

#### **2.4.2 Telephone Banking**

“Telebanking (telephone banking) can be considered as a form of remote or virtual banking, which is essentially the delivery of branch financial services via telecommunication devices where the bank customers can perform retail banking transactions by dialing a touch-tone

telephone or mobile communication unit, which is connected to an automated system of the bank by utilizing Automated Voice Response (AVR) technology” (Balachandher *et al*, 2001). According to Leow (1999), telebanking has numerous benefits for both customers and banks. As far as the customers are concerned, it provides increased convenience, expanded access and significant time saving. On the other hand, from the banks’ perspective, the costs of delivering telephone-based services are substantially lower than those of branch based services. It has almost all the impact on productivity of ATMs, except that it lacks the productivity generated from cash dispensing by the ATMs. For, as a delivery conduit that provides retail banking services even after banking hours (24 hours a day) it accrues continual productivity for the bank. It offers retail banking services to customers at their offices/homes as an alternative to going to the bank branch/ATM. This saves customers time, and gives more convenience for higher productivity.

### **2.4.3 Internet Banking**

The idea of Internet banking according to Essinger (1999) is: “to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their account, given compliance with stringent security checks”. To the Federal Reserve Board of Chicago’s Office of the Comptroller of the Currency (OCC) Internet Banking Handbook (2001), Internet Banking is described as “the provision of traditional (banking) services over the internet”.

Internet banking by its nature offers more convenience and flexibility to customers coupled with a virtually absolute control over their banking. Service delivery is informational (informing customers on bank’s products, etc) and transactional (conducting retail banking services).

El-Sherbini et al. (2007) investigated the customers' perspectives of internet banking, their perceived importance for it, usage patterns and problems rising on its utilization. The paper discussed the strategic implications of the research findings. Empirical data were gathered from bank customers in Kuwait to achieve the research objectives. All bank customers in Kuwait were considered as population of research interest. The results showed the perceived importance of internet banking services by customers, current and potential use of IB services in Kuwait and problems perceived by bank customers in using IB. The researchers' main hypothesis tested that top five services considered relative important in Kuwait banks were "Review account balance", "Obtain detailed transactions histories", "Open accounts", "Pay bills" and "Transfer funds between own accounts".

#### **2.4.4 Debit Card Purchase Transactions**

This allows customers to make purchases with a debit card, which also may be your ATM card. This could occur at a store or business, on the Internet or online, or by phone. The process is similar to using a credit card, with some important exceptions. While the process is fast and easy, a debit card purchase transfers money, fairly quickly, from your bank account to the company's account. So it's important that you have funds in your account to cover your purchase. This means you need to keep accurate records of the dates and amounts of your debit card purchases and ATM withdrawals in addition to any checks you write. Also be sure you know the store or business before you provide your debit card information, to avoid the possible loss of funds through fraud. Your liability for unauthorized use, and your rights for error resolution, may differ with a debit card.

#### **2.4.5 Electronic Funds Transfer at Point of Sale (EFTPoS)**

An Electronic Funds Transfer at the Point of Sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase points). A POS uses a debit card to activate an Electronic Fund Transfer Process (Chorafas, 1988).

Increased banking productivity results from the use of EFTPoS to service customers shopping payment requirements in stead of clerical duties in handling cheques and cash withdrawals for shopping. Furthermore, the system continues after banking hours, hence continual productivity for the bank even after banking hours. It also saves customers time and energy in getting to bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities.

#### **2.5 THE ADVANTAGES (BENEFITS) OF E-BANKING**

There are four different categories within the advantages of e-banking. Firstly, e-banking provides convenience. This word refers to the capital, labor time and all the resources needed to make transactions. With e-banking, one can bank from any location that has an Internet connection. It is possible to work offline thanks to a bank program or personal finance software after downloading account information. Moreover, one has access to the account 24 hours a day and 7 days a week and online banking is more cost- effective for banks, which in turn results in lower fees for customers (SCN Education B.V., 2001b).

Secondly, e-banking provides confidence, which refers to the trust that parties have in the transactions that generate risks. Nowadays, all websites use up-to-date technologies, which secure all transactions and protect the privacy of both suppliers and customers. Moreover,

with e-banking, the customers have control. That means that you are in command of your money, you can do what you want in little time, you can review your bill without asking an employee, and it is possible to set up electronic bill payments (SCN Education B.V., 2001b). Finally, with e-banking, it is easy to make transactions. Indeed, through e-banking, you can see which checks have cleared, you can monitor your account in real time and make withdrawals, deposits, ATMs, debit card purchases, and you can transfer funds from one account to another (SCN Education B.V., 2001b).

## **2.6 THE DISADVANTAGES OF E-BANKING**

Nevertheless e-banking has some drawbacks. Firstly, the customers have to have access to a personal computer with an Internet connection. That means that the access to the bank account depends on technology. Further on, online banking is subject to the reliability of web servers and other computers. If they crash the clients cannot access their cash (SCN Education B.V., 2001b).

Moreover, the consumers have to know how to use a computer. There are always people who do not know how to use a computer and who are afraid by new technologies i.e. old people. They prefer so far to talk face-to-face (SCN Education B.V., 2001b). Finally, if the customers ever change banks, they may have to switch software. They will have to re-enter all their old account information into a new program, which could be very time consuming (SCN Education B.V., 2001b).



Williams (2011) also outlined the following challenges with electronic banking.

### **Internet Connection**

Not everyone enjoys the luxury of having a stable and fast Internet connection at home. Aside from having a personal computer or laptop, having stable Internet access at home is a basic prerequisite to performing electronic banking. Of course, people can always use a public computer with Internet access; however, the security of public computers is always a concern.

### **Computer Know-How**

Conducting a successful electronic banking transaction, like paying bills online, requires basic computer skills and knowing your way around the Internet. Being computer-literate is not common to everyone---especially seniors who might not have grown up using computers--and this is a major disadvantage to electronic banking.

### **Delayed Statements**

When performing online banking there is not a standard at which payments made will show up on your online bank statements; they might show up two to three days later, depending upon the bank. When banking in person, you can generally get the exact status of your bank account.

### **Security Concerns**

One of the biggest disadvantages of doing electronic banking is the question of security. With the prevalence of keyloggers, phishing emails, trojans and other online threats, it is natural for people to be concerned with the security of their identity, funds and electronic banking transactions. Using antivirus and similar programs is not full-proof. People worry that their bank accounts can be hacked and accessed without their knowledge or that the funds they



transfer may not reach the intended recipients. Although it is rare nowadays with enhanced security measures, these threats still exist.

### **Loss of Human Touch**

Some people still value talking and interacting with bank tellers, managers and other bank clients. Electronic banking takes the majority of these "human interactions" away, leaving the banking experience as a very hands-off, impersonal process

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## **2.7 ELECTRONIC BANKING IN GHANA**

In the world of banking, the development in information technology has had an enormous effect on development of more flexible payment methods and more- user friendly banking services. Electronic banking services are new, and the development and diffusion of these technologies by financial institutions is expected to result in a more efficient banking system. This technology offers institutions alternative or non-traditional delivery channels through which banking products and services can be delivered to customers more conveniently and economically without diminishing the existing services level.

In Sub-Saharan Africa, developments in information and communication technology are radically changing the way business is done. These developments in technology have resulted in new delivery channels for banking products and services such as Automated Teller Machines (ATMs), Telephone Banking, PC-Banking, and Electronic Funds Transfer at Point of Sale (EFTPoS). Abor (2006)

Over the past few years, the continent has seen vast improvements in services and accountability in its often struggling, un-competitive, heavily bureaucratic financial services

sector. Wireless and smartcard technologies are also enabling the development of services in previously un-banked areas, helping to stimulate local economies and encouraging investment and tourist spend Manson (2009).

"Africa is an immature market with an underdeveloped infrastructure. However, there is great potential for growth, utilising new electronic banking systems, without having to significantly upgrade the existing infrastructure," says David Smart, MD of Prism Payment Technologies, a company specialising in electronic payment mechanisms.

However, African banks are making moves to embrace electronic banking. In November 2000, Ghana was introduced to electronic banking thanks to the launch of Orbicom, the Johnnic-owned satellite service company, and Ghana's Dart Communications. And in June 2001, the Co-operative Bank of Kenya became one of four banks to launch a centralised banking system. For the first time, the bank's customers can use countrywide ATMs, smart cards, utility pre-payments, and debit and credit cards. Citibank is going even further, introducing Internet banking into 15 African countries Manson (2009).

Innovations in information processing, telecommunications, and related technologies – known collectively as “information technology” (IT) – are often credited with helping fuel strong growth in the many economies (Coombs *et al*, 1987). It seems apparent then that, technological innovation affects not just banking and financial services, but also the direction of an economy and its capacity for continued growth. IT is defined as the modern handling of information by electronic means, which involves its access, storage, processing, transportation or transfer and delivery (Ige, 1995). According to Alu (2002), IT affects financial institutions by easing enquiry, saving time, and improving service delivery. In recent decades, investment in IT by commercial banks has served to streamline operations, improve competitiveness, and increase the variety and quality of services provided.

According to Yasuharu (2003), implementation of information technology and communication networking has brought revolution in the functioning of the banks and the financial institutions. It is argued that dramatic structural changes are in store for financial services industry as a result of the Internet revolution; others see a continuation of trends already under way.

Many banks are making what seem like huge investments in technology to maintain and upgrade their infrastructure, in order not only to provide new electronic information-based services, but also to manage their risk positions and pricing. At the same time, new off-the-shelf electronic services such as online retail banking are making it possible for very small institutions to take advantage of new technologies at quite reasonable costs.

Over time, technology has increased in importance in Ghanaian banks. Traditionally, banks have always sought media through which they would serve their clients more cost-effectively as well as increase the utility to their clientele. Their main concern has been to serve clients more conveniently, and in the process increase profits and competitiveness. Electronic and communications technologies have been used extensively in banking for many years to advance agenda of banks.

In Ghana, the earliest forms of electronic and communications technologies used were mainly office automation devices. Telephones, telex and facsimile were employed to speed up and make more efficient, the process of servicing clients. For decades, they remained the main information and communication technologies used for transacting bank business.

