

Banking on the Bank!

An Investigation into Consumer Perception of online banking service quality.

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Abstract

Purpose – With rapid technological advances and increased competitiveness in banking, e-service quality plays an important role for any organisation aiming for marketing success, consequently, an increased emphasis has been placed on online satisfaction and loyalty. The following pages will cover the pertinent issues when evaluating online banking service quality and attempt to understand the different perceptions of service quality delivered by technology versus by person, from the Irish customer's standpoint. The changing physical environment in branch banking and the new channels of banking interaction are discussed, how Irish customers embrace these changes and if it impacts on their relationship with or view of traditional banking.

Design/ methodology/ approach – Various e-service quality variables are measured using a framework proposed by Agrawal et al. (2014). The results from the combined mixed methods approach of questionnaire survey, interview and observation, provide the tools to achieve the research objectives. The use of these variables is essential to evaluate the most relevant aspects for the Irish consumer. Conveniently, because of the mixed method used, it also reveals the most relevant issues from the bank's perspective.

Findings – It can be observed that Irish banks are working to provide the best possibilities for the consumer in terms of innovative online banking, at the same time; the Irish consumer is embracing the emerging technological advances.

Originality/Value – This paper evaluates 12 variables for measuring e-service quality and used the highest scored 9 variables in order to propose a framework that can be used for future research in the Irish context. The results of this research may provide a foundation for a more precise measure to e-service quality in Ireland and may assist Irish banks to maintain, improve the e-service performance and thus retain customers.

Key words – Omni channel, perception of e-service quality, security & trust.

Declaration

Submission of Thesis and Dissertation

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(Thesis/ Author Declaration Form)

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List of abbreviations

App - Application

ATM - Automated Teller Machine

BPFI - Banking and Payments Federation Ireland

GDP- Gross Domestic Product

Q4 – Quarter four

Chapter 1: Introduction

The rapid advances in technology, increased internet usage, growing customer preference for convenience and new competition in the marketplace is leading to changes in the financial services sector landscape. For the banking industry specifically, strategies to respond to a rapidly evolving business landscape mean large and consistent investment in technological solutions in order to deliver superior e-service quality, preserve and grow long term market share and ultimately stay relevant to the modern consumer.

Despite numerous robust studies on the quality perception and its influences on online banking in other jurisdictions, there remains a gap in the literature concerning the relationship between banks and customers, in the Irish market. This thesis attempts to address this gap, highlight the relevant issues, investigate financial institutions communication with the modern consumer and suggest if any deficit exists. Internet banking is rapidly evolving with a complex mix of service delivery channels known as Omni channel banking and is worthy of closer study.

A UPC Report (2014) surveyed 1,000 Irish adults about their digital lives, preferences and experiences. It revealed that 56% still prefer to use bank branches; 45% of respondents do not trust online banking security and 23% prefer to interact with or receive financial advice from a bank representative.

It is argued by Yousafzai, Pallister and Foxall (2005) that the presence of a bank branch network is important and compliments increased trustworthiness in online banking, moreover, strong bank interpersonal customer contact has an positive indirect effect on banking service quality. However, White and Nteli (2004) suggest that, despite the fact that physical bank branches are still the most popular channel amongst UK customers, more than 60 banks and building societies in the UK were enhancing their internet banking offer in order to rationalise their branch networks.

Bitner (cited in While and Nteli 2004) underlined that “as technology changes the way companies interact with and serve their customers, customer’s desires for quality service do not change; suggesting that the more things change, the more things remain the same.”

The thesis uses previous academic literature as a foundation upon which to discuss the relevant areas of e-service quality. Existing research which investigated technology as a compliment rather than a replacement for the traditional bank (Fragata and Moustakas, 2013), that value added financial product sales still depend on interaction with a physical branch (Ochuko, Cullen and Neagu, 2009) and the finding that customers prefer a mix of service delivery channels rather than relying exclusively on any single channel (Ochuko et al., 2009 and Fragata and Moustakas, 2013) are just a sample of the extensive literature review that is discussed and developed in the present study. Quan (2010) emphasised that in the service industry, the delivery of high-quality service to consumers is essential to the firm’s performance. Therefore service quality measurement has become the main subject of several empirical and conceptual studies in services marketing. The researcher has chosen a conceptual model known as E-SERVQUAL in order to measure e-service quality and assist in identifying any gaps in the delivery of this service for the Irish consumer.

