

Introduction of a Framework for Customer Orientation Using Ambulant E-Banking Services Marketing (Case Study: Mellat Bank in Isfahan)

Seyed Ali Siadat

Associate Professor in education management,
Isfahan University, Isfahan, Iran

Mohammad Mehrali Moghaddam

Electronic Branch, Islamic Azad University,
Tehran, Iran

ABSTRACT

E-banking (electronic banking) is the modified business banking toward E-business (electronic business) banking that actually uses the electronic communication channels such as internet, phones, cell phones and the like. By using this method, the demands of customers such as time independent and high flexible actions are satisfied. In this process, marketing is so important because guiding customers of bank for using these platforms leads to decrease in costs and increase in profit of the organization. Due to the importance of E-banking, the current study tries to introduce a framework for customer orientation using marketing of ambulant E-banking services. This study uses a descriptive-survey method on a population of all customers of Mellat bank in Isfahan in 2013, using random sampling method. The sample size was 430 participants with 408 acquired questionnaires. A questionnaire with 40 questions was used as the measuring tool made by authors with validity and reliability factors about 0.73 and 0.85 respectively. Data analysis was done using single variable T-test, Kalmogorov- Smiranov test, and multivariate analysis of variance. The key E-marketing components (customer relationship management, supply chain management, information systems integration and information clarification) were considered as the dependent variables. Then, their effect on customer orientation was analyzed as our independent variable. Analysis was done by SPSS software. The results showed that computed averages on developing the questionnaire components are much greater than the assumed values. According to the results, the effect of mentioned components on customer orientation was approved.

Keywords

E-banking, customer orientation, marketing, ambulant E-banking services

Introduction

In the recent advanced world, due to the growth of new technologies in banking, it should be noted that voice of a bank can only be heard via channels of new technologies. It is important to think whether a society with traditional banking systems can accept the modern one or not.

Although the development of E-banking causes saving in time, paper, costs and fast financial transactions, traditional system in most of the banks and financial institutes can be seen due to the absence of required infrastructure, low depth of this new system, lack of expert human resources and absence of documented law for E-banking.

To offer novel services and products, banks need a novel professional marketing. Reconnaissance of customers and their demands is possible with novel marketing. In novel banking, for customers reconnaissance, banks have to do marketing based on both singular and databases methods. Singular marketing is created and managed for a peer to peer relation with customers. Recently, due to information technology, singular marketing can be done widely and economically. Database technology helps banks to trace all their customers. Fortis bank is the biggest Belgian bank which has a rich database of information of customers. Using this new database technology makes a possibility for banks to achieve the higher level of success in marketing. Therefore by a professional proper marketing, a suitable product in a suitable time with proper tools is available. It is obvious that equipment of finical resources with international standards is impossible without marketing and reconnaissance of various customers' demands (Abbasgholipour, 2010).

The first and the most important principle of marketing is focus on customer demands. Organizations cannot live without paying attention to customer demands. Focus on this

issue causes its customer satisfaction and allegiance and therefore organization's fame and credibility and more profitability (Rashdi, 2005).

In recent years, much attention has been paid to the management of customer relationship in banking industry. Besides, more options in marketing are given to the banks. Banking system has a heavy responsibility in economics and it is one of the most important components of the economy for a country (Venus & Safaiyan, 2004).

Therefore, to improve their E-services, banks need an accurate and novel marketing to keep their customers and also their satisfaction, unless in a near future they would lose their position in competing with other banks. The less noted subject is marketing of E-services. Now, banks just imitate the common services to offer to their customers. If marketing is not done correctly, cost of developing and offering new electronic services and projects leads to a huge penalty for banks and totally it will not be efficient.

Therefore the current study tries to offer a framework for customer orientation, using marketing of ambulant E-banking services in Mellat bank as the most advanced bank in offering novel services. Fig.1 demonstrates the introduced framework including relation of key components (Customer Relationship Management, Supply Chain Management, Information Systems Integration and Information Clarification), Marketing of E-Banking and Customer Orientation.