Later in the 1980s, as competition intensified and the personal computer (PC) got proletarian, Ghanaian banks begun to use them in back-office operations and later tellers used them to service clients. Advancements in computer technology saw the banks networking their branches and operations thereby making the one-branch philosophy a reality. Barclays Bank

(Gh.) and Standard Chartered Bank (Gh.) pioneered this very important electronic novelty, which changed the banking landscape in the country.

Arguably, the most revolutionary electronic innovation in this country and the world over has been the ATM. In Ghana, banks with ATM offerings have them networked and this has increased their utility to customers. The Trust Bank Ghana, in 1995 installed the first ATM. Not long after, most of the major banks began their ATM networks at competitive positions. Ghana Commercial Bank started its ATM offering in 2001 in collaboration with Agricultural Development Bank. About 7 banks currently operate ATMs in Ghana. The ATM has been the most successful delivery medium for consumer banking in this county. Customers consider it as important in their choice of banks, and banks that delayed the implementation of their ATM systems, have suffered irreparably. ATMs have been able to entrench the one-branch philosophy in this county, by being networked, so people do not necessarily have to go to their branch to do some banking.

Another technological innovation in Ghanaian banking is the various electronic cards, which the banks have developed over the years. The first major cash card is a product of Social Security Bank, now Societe Generale SSB, introduced in May 1997. Their card, 'Sika Card' is a value card, onto which a cash amount is electronically loaded. In the earlier part of year 2001 Standard Chartered Bank launched the first ever debit card in this country. Its functions have recently been integrated with the customers' ATM cards, which have increased its availability to the public since a separate application process is not needed to access it. A consortium of three (3) banks (Ecobank, Cal Merchant Bank and The Trust Bank) introduced a further development in electronic cards in November 2001, called 'E-Card'. This card is



online in real time, so anytime a client uses the card, or changes occur in their account balance, their card automatically reflects the change.

Though ATMs have enjoyed great success because of their great utility, it has been recognized that it is possible for banks to improve their competitive stance and profitability by providing their clients with even more convenience. Once again ICT was what saved the day, making it possible for home and office banking services to become a reality. In Ghana, some banks started to offer PC banking services, mainly to corporate clients. The banks provide the customers with the proprietary software, which they use to access their bank accounts, sometimes via the World Wide Web (WWW). This is on a more limited scale though, as it has been targeted largely at corporate clients. Ghana Commercial Bank, Ecobank (Gh.) Ltd, Standard Chartered Bank (Gh.) Ltd. and Barclays Bank (Gh.) Ltd and Stanbic Bank (Gh.) are the main banks known to offer PC banking services.

Banks have recognized the internet as representing an opportunity to increase profits and their competitiveness. Currently, Ecobank Ghana Limited is offering internet banking (i-banking) in Ghana however; some have well laid plans to start. Standard Chartered Bank (Gh.) Ltd. and Barclays Bank (Gh.) Ltd, also have plans for doing so in the not-too-distant future.

## **2.8 WHO IS A CUSTOMER?**

A customer refers to a person or company that buys goods or services (Macmillan English Dictionary for Advanced Learners, 2002) and / or supplies goods and services. Customers could be internal (the employees and suppliers) or external (those outside of the organization) (Hinson, 2006).

### 2.8.1 Types of Customers

Kotler et al (1999) have identified four types of customers, namely sleeping giants, power traders, pets and the delinquents. According to these authorities (ibid) sleeping giants refers to a group of customers who are very profitable, generate significant revenue but are relatively undemanding.

The second types of customer are the power traders. They provide significant revenue but are demanding.

The pets refer to the group of customers who provide little revenue but have appropriately small demand (costs). As such they are profitable. The delinquents are the most difficult group of customers. They provide little revenue but are very demanding and never satisfy with the performance of the product. They place a lot of stress on the organization as they take up huge amount of staff time and resources. They make huge demand, pay regular visit for discussions of proposal and sponsorships buy very little due to small budgets. Some of these categories of customers (delinquents) could be extremely difficult. This group of extremely difficult customer can be categorized into two namely, angry customers and non-angry customers (Hinson, 2005).

### 2.9 CUSTOMER SATISFACTION

Satisfaction has been analyzed in-depth in the marketing literature (e.g. Oliver, 1980, 1981; Johnson and Fornell, 1991; Edvardsson et al., 2000; Gustafsson et al., 2005). Oliver (1981, p. 29) firstly defined it in the consumption context as “the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the customer’s prior feelings about the consumption experience.”



In other words, we may say that satisfaction reflects a post-purchase evaluation of product quality given pre-purchase expectations (Kotler, 1991).

Focusing attention on services, satisfaction may be defined as an affective customer condition that results from a global evaluation of all the aspects that make up the customer relationship with the service provider (Severt, 2002). More specifically, the concept can be divided into two distinct perspectives (Geyskens et al., 1999).

The first perspective considers satisfaction as an affective predisposition sustained by economic conditions, such as the volume of sales or profit margins obtained. The second vision, known as non-economic satisfaction, considers the concept using more psychological factors, such as a partner fulfilling promises or the ease of relationships with the aforementioned partner. Indeed, this project will concentrate more on this psychological perspective due to the fact that most definitions on the concept of satisfaction highlight a psychological or affective state (Bhattacharjee, 2001). In this line, satisfaction is understood as a global evaluation or attitude that evolves over time.

(Eshghi et al., 2007) resulting from the interactions produced by the customer and the organization in the relationship. Thus, customer satisfaction is not the result of a specific transaction, but that of a global evaluation of the relationship history between the parties.

Customer satisfaction is stated to be one of the most important keystones when creating customer loyalty, especially in the bank sector (Ribbink, Riel, Liljander and Streukens 2004; Leverin and Liljander 2006; Methlie and Nysveen 1999). Customer satisfaction is defined as "an overall evaluation based on the total purchase and consumption experience focused on

the perceived product or service performance compared with pre-purchase expectations over time” (Beerli, *et al.*, 2004, p. 257).

Ribbink, *et al.* (2004) discuss the importance of customer satisfaction when doing business online and state that satisfaction is likely to be even more important online, since it is harder to keep online customers loyal. Methlie and Nysveen.

(1999) take this concept even deeper and express the importance of the satisfaction of the customer since it is harder for a competitor to take a satisfied customer away, than an unsatisfied customer. The authors propose that banks must have the knowledge on how to get their customer satisfied and in online banking it shall be prioritized. Moreover they explain that the banks shall listen to the customers needs through communication, the customers shall get the opportunity to discuss the supply of the bank and recommend changes. The importance of tailor made and value adding products is also stressed.

Lewis and Soureli (2006) discuss why customers are satisfied. Their research show that “speed of delivery, competence and friendliness of staff, reliability and responsiveness” (p. 26) are important aspects for creating satisfied customers.

They state, as Methlie and Nysveen above, that banks shall make efforts to find out the reason why customers are not satisfied and make changes. Customer orientation and excellent service are foundations for satisfied customers (Abratt and Russel, 1999). Though, Brige (2006) stresses the fact that just minimization of the number of dissatisfied customers is not the same as getting more satisfied customers.

## 2.10 BUILDING BLOCKS OF SATISFACTION

In the view of Churchill and Surprenant (1982); Jones and Suh, (2000), customer satisfaction seems to be the subject of considerable interest by both marketing practitioners and academics since 1970s.

According to Gitman and McDaniel (2007) Customer satisfaction is a business term, and is a measure of how products and services supplied by a company meet or surpass customer expectation.

According to Oliver (1997), satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment.

According to Zeithaml and Bitner, in less technical terms, the translation above means that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Failure to meet these needs and expectations is assumed to result in dissatisfaction with the product or service.

According to Hom (2000), this is a remarkable definition, because it first of all focuses on the customer.

Hom (2000) further assessed the definition by implying that, satisfaction is also a feeling. It is a short-term attitude that can readily change given a constellation of circumstances. It resides in the user's mind and is different from observable behaviors such as product choice, complaining, and repurchase.

According to Zeithaml and Bitner (2000) "Customer satisfaction is a broad perception influenced by features such and attributes as well as by customer's emotional responses, their attributions, and perceptions of fairness."

Ultimately, customer satisfaction of service is as Parasuraman, Berry, and Zeithaml (1991) stated “The gap between consumer expectations and the firm’s service quality specifications will affect service quality from the customer’s viewpoint”. Customer satisfactions are stemmed from the balance between what is achieved and what needs to be achieved (Chakrapani, C 1998).

Conclusively, Bagherian (2007) states that “satisfaction is dependent on many factors, such as, the quality of tangible facilities; the responsiveness and empathy of staff to customer needs and requests; the consistency of the service quality; the accuracy of information provided; and the location of the facility.”

Ghobadian, Speller and Jones (1994) stated that quality in a service business is a measure of the extent to which the service delivered meets the customer’s expectations. The nature of most service is such that the customer is present in the delivery process, which means that the perception of quality is influenced not only by the service outcome but also by the service process. The perceived quality lies along a continuum. Unacceptable quality lies at one end of this continuum, while ideal quality lies at the other end. The points in between represent different degrees of quality are illustrated by Figure 2.1 below.

**FIGURE 2.1: DETERMINANTS OF SERVICE QUALITY**



Source: Adapted from Ghobadian, Speller & Jones 1994, “Service quality concepts and models”, International journal of quality & reliability management”, vol.11, no 9, pp. 43-66

According to Koobgrabe, Abbas and Chutima (2008), “Prior customer expectation” is the image of what will be received when the customer purchases a service. “Actual quality” is the real level of service quality provided, which can be determined and controlled by the service provider.

“Perceived quality” is the customer’s feeling for the quality of the service. It determines the extent of customer’s satisfaction.

## **2.11 CONSUMER EXPECTATIONS OF SERVICES**

According to Balaji (2002), satisfaction and delight are both strongly influenced by customer expectations. By “expectations”, behavioural researchers mean array of possible outcomes that reflect what might, could, should, or had better not happen.

In the view of Zeithaml, Bitner, and Gremler (2006), customer expectations are “beliefs about a service delivery that serve as standard against which performance is done”.

Further Zeithaml and Bitner (2000) assert that “because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to service marketers. Knowing what the customer expects is the first and possibly most critical step in delivering quality service. Being wrong about what customers want can mean losing a customer’s business when another company hits the target exactly. Being wrong can also mean expending money, time, and other resources on things that do not count to the customer. Being wrong can even mean not surviving in a fiercely competitive market.”