This research hopes to provide contributions to financial organisations by highlighting what really matters to the consumer and how an organisation can add value and optimise service offerings both in a virtual and personal banking context.

The next section, chapter 2, focuses on the literature review and its relevant themes that will support the present study. It covers all the relevant areas of e-banking service and marketing from the banking landscape in Ireland to the recent emergence of Omni channel banking. Chapter 3 concentrates on the methodology and conceptual framework. Chapter 4 includes analysis and findings followed by a discussion of the results and suggested future recommendations in chapter 5.

Chapter 2: Literature Review

2.1 Definition of e-banking

E-banking has been described in different ways, as electronic-banking, internet banking and online banking. Studies of Gautam and Khare (2014) suggest that electronic banking is an electronic distribution channel that provides alternatives for faster delivery of banking services to a wider range of customers. It is considered to be the newest delivering channel of banking services and it is being delivered through a variety of platforms: internet, telephone, TV, mobile and PC.

In the BPFi Report (2015), online banking and mobile banking were considered separate activities defined as follows: online banking includes all online banking activity performed by customers via a web browser, regardless of the device used when logged on. According to the report, online banking does not include mobile banking services, text or email alerts, or any interaction with the bank's social media accounts. Mobile banking includes every banking activity performed through a dedicated smartphone or tablet app, as well as any text-based transaction banking available through the bank. In the report, mobile banking did not include banking activity performed via a web browser on a mobile device, phone banking via the bank's dedicated banking phone number or service, text or email alerts, nor general interaction with the bank's websites or social media accounts.

According to Investor Words, electronic banking is a system that allows customers access their account via the internet to perform most routine banking activities and transactions at home or on the move. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence (Investor Words, n.d.).

2.2 Banking competitive landscape

Changes in customer behaviour as well as demographic and technological innovations are attracting new non-traditional competitors into the financial markets sphere. An Ernst & Young Report (2014) contended that new

competitors are inclined to concentrate on single aspects of traditional retail banking instead of offering a wide variety of financial services. According to Noeth and Sengupta (2011), this phenomenon of “shadow banking” by these non-traditional entrants, who focus on the most profitable elements without incurring the higher associated costs of retail bank administration, is a concern to traditional banks and regulatory supervisors.

Baxter and Vater (2014) considered that banks will need to transform digitally and reinvent their business models in order to differentiate themselves from the ever increasing competition from traditional peers and new entrants alike. According to Loonam and O’Loughlin (2008), reforms in the Irish banking sector are mainly driven by factors such as customer convenience, cost reducing automation, regulatory need for security systems and competition from “non-bank” entrants. Banks are increasingly competing for customers they traditionally had the luxury of taking for granted.

Weiss, Moser and Johannsen (2012) illustrated some of the single aspects explored by the entrance of these new competitors:

(1) Personal financial management applies entirely to internet banking and deals with corporate customers who require a select range of banking services but do not need bank branches, e.g. MINT, FIDOR and BanSimple.

(2) Savings and investments providers are specialised in providing personal financial advice, e.g. Kickstarter, Covestor and SmartPig.

(3) Fast and convenient alternative payment solutions are becoming more acceptable e.g. PayPal, Google Wallet and Click&Buy.

(4) Alternative personal and corporate finance for customers looking to fund projects or short-term loans, e.g. Prosper, RaiseCapital and Kickstarter.

(5) Electronic currency e.g Facebook credits, Google in-app payments, Bitcoin, Q coins and virtual gold for online gaming. Hardware manufacturing (Apple), internet (Google, Amazon and Facebook) and telecommunications are three industries aligned with the traditional banks and are already playing significant roles in retail banking.

It is considered by Weiss et al. (2012) that it will be essential for banks to preserve the competitive advantages that they have in delivering the benefits of relationships which are fundamental and highly valued by customers, including data protection and increasing convenience across channels. Similarly, Aziz and Yasin (2010) stated the importance to establish strong brand reputation in the market and in the minds of consumer in order to secure comparative advantage.

As mentioned above, the work by Weiss et al. (2012) is relevant to the research because it shows that more emerging entrants are in direct competition with traditional banks for online financial services. The relatively recent rise and competitive threat of shadow banking for traditional banks is also explored by Noeth and Sengupta (2011). The market economist Paul McCulley (cited in Noeth and Sengupta 2011), first identified the phenomenon of shadow banking which operates beside but outside the regulated financial markets, which conducts functions of banking without access to central bank liquidity or public sector credit guarantees. Shadow banks, in some jurisdictions are unregulated entities but this is not the case in the Irish banking market.