Consideration of customer orientation in banking industry is mostly considered in advanced societies and researchers in these countries analyzed this subject well. Behavior of users in Iran is different from that of other countries. However a few number of researches have been done in this country and it was found that advertisements on TV is the most important tool which is used to institutionalize receiving E-banking services (Ataollahy, 2010). The main purpose of the mentioned work was to study compliance of advertisements on TV for E-banking with principles of advertisement psychology. Maleki and Akbari (2010) focused on the role of E-banking in Iran and discussed SHABA system¹. They stated that "in novel banking, explanation of banking services and specially E-banking is necessary. Customers have the right to know about banks services via general media and therefore, to be efficient, banks need to have enough information of customers and to realize their demands. They also need to have a developed relation with their bank". Divandari et al. (2012) offered some proposals about designing web-banking services provider systems. With application of customer demands in designing the process of these systems, competition advantage may be earned for banks which have web-banking services.

There are lots of international researches done in this field. For example Chibuilke & ehikwe (2001) studied marketing for banking in Nigeria. They showed that how

differently the economic, social and political environments can affect financial services in Nigeria. "The future of banking in Nigeria is depended on current integration to world trade. Now, international banks have reached their position in using this important decision" the researchers said. Suh & han (2002) performed another study based on a model of technology acceptance to analyze the main customers' reason for web-banking acceptance. Ljubljana (2006) in "Recommendations for Using E-marketing Channels" focused on goal and limitation, scope, related terms for recommendations and general conditions of business in individual banks. Finally this work ended in offering some regulations to use E-marketing. Imran Siddique & Rehman (2011) studied a general interpretation for experiencing E-marketing with internet and E-banking. The study introduces the challenges of marketing such as system weakness and resistance of customer against E-shopping and receiving services. The results of this study showed that E-marketing is a technological tool in recent era. Rahman Ullah, Yasir Kamal and Usman Ghani (2013) did both analytical & empirical analysis on evaluating quality of banking services and development of E-banking in Libya. E-banking is one of the essential terms in modern banking services. This approach leads to higher banking quality and advantage of difference which improves the position of a bank in competitive environments.

Researches on customer orientation in banking industry can enhance the realization of customer purpose to use E-banking. They show how these aims can affect customer orientation. In the current study, we tried to introduce a framework for customer orientation using marketing of ambulant E-banking services. We also tried to specify the factors to absorb more customers for the banks and accordingly the factors that end in customer satisfaction.

E-service marketing is an approach that studies inside Iran did not attend to, while the age of these works in other countries is longer than a decade. Therefore, because the subject is relatively new and because of the wide scope taken in this study and the necessity of making a change in traditional mind of big organizations to customers and emphasize their demands are the main aspects of innovation in current study.

Results of this work can help managers and developers of Iran banking strategies to plan for extending this method of banking. Also this work can help to promote customer orientation strategies in Iran banking industry.

Methodology

As authors tried to introduce a framework for customer orientation using marketing of E-banking services, a questionnaire with descriptive-survey method was used.

¹ Iran Interbank E-Banking Network

a) Population

All customers of Mellat bank of Isfahan in 1392 of sun calendar (2013-2014). There is no accurate quantitative data, and therefore population is unlimited.

b) Sample size

Based on computations, sample volume is 430 persons with 408 acquired questionnaires.

$$Sample\ size = \frac{1.96^2 \times 0.28}{0.05^2} = 430$$

c) Sampling Method

Since the population is all customers of Mellat bank in Isfahan, going to all 70 offices of Mellat bank in Isfahan is actually impossible. Sampling has been done randomly in crowded days such as first and the last working days of the week with reference to offices with different levels (excellent, 1, 2, 3, and 4), that means high to low scattering. Therefore the sampling method is Random Purposeful.

d) Measurement Tools

This work uses a combined questionnaire. This questionnaire has 40 tests with 5 Likert selection options (1- absolutely agree, 2- agree, 3- do not care, 4- disagree, 5- absolutely disagree). It follows 5 components and questions on customer relation management, information clarification and customer orientation are quoted from questionnaires of Yitian Zhang (2013), Mohd Shoki Md Ariff et al. (2012) and Ali Ahmad Alawneh et al. (2013). Questions on Supply Chain Management are quoted from questionnaire of I.J. Chen et al. (2004). Questions on integration of information systems are quoted from questionnaires used by S. Christopher et al. (2009) and P.M. Swafford et al. (2008).

e) Validity and Reliability

According to Kendall's tau, validity factor is computed equal to 0.73 that shows the proper validity of questionnaire. The reliability of questionnaire is computed after a preliminary study and computation of variance of questions with Cronbach's Coefficient Alpha equals to 0.85.

f) Data Analysis Methods and Tool

Data analysis was done using single variable T-test, Kalmogorov- Smiranov test and multivariate analysis of variance for data inferential analysis, proof of normality for population and comparison between the averages of studied components. Analysis was done by SPSS 19.0 software.