### **2.11.1: Types of Service Expectations**



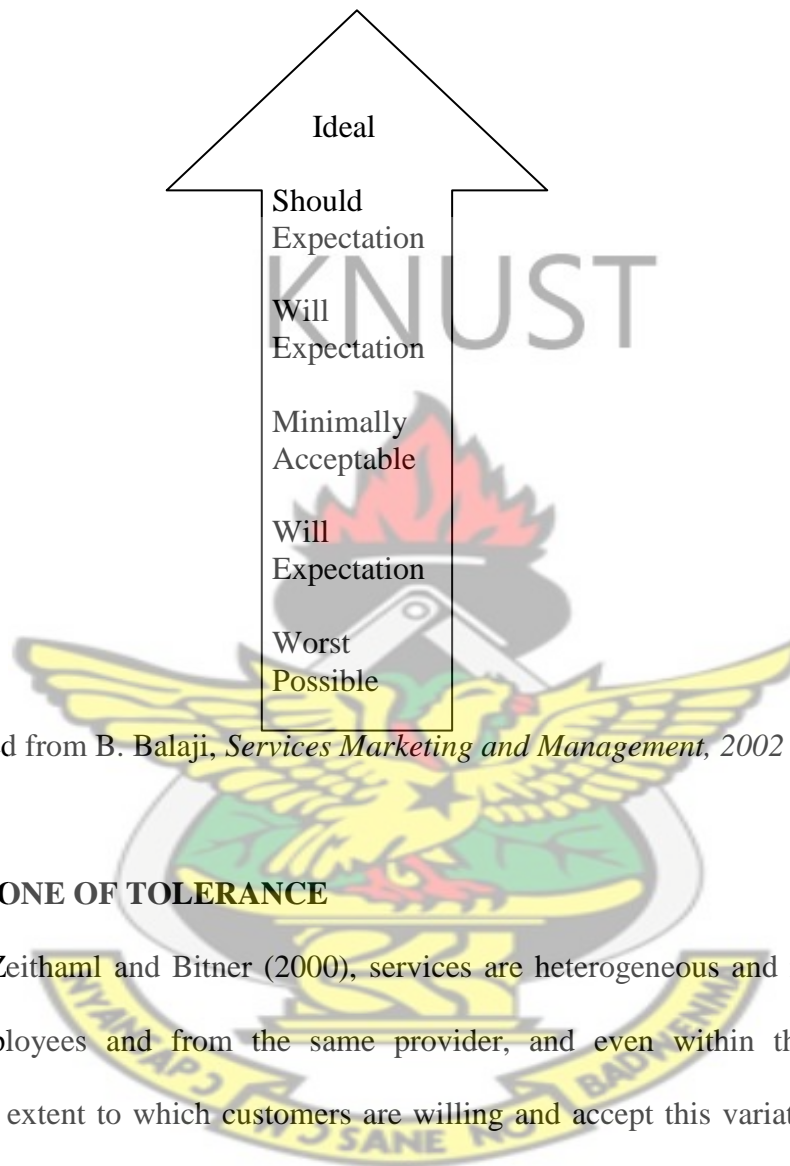
According to Zeithaml and Bitner (2000), customers hold different types of expectations about service.

1. **Desired Service** is defined as the level of service the customer expects to receive, that is, the “wished for” level of performance. Desired service is a blend of what the customer believes “can be” and “should be”. For example, customers who sign up for a computer dating service expect to find compatible, attractive, interesting people to date, and perhaps even someone to marry. The expectation reflects the hopes and wishes of these consumers, without which, they would probably not purchase the dating service.

2. **Adequate Service** is the level of service the customer will accept. According to Miller (1977), adequate service represents the “minimum tolerable expectations”, the bottom level of performance acceptable to the customer, and reflects the level of service customers believe they will get on the basis of their experience with services.

According to Balaji (2002), there are other types of expectations which are value-based, comparative and normative expectations. Comparative expectations refer to the performance levels anticipated for the service derived from experiences with competing services. Normative levels of expectations are based on brand names, that is, a well known brand may be expected to perform better than one that is lesser known. On the other hand, value-based expectations depend on a “worth what is paid for” analysis, that is, the performance expectations of a service depend on its price.

**FIGURE 2.2: THE EXPECTATIONS HIERARCHY**



Source: Adapted from B. Balaji, *Services Marketing and Management*, 2002

## **2.12 THE ZONE OF TOLERANCE**

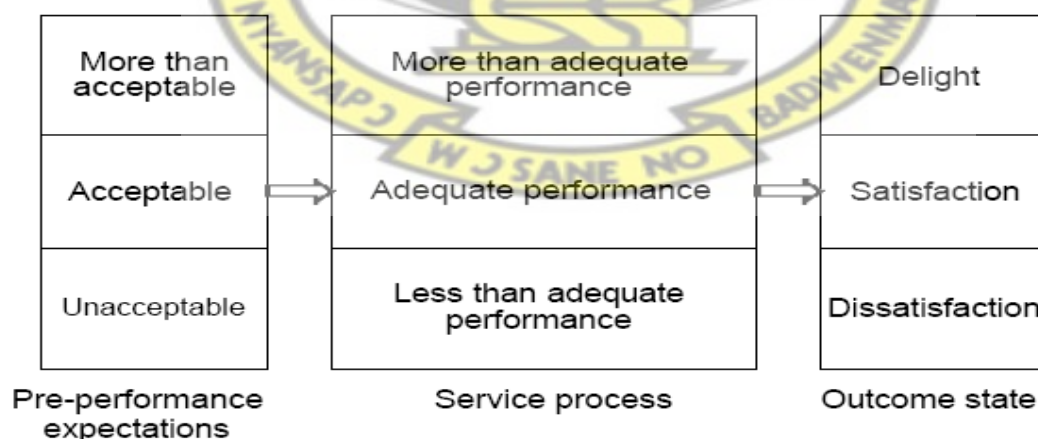
According to Zeithaml and Bitner (2000), services are heterogeneous and may vary across providers, employees and from the same provider, and even within the same service employee. The extent to which customers are willing and accept this variation is called the zone of tolerance. If service drops below adequate service, that is the minimum level considered acceptable, customers will be frustrated and their satisfaction with the company undermined. If the service is outside the zone of tolerance, where performance exceeds desired service, customers will be very pleased and probably quite surprised as well.

Zeithaml and Bitner (2000) further describe that, the zone of tolerance might be considered as the range or window in which customers do not particularly notice the service performance. When it falls outside the range (either very low or very high), the service gets the customer's attention in a positive or negative way.

Berry and Parasuraman (1991) also defined the zone of tolerance in terms of the customer's evaluation of *in-process service performances*. "The zone of tolerance is a range of service performance that a customer considers satisfactory. A performance below the tolerance zone will engender customer frustration and decrease customer loyalty. A performance level above the tolerance zone will pleasantly surprise customers and strengthen their loyalty".

The importance of the zone of tolerance is that customers may accept variation within a range of performance and any increase in performance within this area will only have a marginal effect on perceptions (Strandvik 1994). It is only when performance moves outside of this range that it will have any real effect on perceived service quality.

**FIGURE 2.3: IMPLICATIONS OF THE ZONE OF TOLERANCE**



Sou

Source: Adapted from Robert Johnston, *Exploring the Relationship between Service Transactions and Satisfaction with the Overall Service* (1995)

## 2.13: CUSTOMER PERCEPTION OF SERVICES

According to Zeuthaml and Bitner (2000), customer perceptions of service are subjective assessment of actual experiences. Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences. Quality and satisfaction are the main determinants of customer perceptions of service.

In the view of Bithner Zeithaml and Bitner, customers perceive services in terms of quality of the service and how satisfied they are overall with their experiences. Perceptions are formed during service encounters or the 'moments of truth'. Service encounters are when services are produced and consumed while 'moments of truth' are the periods or minutes the service is encountered or produced or consumed.

As explained by Parasuraman, Berry, and Zeithaml (1991), the expected service quality may not be answered because of constraints, thus, the perceived service for customers can be different from what expected. They stated that "In short, a variety of factors – resource constraints, market conditions, and/or management indifference may result in discrepancy between management perceptions of consumer expectations and the actual specifications established for a service.

This discrepancy is predicted to affect quality perceptions of customers.

## 2.14 OUTCOMES OF SATISFACTION

### 2.14.1 Loyalty

In general, loyalty development has been an objective traditionally aimed at by managers (Andreassen, 1999) since it enables higher future purchase intention.

To be precise, loyalty may be defined as a customer's intention or predisposition to purchase from the same organization again (Edvardsson et al., 2000), that result from the conviction that the value received from one seller is greater than the value available from other alternatives (Hallowell, 1996). As a consequence, loyalty has been considered to be a key factor in order to achieve company success and sustainability over time (Flavia'n et al., 2006; Keating et al., 2003), and several authors have proposed that loyalty also favours higher intensity in positive WOM (Hallowell, 1996), lower price sensibility (Lynch and Ariely, 2000) and more stable and bigger incomes (Knox and Denison, 2000).

More specifically, loyalty may be considered as a non-random behaviour, expressed over time, which depends on psychological processes and closeness to brand commitment (Flavia'n et al., 2006), and it has been analyzed from two different perspectives: attitudinal and behavioural (Bloemer and de Ruyter, 1998; Hallowell, 1996; Eshghi et al., 2007). This fact implies that the concept of loyalty includes a psychological link, based on customer feelings that motivate a general attachment to the people, products or services of an organization (Hallowell, 1996), and a behavioural component, based on aspects such as the frequency of visits to a store or the percentage of expense (Nilsson and Olsen, 1995). In this work, we focus on attitudinal loyalty since: It refers to the customers' intentions to stay with and be committed to the organization (Auh et al., 2007). The behavioural dimension is simply the manifestation of that affective state (Eshghi et al., 2007).

#### **2.14.2 Word-Of-Mouth (WOM)**



In general, WOM may be defined as an informal type of communication between private parties concerning the evaluation of goods and services (Dichter, 1966) and it has been considered to be one of the most powerful forces in the market place (Bansal and Voyer, 2000). Indeed, WOM has been found to facilitate the sale of several products, such as movies (Mizerski, 1982) or automobiles (Swan and Oliver, 1989).