In such a competitive financial landscape, it is important for banks to provide optimum service quality focused on customer needs, in the hope of customer retention. Ochuko et al. (2009) stated that one of the biggest concerns for internet banking is, not only acquiring new customers, but also retaining them. This point becomes relevant as this research aims to evaluate the interpersonal relationship and customer perception of e-service by retail banks.

2.3 The online banking landscape in Ireland

A 2015 Online and Mobile Banking Report published by the BPF (2015), showed that there were more than one million online or mobile banking logins per day in 2014; Mobile logins exceeded online banking logins for the first time in Q4 2014 with continuous rapid increases in both payment methods per month in 2014 (5 million per month rising to almost 6 million per month in Q4 2014). Digitalisation (the mass adoption of connected digital services by consumers, business and government) is closely associated to the country's economic growth. The UPC Report on Ireland's Digital Future (2014) illustrated the

relevance of digitalisation to the current Irish economic recovery. According to the UPC Report, with the Irish consumer enjoying broader and faster bandwidth, online shopping continues to revolutionise the retail sector. Smartphones and multi-device use have become a major aspect in Irish digital lives. Irish businesses have experienced higher levels of growth thanks to digital productivity which in turn has contributed to an overall rise in GDP and ultimately feeds job creation. This digitalisation process, de facto, explains the increased use of online and mobile banking. The work done by Ochuko et al. (2009) is relevant literature on the topic of e-service quality and bank/ client relationships as it highlighted that this accelerated growth in self-service and mobile technologies raise questions around managing security, service quality adequacy and information integrity while maintaining the customer-company relationship.

As stated previously in both reports (BPFI, 2015 and UPC Report, 2014), Irish people are banking online more frequently as more banks offer online apps and services. The UPC Report (2014) highlighted that barriers to online still exist for Irish customers, it's sample survey of 1,000 adults revealed that: 56% still prefer to use bank branches; 45% of respondents do not trust online banking security; 23% prefer to interact with or receive financial advice from a bank representative; 12% consider online banking too difficult or time consuming; 7% consider online banking navigation unclear. In this survey, respondents could select more than one answer and therefore gives a deeper insight into their preferences.

Ochuko et al. (2009) found that in spite of increasing numbers of banks providing online banking services and increasing worldwide internet usage, physical branch banking is still the preferred communication channel amongst bank consumers. In an Irish context, the more recent UPC Report (2014) also found the same preferences towards bank branches with trust and security remaining an issue for online banking. In other words, further work needs to be done to build trust in electronic systems. A higher emphasis on the benefits of online banking and the security of their systems may contribute to strengthen consumer online banking confidence.

Loonam and O'Loughlin (2008) highlighted that financial services are considered unique because of the complexity of products offered and the degree of risk involved when a purchase decision is made for financial services products. Cowles and Crosby (cited in Loonam and O'Loughlin, 2008) stated that as a result of complexity and potential risk involved on financial products, traditionally, bank personnel are often seen as the service in the customer's perspectives. Moreover, the interaction between client and bank employee is regarded as equally important as the actual transaction where a final product is exchanged.

2.4 Factors for internet banking adoption

Factors affecting internet banking adoption were investigated by Ochuko et al. (2009). The study analysed various factors in a broader international context in six different countries (the UK, Italy, Romania, Hong Kong, USA and Nigeria) from the customer's and bank's point of view. According to the researchers, these countries have different banking systems and are at various levels of technological development and chosen because they represent a cross-regional perspective. Their study revealed that customer retention is the overwhelming concern in internet banking. The UPC Report (2014) revealed that 56% of the survey respondents still prefer to use bank branches, showing similarities with the studies of Ochuko et al. (2009) which also emphasised that physical branch banking is still the most accepted banking system amongst consumers in the internet age. In addition, 70% cite security concerns as an influencing factor when adopting internet banking across all the countries selected. Ochuko et al. (2009) concluded that internet banking adoption is dependent not only on technological and economic factors, but also local and cultural parameters. In light of that finding, this research will attempt to investigate the most relevant aspects pertinent to internet banking in the Irish context whilst referring to studies done in an international context where diverse cultures exist.