Results

Normality for population

Before using data, assumption of Normality for population has been checked using Kalmogorov- Smiranov test and summarized in Table 1.

Table 1. Normality for population

Questionnaire	K-S-Z	Significance Level
Effective factors on customer orientation in E-Banking	0.62	0.83

According to above mentioned results, value of Kalmogorov- Smiranov test for the questionnaire is between - 1.96 to +1.96 and it is not significant. Thus with safety factor equal to 0.95, normality for population is acceptable (see Fig.2).

First question

Q: How much does the application of customer relation management affect customer orientation in E-banking?

Table 2: Result of single variable T-test, comparison of effects of applying customer relation management on E-banking customer orientation with supposed average (3)

Supposed average	Average	Standard deviation	T	Significance level
3	3.72	0.37	39.08	0.001

Second question

Q: How does the application of Supply Chain Management affect E-banking customer orientation?

Table 3: Result of single variable T-test, comparison of the effects from application of supply chain management on E-banking customer orientation with supposed average (3)

Supposed average	Average	Standard deviation	T	Significance level
3	4.15	0.32	71.88	0.001

Third question

Q: How much does the application of integrated information systems facilitate E-banking customer orientation?

Table 4: Result of single variable T-test, comparison of the effects from applying integrated information systems on E-banking customer orientation with supposed average (3)

Supposed average	Average	Standard deviation	T	Significance level
3	3.85	0.35	48.88	0.001

Fourth question

Q: How does clarification of information affect E-banking customer orientation?

Table 5: Result of single variable T-test, comparison of effects from applying clarification of information on E-banking customer orientation with supposed average (3)

Supposed average	Average	Standard deviation	T	Significance level
3	3.70	0.31	46.40	0.001

Fifth question

Q: How does E-services marketing affect customer absorption and maintenance?

Table 6: Result of single variable T-test, comparison of effects from E-services marketing on E-banking customer orientation with presupposed average (3)

Supposed average	Average	Standard deviation	T	Significance level
3	3.79	0.45	35.92	0.001

Discussion

First question

Q: How much does the application of customer relation management affect customer orientation in E-banking?

In data inferential analysis (Table 2), for checking significance level, T-test at level $\alpha=0.05$ was used. Computed average (3.72) is greater than supposed average (3) and computed t is greater than critical value of table (1.95), therefore, it is concluded that applying customer relation management has a significant effect on E-banking customer orientation.

Second question

Q: How does the application of Supply Chain Management affect E-banking customer orientation?

In data inferential analysis (Table 3), to check significance level, T-test at level $\alpha=0.05$ was used. Computed average (4.15) is greater than presupposed average (3) and computed t is greater than critical value of table (1.95), therefore, it is concluded that applying supply chain management has a significant effect on E-banking customer orientation.

Third question

Q: How much does the application of integrated information systems facilitate E-banking customer orientation?

In data inferential analysis (Table 4), to check significance level, T-test at level $\alpha=0.05$ was used. Computed average (3.85) is greater than presupposed average (3) and computed t is greater than critical value of table (1.95), then it is concluded that applying integrated information systems has a significant effect on E-banking customer orientation.

Fourth question

Q: How does clarification of information affect E-banking customer orientation?

In data inferential analysis (Table 5), to check significance level, T-test at level $\alpha=0.05$ was used. Computed average (3.70) is greater than presupposed average (3) and computed t is greater than critical value of table (1.95), then it is concluded that clarification of information has a significant effect on E-banking customer orientation.

Fifth question

Q: How does E-services marketing affect customer absorption and maintenance?

In data inferential analysis (Table 6), to check significance level, T-test at level $\alpha=0.05$ was used. Computed average (3.79) is greater than presupposed average (3) and computed t is greater than critical value of table (1.95), then it is concluded that E-services marketing has a significant effect on E-banking customer orientation.