To be precise, the importance of WOM resides in the fact that consumer choice is usually influenced by WOM, especially when the purchase is important (Lutz and Reilly, 1973). This is explained due to the fact that consumers prefer to rely on informal and personal communication sources (e.g. other consumers) in making purchase decisions instead of on formal and organizational sources such as advertising campaigns (Bansal and Voyer, 2000). Indeed, WOM is extremely effective since the source of the information has nothing to gain from the consumer's subsequent actions.

(Schiffman and Kanuk, 1997) and, as a result, fellow consumers are considered as more objective information sources (Kozinets, 2002). That is, consumers appreciate WOM because it is seen as more reliable and trustworthy than other information sources (Day, 1971).

## 2.15 CHAPTER SUMMARY

The chapter reviewed existing literature on related topics. It began with the meaning of electronic banking, evolution of electronic banking and types of electronic banking. This was followed by the forms of electronic banking, benefits of electronic banking, the disadvantages of electronic banking and electronic banking products in Ghana. The chapter also reviewed who a customer was, meaning of customer satisfaction, antecedents and building blocks of customer satisfaction, customer expectation of service, customer perception of service and

the outcome of customer satisfaction.

The following chapter presents the research design, methodology employed in data collection and how data was analysed.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

According to Saunders et al., (2007) research methodology is the technique and procedures used to obtain and analyze research data. In this chapter, the research design used is described. This was followed by population of the study, sampling plan, sources of data, instruments for data collection and method of data analysis. The chapter concludes with reliability and validity of test instruments as well as organizational profile.

#### **3.1 RESEARCH DESIGN**

The researcher used a case study design because the research was limited to only CAL Bank. However, the study was a single cross-sectional since data was collected from sample population elements only once. The study was also exploratory because the researcher tried to find out which electronic banking products or services customers patronized very much and whether they were satisfied with the quality of the service being provided by the bank.

#### **3.2 POPULATION**

The population of the study is made up of all customers of two branches of CAL Bank within the Accra metropolis who patronize the bank's electronic products. The two branches are the head office and the Spintex road branches. These two branches were used for the study since they have large number of customers who use electronic banking products/services.

### 3.3 SAMPLE AND SAMPLING TECHNIQUE

The sample was chosen from the two branches (head office and Spintex road branches). A total of three hundred (300) customer respondents were sampled for the study; thus one hundred and fifty (150) customers from each of the two branches. One hundred and fifty (150) questionnaires were distributed to customers in each branch. However, not all the questionnaires were returned. 139 questionnaires were returned from the head office while 143 questionnaires were returned from the spintex road branch making a total of 282 questionnaires which were used for the analysis. The response rate was 94% which was very encouraging. In addition to the 282 customers, one manager was purposively chosen to present the bank's view on electronic banking. The researcher used purposive sampling in selecting the manager in-charge of electronic banking at CAL Bank while simple random sampling was used in selecting the customers of the bank. The reason behind the choice of these techniques is to ensure that each member of the population had equal chance of being selected for the study and that those who mattered in the study were strictly involved.

### 3.4 SOURCES OF DATA

Two sources of data were used in conducting the study. These are primary and secondary sources. The primary source of data was obtained through a survey. The data was obtained from a survey of one hundred and fifty customers each from the two branches of the bank in Accra. Also the results of the interview with the manager in-charge of electronic banking at the head office constituted another source of primary data. The secondary data was obtained from the bank's annual report, diaries of the bank published periodically, journals and books.

### **3.5 INSTRUMENTS OF DATA COLLECTION**

Two main instruments were used to collect data for the study. These are questionnaire and interview. The questionnaire was used to collect data from the bank's customers within the Accra metropolis. The items were designed after carefully reviewing literature which specified variables of interest for the study. After careful scrutiny by the supervisor, the questionnaire was administered to the customers at the two branches over a period one month. Permission was earlier sought from the two branch managers before administering the questionnaires. The researcher also made arrangement with the manager in-charge of electronic banking at the bank's head office for a 30 minutes interview using an interview guide which was carefully designed.

### **3.6 METHOD OF DATA ANALYSIS**

The study used both qualitative and quantitative analysis. Before the quantitative analysis, data collected was sorted, edited, coded and entered in the software. The analytical instrument for this study was the Statistical Package for Social Science (SPSS) version 16.0 software. This software has been widely used by researchers as a data analysis technique. The interview was also recorded, transcribed and analysed qualitatively to draw conclusions from the findings.

### **3.7 RELIABILITY AND VALIDITY OF TEST INSTRUMENTS**

To ensure that there was internal consistency of the scale measurements, reliability test was conducted using the Cronbach coefficient alpha. A typical reliability for a researcher

designed instrument is approximately 0.7 or higher. The Cronbach coefficient alpha ( $\alpha$ ) for this study was 0.78. To ensure validity of the instruments, the questionnaire was pretested with 15 customers before it was re-administered. The purpose was to ensure that anomalies were corrected so that the items could measure exactly what it was intended to measure.

### **3.8 ORGANIZATIONAL PROFILE**

Currently one of the most innovative banks in Ghana, CAL Bank commenced operations in July 1990, mobilizing resources from world financial markets and channeling them to the Ghanaian markets. In this way, CAL Bank supports the development of the national economy, focusing particularly on the key sectors of the economy, including the manufacturing and export sectors.

Having acquired the universal banking license in 2004, CAL Bank has included a retail banking arm to its operations with an impressive array of specialized products and services with highly skilled and professional staff and emphasis on customer service and efficiency to cater for the retail market. In November 2004, CAL Bank was officially listed on the floor of the Ghana stock exchange (GSE), after a successful Initial Public offer (IPO) to raise ₵ 54 billion (GH₵ 5.4 million) as equity to finance the bank's retail banking operations as part of its strategic repositioning and its current status as a universal bank.

#### **Services**

The banking services department operates in Accra, Kumasi, Takoradi, Tarkwa and Tema. The bank provides high quality, satisfactory, sustainable and cost-effective banking services to CAL Bank's clients and potential customers. The staffs are very efficient, courteous, experienced and smart. They are skillful in the application of modern banking procedures, honest and readily helpful as far as the needs of the customers are concerned



CAL Bank's international standing allows the bank to benefit from their strong correspondent banking relationships, which positions them to handle international transactions quickly and efficiently via the SWIFT network. The banking halls are ultra-modern, all accounts are computerized, offer on-line and real-time banking transactions, and have internationally certified SWIFT equipment etc. all allowing fast and speedy turnarounds in their operations.

### **Domestic operations**

- Demand deposit accounts operation
- Salary payments and standing orders
- Cash collection service
- Safe custody service
- Canadian embassy visa applicants' special money order
- Funds transfer
- Payment order and draft , electricity, water & telephone bills payment

### **International operations**

- Establishment of letter of credits
- Bills for collection
- Inward remittances
- Travelers cheques
- Payment and transfer of funds
- Correspondent banking operations

### **Calnet**

Calnet is an online banking service, offering a range of banking services and management information that is timely, accurate and reliable. Calnet has been designed to supplement, and improve the operational and financial control of businesses without the customer having to leave his or her desk. Customers can therefore access their account information, print

statements and do reconciliation's in the comfort of their offices/homes. Calnet is available to customers anywhere in the world.

### **Web communications**

CAL Bank has also developed its email marketing software in order to offer subscribers up to the minute information and responses on the bank and its products and services.

### **Client services**

The client service department, staff with seasoned professionals with wide range of banking operations experience, provides assistance to clients in resolving problems and issues that may arise in their interactions with the bank. The bank also provide clients and customers access to account information through telephone banking, and prospective customers with information on various banking. The departments therefore compliments the functions of the operational departments by ensuring that all customer related queries, complaints and issues are handled and resolved in a timely and satisfactory manner, and as such provide a human face to the delivery of banking services to our esteemed clients.

### **Retail and business banking**

Retail and business department of CAL Bank has a large range of loan products which have been developed and tailor – made to suit various needs of the small and medium scale businesses and individuals taking into consideration the currents market trend. The staff is well versed in this field with years of experience in the banking industry. The bank offers financial advice to its client and make sure each client is satisfied and free of any financial burden.

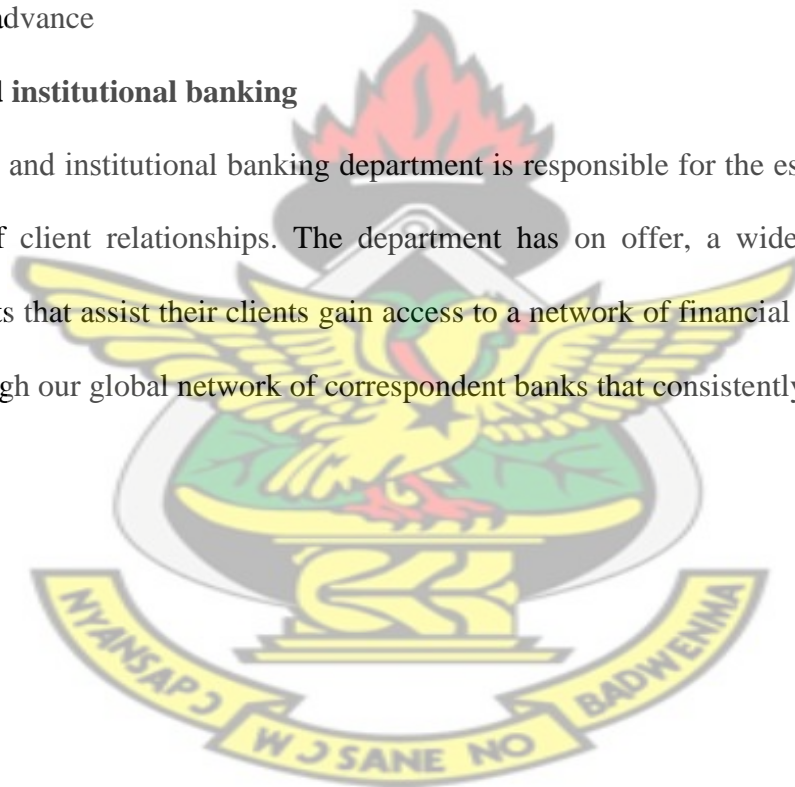
### **The products include:**

- SME loans
- CAL Pharma Scheme
- CAL School Scheme

- CAL Church scheme
- Working capital finance (overdraft facilities, short term loans, medium term loans )
- Retail and consumer loans
- CAL Auto loan scheme
- CAL mortgage loan scheme
- CAL worker loan scheme
- CAL company – employee loan scheme
- CAL consumer credit (group)
- CAL i-advance

### **Corporate and institutional banking**

Cal's corporate and institutional banking department is responsible for the establishment and maintenance of client relationships. The department has on offer, a wide range of trade finance products that assist their clients gain access to a network of financial and commercial resources through our global network of correspondent banks that consistently deliver result.