Eze, Manyeki, Yaw and Har (2011) have also examined the key factors influencing internet banking adoption. Their focus was on the young adult population, which they considered to be the major target group by banks when it

comes to internet usage. The researchers analysed six variables namely: perceived ease of use, perceived usefulness, relative advantage, self-efficacy, perceived credibility and trialability. Their findings revealed that the more difficult the system is to use, the less likely the system is used and that perceived usefulness has a positive effect on customer's acceptance to online banking. It was also found that the lack of knowledge (relative advantage) and familiarity (self-efficacy) of the potential benefits of online banking, were the main reasons why customer online banking adoption had yet to take place. This lack of knowledge and familiarity finding by Eze et al. (2011) is relevant to this research, given the subject matter of identifying any communication deficit by banks and evaluating e-service quality with the modern day consumer. It is argued by Yousafzai et al. (2005), that an interpersonal relationship with banks has an indirect and positive effect on e-banking service quality.

The Eze et al. (2011) research shows that perceived credibility and trust will have a positive effect on user's acceptance. They found the option of a trial period before making a long term commitment had a positive effect on customer's intention to adopt online financial services. Eze et al. (2011) is consistent with previous studies by White and Nteli (2004), in that the critical variables of security and privacy were also highlighted as affecting internet banking usage.

Similar studies conducted by Tsai, Zhu and Jang (2013) have explored consumer adoption behaviours on internet banking based on five aspects namely: intention of use, performance expectancy, effort expectancy, social influence and lastly perceived risk. They found that customer's performance expectancy and effort expectancy affects their intention to use the internet bank. The term performance expectancy is defined by Tsai et al. (2013) as the degree to which consumers perceive that online banking will help to increase work efficiency. The effort expectancy, or the customer's perceived ease of use of banking online and social influence were found to important factors as well. The more internet banking is supported by society, the more likely the public's intention to use it. Finally, any perceived risk will negatively affect the user's behaviour towards internet banking usage.

Loureiro (2013) studied the perceived risk associated with internet shopping, dividing it into three types: (1) product performance, in the sense that a person may not obtain the desired product; (2) financial risk, referring to any potential loss of money and (3) time/convenience risk incurred by online transactions such as navigation, submission of orders and delivery delays.

In summary, security, privacy and perceived risk are considered to be the most important variables uncovered in the different studies investigating the adoption of internet banking in different countries. Despite the broad diversity of international markets studied, a common mutual thread runs through the different cultures with regard to internet banking customer concerns. Referencing these observations by Eze et al. (2011), Tsai et al. (2013) and Loureiro (2013), this dissertation seeks to investigate these common concerns further using a robust qualitative approach.

2.5 The relationship between service quality, satisfaction, trust and loyalty

Bourke (2010) identified the need for greater attention in service design and redesign when the service encounter is facilitated entirely by technology. The key to providing a good online experience is service design. For banks to align marketing needs with the needs of customers, they should take the perspective of a customer and understand the entire service process.

The findings of Huo and Xu (2011) discussed the relationship between customer satisfaction and loyalty and demonstrated that customer satisfaction has a positive and significant effect on customer loyalty in Chinese markets. This is especially true when disposable incomes increase. Strong customer loyalty can be a crucial competitive advantage for banks in successful client retention because they act as part-time employees, promoting the company via word of mouth and requiring less marketing coverage. They explored the need for banks to focus on customer satisfaction by improving service experience quality and considered three distinctive approaches to measure customer loyalty namely behavioural, attitudinal and composite. Behavioural measurements deal with repetitive and consistent purchasing behaviour but on their own, are not necessarily effective measurements. Attitudinal measurement deals with the

senses, emotional and psychological. The third is the combination of both behavioural and attitudinal in order to increase the predictive power of loyalty. A Chinese study conducted by Quan (2010), considered that in service industries, customer loyalty is the feeling of attachment to a company's people, products or services and directly influences customer behaviour. The increased importance placed on customer satisfaction and loyalty due to the competitive nature of the online market is very relevant to this thesis.

UK research conducted by White and Nteli (2004) showed that with increased internet usage, different cohorts have different priorities depending on requirements but still online banking security remains a primary concern. Research conducted by Fragata and Moustakas (2013) showed similar related issues in the corporate client sector. Security and perceived risk of financial transactions are major factors when adopting online banking but that personal interaction could reduce perceived risk and therefore increase usage and customer retention.