Conclusion

The results of applying customer relation management on E-banking customer orientation show that applying customer relation management in Mellat bank in Isfahan can affect E-banking customer orientation. In other words, gentle manner of clerks while customers complain, easy access to E-banking for customers, providing a phone number to contact bank via web and providing an opportunity for visiting the customers can be effective in absorption of customers and E-banking development. These results are along with the results of Imran Siddique and Rehman (2011); Divandari et al. (2012); Abbasgholipour (2010) and Maleki & Akbari (2010). In these studies, it was reported that effective and respectful relation between bank clerks and customers can satisfy the customers and it is an effective factor in E-banking development. Hermanis & Biruta (2010) say that E-banking is an efficient tool to absorption of customers. If banks try to develop their E-banking more successfully, they will have a better performance in absorption of the customers' funds. In technology acceptance model, it was mentioned that effective relations and easy access to E-banking are two essential factors in development of E-banking which would be a fundamental evolution to absorb the funds and guiding them for production goals.

The results of applying supply chain management on E-banking customer orientation showed that applying supply

chain management in Mellat bank in Isfahan can affect E-banking customer orientation. The application of supply chain management leads to the co-ordination of banks with technological changes, maintaining competition, internal direct connection between suppliers and banks, prediction of various customers' demands and applying the required standards to respond customers. Hence, banks can always fulfill the customers' demands and make them a pleasure feeling. These results are also along with the findings of Imran Siddique and Rehman (2011); Divandari et al. (2012); Abbasgholipour (2010) and Maleki & Akbari (2010). In these studies, application of Supply Chain Management was reported to be an effective factor for customer orientation and absorbing customers. In marketing principles, customers' demands are important. It is also mentioned that based on customers' demands, organizations should change themselves and should change their products and services to improve the feeling of allegiance in customers. On the other hand, co-ordination of banks with technological changes lessens the time to respond customers' demands and to offer the services and products.

The results for the application of integrated information systems on E-banking customer orientation shows that integration of information systems in Mellat bank in Isfahan can affect customers using a successful E-banking. In other words, some factors such as preparing a common database, integrity of financial and non-financial information, using information technologies in integration and co-ordination of activities to design and develop E-services, using information technologies in integration and co-ordination of the activities to offer services, all bring about customer satisfaction. These results are also along with the findings of Imran Siddique and Rehman (2011); Divandari et al. (2012); Abbasgholipour (2010) and Maleki & Akbari (2010). In their studies, integrity of information systems is reported to be very important and effective. Therefore, according to the sameness of the results, it is concluded that banks need to develop their E-banking systems and provide the customers an easy process, and on this issue, they should integrate their information systems so

that the customers can safely do their financial activities via E-banking. Considering the safety factor, electronic banking can create the feeling of allegiance in customers and they can always be in touch with their banks.

The results for the effect of clarified information and E-banking customer orientation show that clarification of information has a positive effect on customers. In other words, lack of error, presentation of accurate information in E-banking services, access to all the information that customers need while using E-service systems, clarification of information in E-transactions and providing information about different aspects of different services can affect customers to use E-banking. In the 5 steps marketing model, clarified information in offering services is an important mental factor for customer absorption. When customers can feel clarification in offering services, they will intend to use such services with high safety factor, since they feel they can use services and touch the targets with no challenges. Therefore, clarification in providing services can increase the trust factor of customers and they use services with more trust, as Chibuilke et al. (2001) reported that clarification makes honesty and it is a determinant factor.

The results for the effect of customer attention and customer orientation view of banks on customer absorption in E-banking show that if E-banking focuses on customers' demands, intention of using this kind of banking will increase. In other words, easy online access to bank and its services, fast respond of bank website to customers' demands, fast troubleshooting of errors in online transactions, and supporting business by online E-banking can absorb more customers. In new marketing system, customer orientation, offering services based on customer needs and demands, and helping customers to feel at ease are elements of the first and the most important principle for survival of organizations in recent societies. Hermanis & Biruta (2010) reported that to offer the services based on customer demands is the secret of success for big companies and their main message is customer orientation.