## **CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.0 INTRODUCTION**

This chapter presents the analysis and discussion of findings. The aim of the study was to ascertain the contribution of electronic banking to customer satisfaction in CAL Bank. The first section of this chapter presents the analysis of the respondents' social-demographic data, followed by the second section which presents analysis of customer evaluation of the bank's electronic product and their satisfaction. The chapter also present the management's view on how electronic banking products can be used to improve customer satisfaction. The chapter concludes with a discussion of findings in relation to the research questions. In all, 282 questionnaires out of the 300 questionnaires distributed were returned representing 94% response rate which was used for the analysis. The results of the analysis are presented in tables and charts below.

#### **4.1 RESPONDENTS' DEMOGRAPHIC DATA**

This section analysis the social demographic data of the respondents to provide background for the analysis of the subsequent sections; It includes gender, age, educational level and number of years spent with the bank.

**Table 4.1 Bio-Data of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender Respondents</b>				
Valid Male	165	58.5	58.5	58.5
Female	117	41.5	41.5	100.0
Total	282	100.0	100.0	
<b>Age Distribution of Respondents</b>				
21 – 30	192	68.1	68.1	68.1
31 - 40	64	22.7	22.7	90.8
41 - 50	26	9.2	9.2	100.0
Total	282	100.0	100.0	
<b>Highest Level of Education</b>				
Secondary Education	26	9.2	9.2	9.2
HND	81	28.7	28.7	37.9
First Degree	166	58.9	58.9	96.8
Masters Degree	9	3.2	3.2	100.0
Total	282	100.0	100.0	
<b>How Long Have You been a Customer of CAL Bank?</b>				
0-1 year	80	28.4	28.4	28.4
2-3 years	83	29.4	29.4	57.8
4-5 years	93	33.0	33.0	90.8
6 years and above	26	9.2	9.2	100.0
Total	282	100.0	100.0	

Source: Field data 2011

Table 4.1 represents the social demographic data of the respondents. The table shows that 58.5% representing majority of the respondents are males whiles 41.5% are female. Even though there are more males than females, the difference is not too much and therefore, views expressed will be representative of both males and females.

On Age distribution, 68.1% of the respondents were between the ages of 21-30 followed by 31-40 (22.7%) and 41-50 (9.2%). The result shows that majority of the bank customers are very young and falls between 21-30 years.



With regards to highest level of education, majority of the respondents (58.9%) hold first degree followed by HND (28.7%), master's degree (3.2%) and secondary certificate (9.2%).

It is therefore obvious that majority of the banks customers are educated and for that matter can understand the use of electronic banking products.

Finally on how long the customers have been doing business with the bank, 33.0% representing majority of the respondents said they have been customers of the bank for the past 4-5 years followed 29.4% (2-3 years), 28.4% (0-1 year) and 9.2% said they have been with the bank for 6 years and above. The implication is that, the banks customers are relatively loyal to the bank.

## 4.2 CUSTOMER EVALUATION OF THE BANK'S ELECTRONIC PRODUCTS AND CUSTOMER SATISFACTION

**Table 4.2: Do You Use any Electronic Product from the Bank?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	282	100.0	100.0	100.0

*Source: Field data 2011*

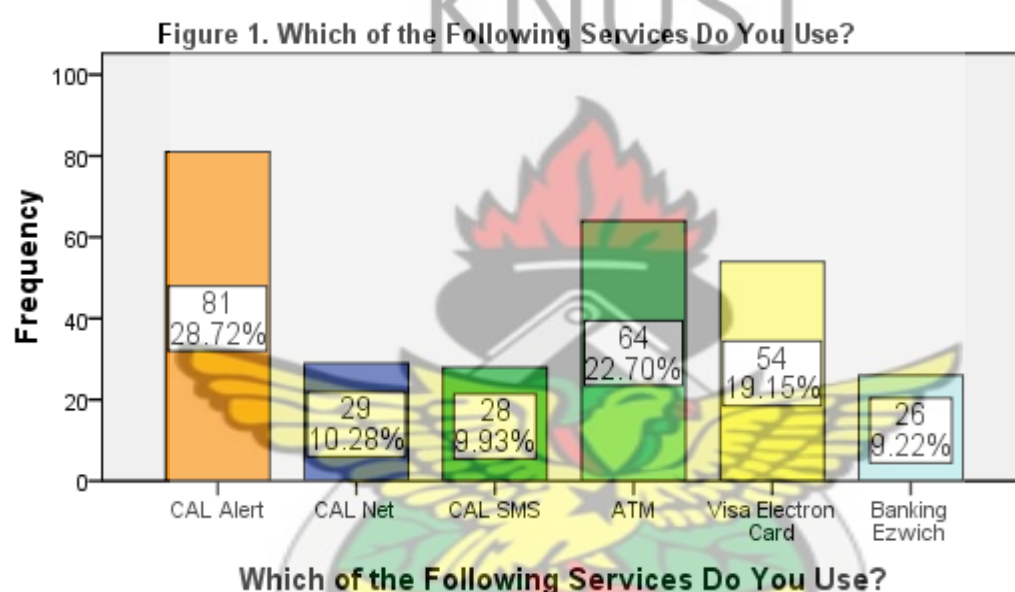
**Table 4.3: Which of the Following Services Do You Use?**

	Frequency	Percent	Valid Percent	Cumulative Percent
CAL Alert	81	28.7	28.7	28.7
CAL Net	29	10.3	10.3	39.0
CAL SMS	28	9.9	9.9	48.9
ATM	64	22.7	22.7	71.6
Visa Electron Card	54	19.1	19.1	90.8
Banking Ezwich	26	9.2	9.2	100.0
Total	282	100.0	100.0	

*Source: Field data 2011*

Table 4.2 shows that all customers of CAL Bank use at least one electronic product which indicate that the responses provided are true reflection of their experiences.

Table 4.3 presents the type of electronic products used by the respondents. From the table, 28.7 % of the respondents use CAL Alert, another 22.7% use ATMs followed by Visa electron (19.1%), Cal Net (10.3%), CAL SMS (9.9%) and Banking Ezwich (9.2%). The results show that the major electronic products used by the bank's customers are CAL Alert and ATMs. See figure 1 below.



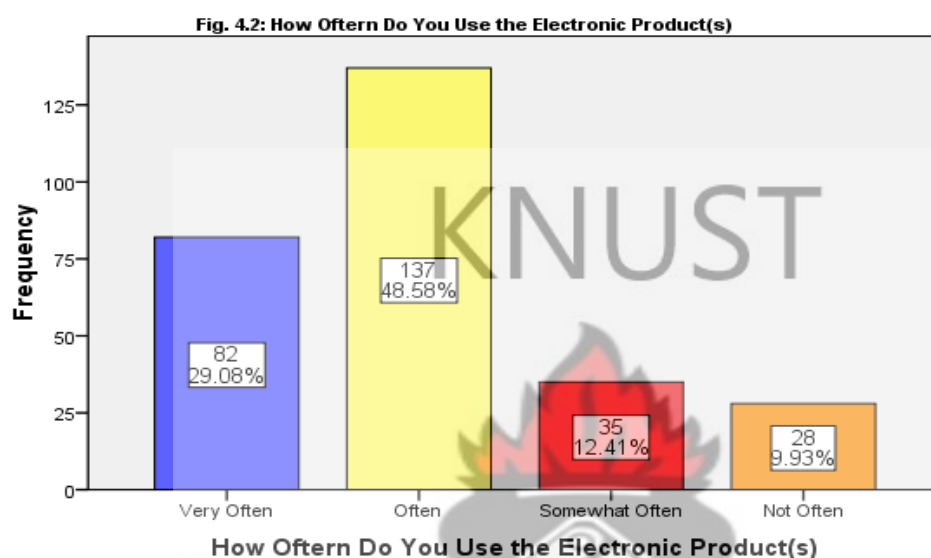
Source: Field data 2011

**Table 4.4 How Often Do You Use the Electronic Product(s)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Often	82	29.1	29.1	29.1
Often	137	48.6	48.6	77.7
Somewhat Often	35	12.4	12.4	90.1
Not Often	28	9.9	9.9	100.0
Total	282	100.0	100.0	

Source: Field data 2011

Table 4.4 presents how often customers use the bank's electronic products. The results show that majority of the customers (48.6%) use the products very often. This is followed by 29.1% who said they use it very often, 12.4% said they use it somewhat often while 9.9% said they don't use it often. See figure 4.2 below.



Source: Field data 2011

**Table 4.5: Electronic banking products are more useful for my banking activities**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	247	87.6	87.6	87.6
Agree	35	12.4	12.4	100.0
Total	282	100.0	100.0	

Source: Field data 2011

Table 4.5 presents how useful electronic banking products are to the bank's customers. The result shows that, 87.6% representing majority of the respondents strongly agreed that the electronic products are useful to them and 12.4% agreed that the products are useful.

The implication therefore is that all the customers of the bank see electronic banking as a useful and a convenient banking activity.

**Table 4.6: How would you rate the bank's electronic products in terms of the following variables?**

<b>Reliability</b>				
	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Excellent	53	18.8	18.8	18.8
Very good	119	42.2	42.2	61.0
Good	110	39.0	39.0	100.0
Total	282	100.0	100.0	
Excellent	53	18.8	18.8	18.8
<b>Responsiveness</b>				
Excellent	26	9.2	9.2	9.2
Very good	82	29.1	29.1	38.3
Good	148	52.5	52.5	90.8
Satisfactory	26	9.2	9.2	100.0
Total	282	100.0	100.0	
<b>Accessibility</b>				
Excellent	53	18.8	18.8	18.8
Very good	63	22.3	22.3	41.1
Good	166	58.9	58.9	100.0
Total	282	100.0	100.0	
<b>User-Friendly</b>				
Excellent	80	28.4	28.4	28.4
Very good	64	22.7	22.7	51.1
Good	138	48.9	48.9	100.0
Total	282	100.0	100.0	
<b>Customer Education</b>				
Excellent	27	9.6	9.6	9.6
Very good	27	9.6	9.6	19.1
Good	56	19.9	19.9	39.0
Satisfactory	57	20.2	20.2	59.2
Poor	115	40.8	40.8	100.0
Total	282	100.0	100.0	
<b>Overall Impression</b>				
Excellent	54	19.1	19.1	19.1
Very good	89	31.6	31.6	50.7
Good	139	49.3	49.3	100.0
Total	282	100.0	100.0	

*Source: Field data 2011*

Table 4.6 presents customer evaluation of the bank's electronic products using service quality dimensions.

On the reliability of the bank's electronic product's 42.2% representing majority rated it as very good followed by 39% who rated reliability as good and 18.8% rated the reliability as excellent. This is a clear indication that, the bank's electronic products to a very large extent are reliable.

With regards to responsiveness, 52.5% of the customers representing majority believe that the bank's responsiveness to customer needs is good. This is followed by 29.1 who think that the bank's responsiveness is very good, 9.2% think that the responsiveness is excellent and 9.2% see responsiveness as satisfactory. The implication is that the customers are satisfied with the way the bank responds to their need.

With reference to accessibility, majority (58.9%) of the bank's customers rated it as good 22.3% said it is very good while 18.8% said it is excellent. The result indicates that electronic banking products are accessible to majority of its customers

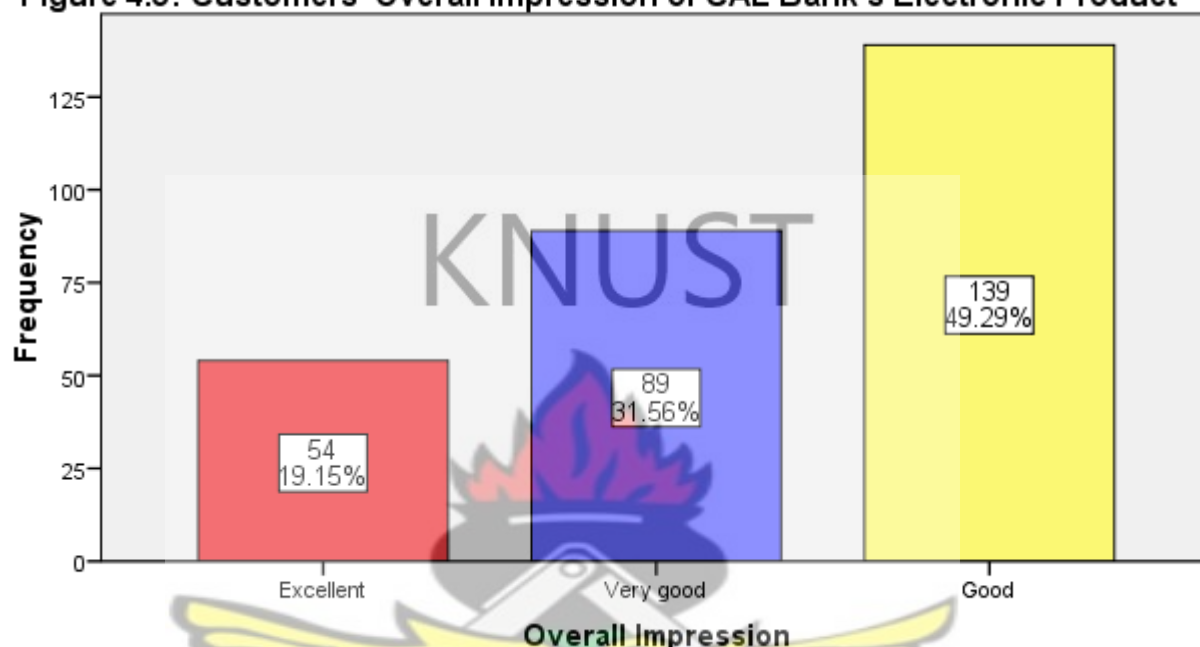
Customers were also asked to rate the user friendliness of the bank's electronic products. Majority of them (49.9%) rated it as good, 28.4% rated it as excellent and 22.7% rated it as very good. These show that even though the products user friendly, they need to improve on them since majority of the customers see it as average.

On customer education, majority of the customers (40.8%) rated the bank's performance as poor. 20.2% rated it as satisfactory, 19.9% rated it as good, 9.6% rated it very good and 9.6% rated it as excellent. There is clear evidence that the bank's customers are not satisfied with the education given to them by the bank on how to use the electronic products.



Finally on the overall impression of the respondents, majority of them (49.3%) think that the performance of the bank in terms of its electronic products is good, 31.6% of the customers see it as very good and 19.1% see it as excellent.

**Figure 4.3: Customers' Overall Impression of CAL Bank's Electronic Product**



*Source: Field data 2011*

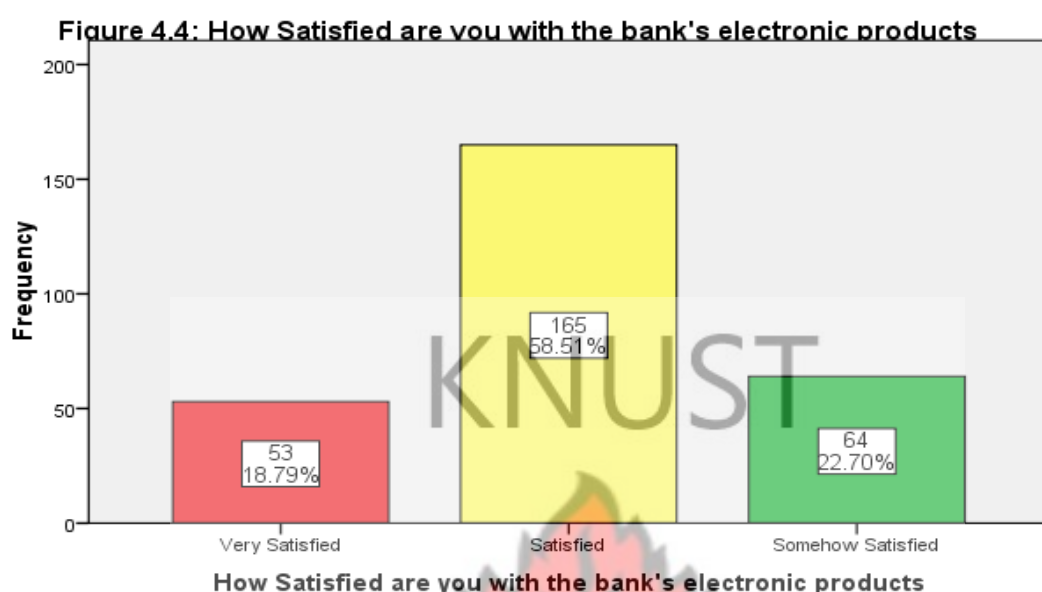
**Table 4.7: How satisfied are you with the bank's electronic products?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Satisfied	53	18.8	18.8	18.8
	Satisfied	165	58.5	58.5	77.3
	Somehow Satisfied	64	22.7	22.7	100.0
	Total	282	100.0	100.0	

*Source: Field data 2011*

Table 4.7 presents customers' level of satisfaction with the bank's electronic products. Majority (58.5%) of the respondents stated that they are satisfied with the products. 22.7%

said they are somehow satisfied and 18.8% said they are very satisfied. There is clear evidence therefore that electronic products used at CAL bank lead to customer satisfaction.



*Source: Field data 2011*

Customers were also asked to list specific benefits they have derived from the banks' electronic products. According to them, electronic products among other things,

- Saves time
- Are user-friendly
- It gives easy accessibility to cash any time of the day
- It makes bank transaction very convenient
- CAL Alert gives regular update of customers' account
- Customers can check their account balances without necessarily going to the bank
- It provides security to the bank's customers

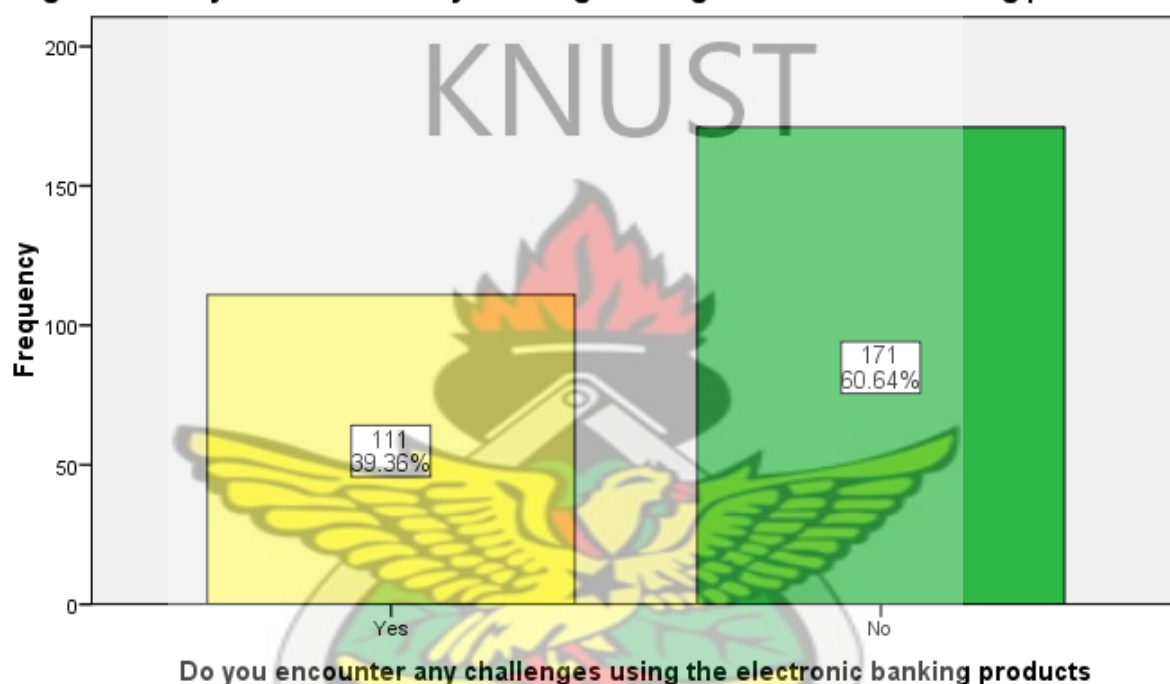
**Table 4.8 Do you encounter any challenges using the electronic banking products?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	111	39.4	39.4	39.4
	No	171	60.6	60.6	100.0