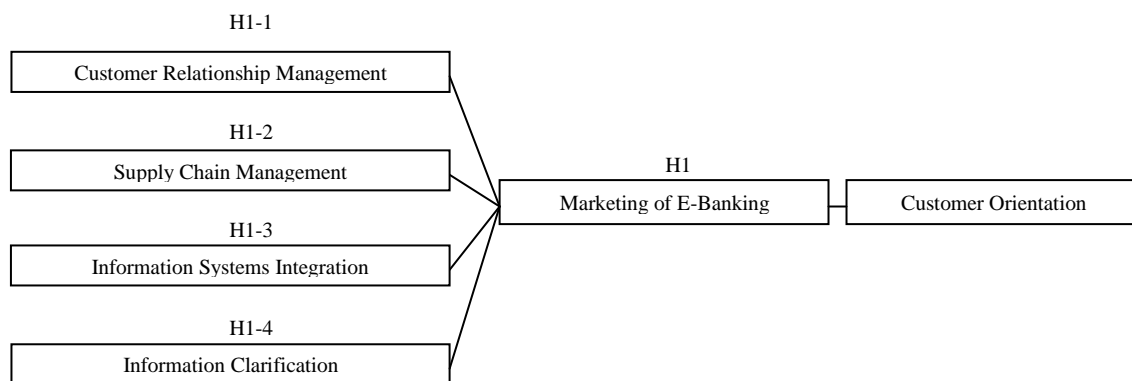


Fig1. Customer Orientation and Components of Ambulant E-Banking Services Marketing

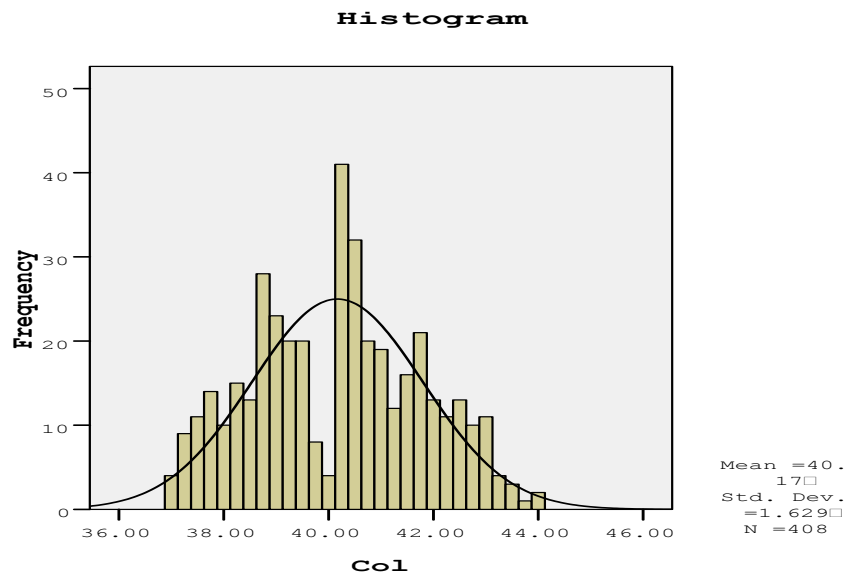


Fig.2 normality of population

References

- 1) Abbasgholipour, M. (2010). "Effective Factors on Enhancement of Banks Performance". Bank and Economic magazine, Vol. 1, No. 106, PP: 24-35.
- 2) Abdul-Mauhmin, G. (2002). "Effects of suppliers marketing program variables on industrial buyer relationship satisfaction and commitment". Journal of Business & Industrial Marketing. Vol. 17, No. 7, pp. 637-651.
- 3) Anderson, E., Weitz, B. (1992). "The use of pledges to build and sustain commitment in distribution channels". Journal of Marketing Research, Vol. 9, No. 1, pp. 18-34.
- 4) Anderson, E. W., Weitz, B. (1989). "Determinants of continuity in conventional industrial channels dyads", Marketing Science, Vol. 8, No. 4, pp. 13-23.
- 5) Anderson, J. C., Narus, J. A. (1990). "A model of distributor firm and manufacturer firm working partnerships", Journal of Marketing, Vol. 54, No. 1, pp. 42-58.
- 6) Ataollahy, R. (2010). "Pathology of E-banking advertisements", Novin Mah magazine, Vol. 1, No. 23, PP: 34-66.
- 7) Ayopo O. O, Darego W. M, Bright C. O. (2010). "An empirical study of relationship marketing orientation and bank performance", Research Journal of International Studies - Issue 16, 47-57.
- 8) Barnes, J. G., Howlett, D. M. (1998). "Predictors of equity in relationships between financial services providers and retail customers", International Journal of Bank Marketing, Vol. 16, No. 1, pp. 15-23.
- 9) Basel Committee on Banking Supervision, (2003). "Risk management". Principle for Electronic Banking, Bank for international settlement.
- 10) Berry, L. (1983). "Emerging perspective on services marketing", American marketing Association, Chicago, IL.
- 11) Bidahad, B., Allahyarifard, M. (2005). "IT role in fulfillment of profit and loss sharing (pls) mechanism". Proceeding of the 3rd International Islamic banking conference in Malaysia.
- 12) Chibuilke u uche, Andrew e ehikwe, (2001). "Globalisation And the Marketing of Banking Services in Nigeria"
- 13) Delavar, A. (2009). "Research Methods in Psychology and Educational Sciences", Payam-e-Noor press, 1st edition.
- 14) Divandari, A., Abedi, E.n , Naserzadeh, S. M. (2012). "offering a conceptual model to explanation of effective key factors on quality of web-banking services provider systems", IT Management magazine, Vol. 5, No.1, PP:19-36
- 15) Fernandez-Gonzalez, A. J. and Prado, J. C. P. (2007). "Measurement and analysis of customer satisfaction: company practices in Spain and Portugal", International Journal of Productivity and Performance Management, Vol. 56, No. 5/6, pp. 500-517.
- 16) Ganesh R. K. (2006). "Risk Management for Internet Banking"
- 17) Gronroos, C. (1994). "From marketing mix to relationship marketing: Towards a paradigm shift in