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	111	39.4	39.4	39.4
	No	171	60.6	60.6	100.0
	Total	282	100.0	100.0	

Source: Field data 2011

**Figure 4.5: Do you encounter any challenges using the electronic banking products**



Source: Field data 2011

Table 4.8 presents customer responses on whether the customers have any problems with CAL bank's electronic products. The result shows that 60.6% representing majority of the respondents do not have any problem with the bank's products. However 39.4% stated that they have problems with the bank's electronic products and some of the problems identified include:

- Sometimes, the bank's electronic products are not accessible especially the internet banking service

- Some ATMs are unreliable
- Some faulty ATMs capture customers' cards
- Wrong deductions from customers' account when customers have not made any withdrawal from the ATM

#### **4.3: ANALYSIS OF INTERVIEW WITH MR PATRICK QUANSON –THE MANAGER IN-CHARGE OF ELECTRONIC PRODUCTS AT CAL BANK**

The manager in-charge of the bank's electronic banking at the head office was interviewed to find out the bank's perspective regarding electronic banking and its effect on customer satisfaction. The interview lasted for 30 minutes after which the interview was transcribed and analysed with the following result.

##### **4.3.1 Bio-Data of manager in charge of electronic banking**

The manager Mr. Patrick Quantson stated that he had been working with CAL bank as a senior officer for the past 5 years. The manager's long service with the bank is an indication that he has adequate knowledge of the bank's electronic banking services and therefore, his responses will reflect the true position of the bank.

##### **4.3.2 Electronic banking and customer satisfaction**

When asked to list the electronic banking products the bank has, Mr. Quantson listed all the products as posted on the banks' website. They include CAL Alert, CAL Net , CAL SMS, Automated Teller Machine (ATM), Ezwich and Visa Electron Card. His ability to list all the products confirmed his knowledge of the electronic banking services.

Mr. Quanson was also asked whether electronic banking products have improved customer satisfaction and retention and this is what he said:

*“The electronic products make banking convenient and bring ease of accessing account details and transaction.”*

He also admitted that the bank’s customer-base has increased as a result of electronic banking.

Mr. Quanson was asked to rate the bank’s electronic products in terms of the Reliability, Responsiveness, Accessibility, User friendliness and Customer Education. In his rating, Mr. Quanson rated the entire variable as excellent. On his overall impression of the bank, the manager said *“excellent of course”*

When asked whether the bank educates customers on the use of the electronic banking products he said:

*“Yes we do that each time a new product is launched and we continue to do that.”*

His response contradicts customers responses in which majority of the customers rated customer education as poor. This is an indication that majority of the bank’s customers did not benefit from the education provided by the bank probably due to the approach used and the time of the education.

The manager was also asked to state the method the bank uses to communicate its electronic banking products to its customers. In his response, he said:

*“Through direct marketing, that is through SMS, email alert, conversional advertising, that is print and electronic media and through referrals.”*

When asked to rate how satisfied the customers are, he said they are very satisfied. Even though majority of the customers said they were satisfied, the bank thinks that they are very satisfied.

Mr. Quantson was asked to state the benefits the bank derived from the use of electronic banking and this is what he had to say.



.....*They help in decongestion of the banking halls, reducing cost of banking, provision of value added services on electronic banking, customer loyalty, service differentiation and the fees and commissions increase the bank's revenue.*

It is evidently clear therefore that electronic banking is beneficial to both customers and the bank.

On the challenges of electronic banking, the manger said the bank's major problems include:

- *Lack of sustainable infrastructure or connectivity which is the backbone of E-Channels.*
- *Lack of Sophistication of core customer segment to adopt the products*
- *Dependency on cash in the economy.*

The result shows that much as electronic banking is beneficial to both customers and banks, they are not without challenges.

Finally, the manager was to make recommendations that would improve customer satisfaction through the use of electronic banking products and this is what he said:

.....*There is the need for the bank to foster collaboration with banks and microfinance institutions to improve the services. The bank must also improve regional access for wider geographic distribution.*

The manager's response is an admission that there is the need for improvement on the bank's electronic products to enhance customer satisfaction.

#### **4.4 DISCUSSION OF FINDINGS**

This section discusses the findings from the analysis in relation with the research questions in chapter one and the literature in chapter two.

The first research question sought to establish the nature of electronic banking services

offered by CAL Bank. The result shows that indeed the bank has electronic banking services. This is evident from the information posted at the bank's website, the customer responses and the interview with the bank's manager in-charge with electronic banking at the head office. The products include: CAL Alert, CAL Net , CAL SMS , Automated Teller Machine (ATM), E-zwich and Visa Electron Card.

The result confirms Abor (2006) assertion that In Sub-Saharan Africa, developments in information and communication technology is radically changing the way business is done. These developments in technology have resulted in new delivery channels for banking products and services such as Automated Teller Machines (ATMs), Telephone Banking, PC-Banking, and Electronic Funds Transfer at Point of Sale (EFTPoS) (Abor 2006).

The second research question was what is the contribution of Electronic Banking in satisfying customers of CAL Bank . The result shows significant improvement in the satisfaction of the customers. This conclusion is based on the fact that approximately 58.5% of the respondents stated that they are satisfied with the bank's electronic products. This was also confirmed by the manager in-charge of electronic banking at the bank's head office who said that the customers are very satisfied. However, the responses of the customers show that they are satisfied but not very satisfied as claimed by the manager. This is an indication that there is some amount of gap between management perception of service quality and the customer expectation of the service as espoused by Parasuraman, Zeithamal and Berry (1985). There is therefore the need for the bank to get a better understanding of customer expectation through research, complaint analysis and customer panels Parasuraman, Zeithamal and Berry (1985). According to Gitman and McDaniel (2007) Customer satisfaction is a business term, and is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction must therefore be measured from customer point of view

rather than the bank's point of view.

The last research question was to find out the challenges militating against Electronic Banking at CAL Bank. The results suggest that there are problems with electronic banking at CAL bank. While the bank's customers outline the problems as lack of accessible internet banking service, unreliable ATM, faulty ATMs capturing customers' cards and wrong deductions from customers' account when customers have not made any withdrawal from the ATM. The bank said their major problems include lack of sustainable infrastructure or connectivity which is the backbone of E-Channels, lack of sophistication of core customer segment to adopt the products and dependency on cash in the economy. The result confirms the customer rating of education as poor. This is because when customers are educated on the features of the machines and how to use the products in general, some of the problems will be minimised.

The study also confirmed the views of Williams (2011) that access to the internet, computer know how, security concerns are among major challenges facing electronic banking in the 21<sup>st</sup> century.

## **CHAPTER SUMMARY**

This chapter analyses the data collected from both customers and manager in charge of electronic banking. The chapter begins with the presentation of customers' social demographic data, followed by electronic banking and customer satisfaction. The chapter continues with the analysis of interview conducted with the bank's manager in charge of electronic banking and concludes with discussion of the findings from the analysis. The next concluding chapter presents the summary of findings, conclusions and recommendations for management and future research.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

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#### 5.0 INTRODUCTION

This chapter concludes the study. It begins with a brief summary of the study which is followed by the major findings and conclusions. The recommendations of the study are finally presented.

#### 5.1 SUMMARY OF KEY FINDINGS

Technological advancement has change the way banking is done worldwide. Ghana is not an exception to this development in the banking industry. The development drew the attention of all stakeholders including researcher who have tried to investigate issues concerning electronic banking in Ghana. However, most of the studies conducted have focused on the adoption of electronic banking and its effect on the performance of the banks. This study was to find out the contribution of electronic banking in customer satisfaction.

Literature related to the topic was reviewed. Quantitative and qualitative approaches were adopted in gathering data from 282 customers of the bank and a manager in charge of electronic banking at the bank's head office. The major findings of the study are as follows:

It was found that, 58.5% representing majority of the respondents are males while 41.5% are female. Also, Majority (68.1%) of the respondents were between the ages of 21-30 followed by 31-40 (22.7%) and 41-50 (9.2%).

Majority (58.9%) of the respondents hold first degree followed by HND (28.7%), secondary certificate (9.2%) master's degree (3.2%) and All customers of CAL Bank use at least one electronic product

Majority of the customers (48.6%) use the products often. This is followed by 29.1% who said they use it very often, 12.4 said they use it somewhat often while 9.9% said they don't use it often

The result shows that, 87.6% representing majority of the respondents strongly agreed that the electronic products are useful to them and 12.4% agreed that the products are useful.

On the overall impression of the respondents, majority of them (49.3%) think that the performance of the bank in terms of its electronic products is good, 31.6% of the customers see it as very good and 19.1% see it as excellent. However the manager in charge of electronic banking rated overall impression of the bank's electronic products as excellent

Majority (58.5%) of the respondents stated that they are satisfied with the products. 22.7% said they are somehow satisfied and 18.8% said they are very satisfied. The bank on the other hand believed that the customers were very satisfied.



The result further shows that 60.6% representing majority of the respondents do not have any problem with the bank's products. However 39.4% stated that they have problems with the bank's electronic products and some of the problems identified include accessibility to the internet banking service, unreliable ATMs, Some faulty ATMs capturing customers' cards and wrong deductions from customers' account when customers have not made any withdrawal from the ATM

It was found that the bank's electronic products include CAL Alert, CAL Net , CAL SMS, Automated Teller Machine (ATM), Ezwich and Visa Electron Card.