- marketing”, *Management Decision*, Vol. 32, No. 2, pp. 4-20.
- 18) Hamidzadeh, M. & Gharecheh, M. & Abdolbaghi, A. (2007). “Study on E-banking; major factors, challenges and limitations”, *Bulletin of Humanities and Social Sciences related to Management*, Vol. 7, No. 27, PP: 36-54.
- 19) Heffernan, T. , O’Neill, G. , Travaglione, T and Droulers, M. (2008). “Relationship marketing: The impact of emotional intelligence and trust on bank performance”, *International Journal of Bank Marketing*, Vol. 26, No. 3, pp. 183-199.
- 20) Hennig, T, Thurau, Gwinner.P.K, Gremler.D.D, “Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality”, *Journal of Service Research*, Vol. 4, No. 3, 230-247
- 21) Hermanis R., Biruta S. (2010). “Marketing Within Internet Banking in Latvia: Possibilities and Challenges in Commercial Banks”, *Economics and Management*, ISSN 1822-6515.
- 22) Imran Siddique, M., Rehman, S. (2011). “ E-Marketing Experience as a Marketing Tool”, *Int. J Busi. Inf. Tech*, Vol-1 No. 3, pp. 184-188
- 23) Lai, V.S. and Li, H. (2010). “Technology Acceptance Model for Internet Banking: An Invariance Analysis”, *Information and management*, Vol. 42, No, 2,200
- 24) Mahmoud H shah, A. Granganza, S. Khan. (2008). “A survey of critical success Factors in e-Banking”
- 25) Maleki, M. & Akbari, P. (2010). “Study on E-banking in Iran”, *Bank and Economic magazine*, Vol. 1, No. 112, PP: 14-20.
- 26) Ndubisi, N. O. (2007). “Relationship marketing and customer loyalty”, *Marketing Intelligence & Planning*, Vol. 25, No. 1, pp.98-106.
- 27) Noor Hasmini A. (2012). “Relationship marketing in branding: the automobile authorized independent dealers in MALAYSIA“, *International Journal of Business and Social Science*, Vol. 3 No. 5; 144-154
- 28) Ok, Seok-Jae and shon, Ji-Hyun. (2009). “the Determinant of Internet Banking Usage Behavior in Korea: A Comparison of Two Theoretical Models”.
- 29) Rashdi, D. & Zadegan Bavi, H. (2006). “Signing into concentrate E-banking”, *Automobile Industry monthly*, No. 91, PP: 21-41
- 30) Rashdi, D. (2005). “Payment methods in E-business”, *Automobile Industry monthly*, No. 76, PP: 23-46
- 31) Seyed Javadin, S. R. (2005).”Study on effective factors in customers intention to use E-banking services”,
- 32) Seyed Javadin, S. R., & Saghatchi, M. (2006). ” E-banking and its evolution in Iran”, *Tadbir monthly*, No. 170, PP: 59-72.
- 33) Shaemi, A. & Mostafapour, M. (2012). “WebQual classification of E-banking services quality based on Kano’s model for customers satisfaction evaluation”, *New Marketing journal*, No. 78, PP: 28-45.
- 34) Shih, Y. and Fang, k. (2004). “The use of a Decomposed Theory of Planned Behavior to study Internet Banking in Taiwan”. *Internet Research*, Vole, 14, No. 3, , pp.213-22
- 35) Venus, D., Safaiyan, M. (2004). “Applied methods in Banking Services Marketing”, *Negah-e-Danesh press*