On the challenges of electronic banking, it was found that the bank's major problems include: Lack of sustainable infrastructure or connectivity which is the backbone of E-Channels, Lack of Sophistication of core customer segment to adopt the products and Dependency on cash in the economy

## 5.2 CONCLUSIONS

Based on the objectives of the study in chapter one and findings of chapter four, the following conclusions can be drawn from the study:

CAL bank's electronic banking products include CAL Alert (mobile banking), CAL Net (Internet banking), CAL SMS (Mobile banking), Automated Teller Machine (ATM), Ezwich and Visa Electron Card. These products have benefited the bank in terms of decongestion of the banking hall, increase revenue and customer loyalty. For the customers they have benefited from the products in terms of convenience, easy access to cash, security, time saving and frequent update.

IT can also be concluded that the bank's customers are satisfied with the electronic banking services of CAL bank. This conclusion is not only based on the interview with the bank official but with the customers themselves who responded that they were satisfied. This notwithstanding, there is a gap between management perception and the customers' expectation of the service.

Finally, the researcher can conclude that all is not well with the bank's electronic products; there are challenges that need to be addressed. There are issues that the bank considers as challenges and there are also issues that the customers consider as challenges. Again there are issues that customers consider as challenges which the bank does not see anything wrong with. A typical example is customer education. The researcher can conclude that this inconsistency in the challenges confronting the bank is also a challenge that the bank need to address.

### **5.3 RECOMMENDATIONS**

Based on the findings of the study, the following recommendations have been made to improve on customer satisfaction.

#### **Customer Education**

Majority of the bank's customers suggested that they were not educated on how to use the bank's electronic products. Customer education is critical to customer satisfaction because if customers are ignorant about how to use the service, they would be discouraged leading to dissatisfaction of customers and subsequently to customer attrition. The management of the bank must educate on how to use the banks electronic products to ensure effective use of the services and customer satisfaction. The bank can provide flyers on how to use the products at

the counter of all the bank's branches for customers to read in addition to other forms of education.

### **Customer Satisfaction Surveys**

The result of the study shows that there is some level of gap between management perception and customer perception of the service. This is because whiles majority of the customers said they were satisfied the bank thought they were very satisfied. Again, customers rated customer education as poor whiles the bank rated it as excellent. There is therefore the need for the bank to get a better understanding of customer expectation through research, complaint analysis and customer panels Parasuraman, Zeithamal and Berry (1985). According to Gitman and McDaniel (2007) Customer satisfaction is a business term, and is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction must therefore be measured from customer point of view rather than the bank's point of view.

### **Constant Monitoring of equipment and Investment in Modern Equipment**

Some of the customers complained of faulty ATMs capturing their cards and the fact that ATMs are sometimes not reliable. The manager in charge of electronic products also admitted that connectivity is a challenge confronting the bank. In view of these, the management of the bank must constantly monitor the ATMs and to ensure that they are in good condition. The bank should also invest in modern equipment that can be reliable at all times.

### **Further Research**

The study focused on only two branches of the bank in making conclusions. Further studies should consider collecting data from all the branches of the bank to have a clearer picture of the situation.

This study sought to find out the role of electronic banking in improving customer satisfaction. Future studies can take it further by looking at the effect of electronic banking on customer acquisition and retention.

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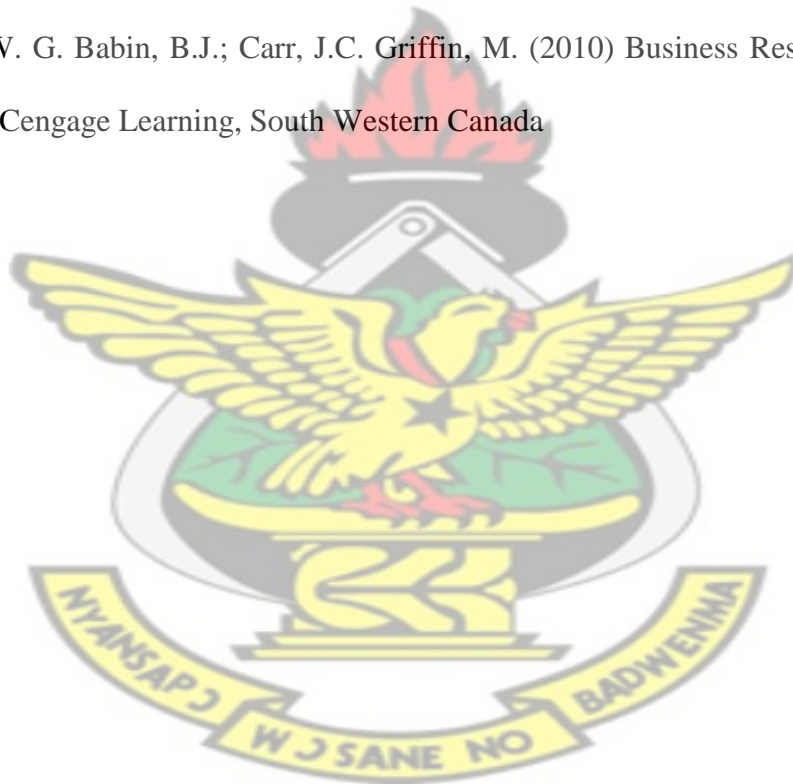
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## APPENDIX I

### QUESTIONNAIRE FOR CUSTOMERS OF CAL BANK

I am a student of Kwame Nkrumah University of Science and Technology conducting a study on the topic “**The Role of Electronic Banking in Improving Customer Satisfaction in the Banking Industry**” using The CAL Bank Ghana as a case study. I would be very grateful if you could complete this questionnaire for me. I assure you that all responses given will be treated confidentially and used for academic purposes only. Thank you.

#### PART 1: PERSONAL INFORMATION

##### 1. Gender

Male ☐ Female ☐

##### 2. Age

Less Than 20 ☐

21-30 ☐

31-40 ☐

41-50 ☐

Older Than 50 ☐

##### 3. Highest level of education

WASSE ☐

HND ☐

Bachelor Degree ☐

Masters Degree [ ]

4. How long have you been a customer of CAL BANK?

0 – 1 year [ ]

2 – 3 years [ ]

4 – 5 years [ ]

6 years and above [ ]

## PART II CUSTOMERS' EVALUATION OF THE BANK'S ELECTRONIC PRODUCTS IN IMPROVING THEIR SATISFACTION

Please tick and complete where appropriate

1. Do you use any electronic product from the bank?

A. Yes [ ]

B. No [ ]

2. If yes, which of the following product(s) do you used?

a. CAL Alert [ ]

b. CAL Net [ ]

c. CAL SMS [ ]

d. Automated Teller Machine (ATM) [ ]

e. Visa Electron Card [ ]

f. Banking Ezwich [ ]

3. If your answer is "No", briefly explain why?

.....

.....

.....

4. How often do you use the electronic product(s)?



Very often [   ]

Often [   ]

Somewhat often [   ]

Not often [   ]

5. Using the Electronic banking product has improved my satisfaction with the bank's service delivery. To what extent do you agree with the statement?

A. Strongly Agree [   ]

B. Somewhat Agree [   ]

C. Disagree [   ]

D. Strongly Disagree [   ]

6. To what extent would you agree with the statement "I find the use of the Electronic Banking Product (s) more useful for my banking activities.

A. Strongly Agree [   ]

B. Somewhat Agree [   ]

C. Disagree [   ]

D. Strongly Disagree [   ]

7. Have you received any education from the bank on how to use the electronic products?

Yes [   ]      No [   ]

8. How would you rate the electronic banking products of CAL BANK?

Excellent [   ]

Very good [   ]

Good [   ]

Satisfactory [   ]

Poor [   ]

9. How would you rate the bank's electronic banking performance in the following areas?

Dimensions	Excellent	Very good	Good	Satisfactory	Poor
Reliability					
Responsiveness					
Accessibility					
User-friendliness					
Customer education					
Overall impression					

10. How satisfied are you with the use of the bank's electronic products?

Very Satisfied [ ]

Satisfied [ ]

Somehow satisfied [ ]

Dissatisfied [ ]

Very Dissatisfied [ ]

11. What benefits do you derive from the use of electronic banking product?

.....

.....

.....

.....

.....

12. Do you encounter any challenges using the electronic banking products

Yes [ ] No [ ]

13. If yes what is the nature of challenges faced?

.....

.....

.....

.....

.....

14. Could you please briefly explain your wishes and any other comments on how CAL BANK can improve the satisfaction of its customers through the use of electronic banking products?

.....

.....

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.....

***Thank you for taking time to complete the questionnaire.***

## APPENDIX II

### INTERVIEW GUIDE FOR THE MANAGER IN-CHARGE OF ELECTRONIC BANKING SERVICES AT CAL BANK

1. How long have you been working with CAL BANK?

.....

2. What is your current position at the bank?

Senior staff [ ] junior staff [ ]

1. Does the bank have Electronic banking products?

Yes [ ] No [ ] uncertain [ ]

2. If yes, what are they?

.....  
.....  
.....

3. How has electronic banking improve customer satisfaction and retention at CAL Bank?

.....  
.....  
.....

4. How would you rate the electronic banking products of CAL BANK?

Excellent [ ]

Very good [ ]

Good [ ]

Satisfactory [ ]

Poor [ ]

5. Has the bank's customer base increased as a result of electronic banking?

Yes [ ] No [ ] Uncertain [ ]

6. How would you rate the bank's electronic banking performance in the following areas?

Dimensions	Excellent	Very good	Good	Satisfactory	Poor
Reliability					
Responsiveness					
Accessibility					
User-friendliness					
Customer education					
Overall impression					

7. Does the bank educate customers on the use of electronic banking products?

Yes [ ] No [ ]

8. How does the bank communicate electronic banking products to its customers?

.....  
.....

9. How would you rate the satisfaction of CAL BANK customers?



Very satisfied [ ]

Satisfied [ ]

Dissatisfied [ ]

Very dissatisfied [ ]

10. What benefits does the bank derive from the use of electronic banking?

.....

.....

.....

.....

.....

11. What challenges does the bank encounter in its operations resulting from the use of electronic banking?

.....

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.....

.....

.....

12. Could you please briefly explain your wishes and any other comments and suggestions on how CAL BANK can improve on the satisfaction of its customers through the use of electronic banking?

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**Thank you for your time.**

# KNUST