Much research has been conducted in an attempt to define the most suitable qualitative variables for measuring service delivery. As identified by Bourke (2010), service design and redesign is relevant in securing an effective customer experience. Hou and Xu (2011) examined in detail three measurement variables for customer loyalty i.e. behavioural, attitudinal and composite. White and Nteli (2004) emphasised the importance of online security and trust for internet banking. Because of the nature of financial services and products, a well-designed, robust and secure website can negate against customer's perceived risks and enhance their experience while online. Retention and loyalty can then be measured using the framework outlined by Hou and Xu (2011).

The rapid technological transition and the trend towards online banking adoption has been a hot bed of academic debate on the topics of customer satisfaction, loyalty and the measurement of online banking service quality. Much of the research modelling has employed variables such as Reliability, Assurance, Security, Responsiveness, Personalisation, Information Quality, Website Usability and Design. The quality elements of e-service are expected to affect e-trust directly, as argued by Fragata and Moustakas (2013). Yee and Faziharudean

(2010) found that trust, habit and reputation have a significant influence on customer loyalty. Ghane, Fathian and Gholamian (2011) concluded that personalised service quality, e-satisfaction and e-trust, especially for highly confidential information, have a strong direct effect on e-loyalty for large and small corporate clients alike as they value face to face above technological interaction. Yousafzai et al. (2005) also came to the same conclusions in relation to the presence of a bank branch network and its indirect and positive effect on e-banking service quality.

Banks moving to a totally branchless way of providing financial services are taking risks by disregarding the importance of personal contact and in doing so, potentially risk losing customers, as seen in the literature review. This gap assumption is based on the investigation by Fragata and Moustakas (2013), which also revealed that besides the fact that customers proactively adopt technological channels, such technologies compliment rather than replace traditional personalised interactions. They conclude that stronger positive perceptions allow for better client retention. These are powerful findings in arguing for the provision by Irish banks of a dual online and personal relationship.

The research as mentioned above gives a comprehensive analysis of the issues involved in the dynamic relationships between service quality, satisfaction, trust and loyalty in an international context but the researcher has identified a gap for comparative analysis of the Irish banking market. This thesis aims to explore and analyse the gap in research from an Irish banking perspective and attempts to evaluate the interpersonal and technological relationship between bank and customers as perceived by customers.

2.5.1 Banking brand equity

The relevance of branding has intensified due to the increased competition in markets for goods and services. This is also very relevant in the banking sector. Aziz and Yasin asserted that “As consumers today are more demanding, they are not just looking for functional benefits but they are also looking for intangible benefits such as image, status, personality, lifestyle, success and other factors

that they can strongly relate to. Therefore, what consumers are looking for is a list of attributes, which go beyond the physical and tangible aspects of a product. “This added value or incremental utility of the product that comes with the brand name is termed brand equity.” (Aziz and Yasin, 2010, p.181). They considered that brands can help consumers visualise a mental picture of the product, therefore, a strong brand creates a comprehensive vision of an intangible product. Moreover, robust and strong brand equity can contribute to the overall image of the service provider and ensure better sales potential served by a loyal customer base.

Keller (cited in Aziz and Yasin 2010) highlighted that brand equity is an important intangible and has become an important issue to be discussed and understood by marketers and management. However, the benefits of brand equity are not necessarily relevant if the service has no meaning or consumption satisfaction. Customer satisfaction can only come from an efficient and effective service offering. Hence, it is important to understand how the service brand value is created in the minds of consumers and how this value is translated into customer behaviour such as choice decision, purchase and loyalty

Aziz and Yasin (2010) highlighted the importance of deeper analysis of the customer's and brand relationship by marketers and that the brand service should be consistent in its marketing mix of service quality, pricing, promotion and channels of distribution. They contend that brand is valuable to customers as an effective communication and can reduce the perceived risk of consumption. The value of brand equity to a business that offers tangible products or services is undoubtedly important. Aziz and Yasin (2010) stated that for tangible goods, the physical product is the primary brand while for intangible product, the service provider is the brand.

Loureiro (2013) investigated the relationship between trust, brand awareness, perceived quality and brand loyalty in building internet banking brand equity. The results suggest that perceived quality and brand loyalty are more important in explaining internet banking brand equity than brand awareness or trust. Also highlighted is that brand equity can be improved where higher perceived quality exists, motivating and influencing the consumers' purchase. Furthermore, brand

loyalty and equity can increase consumption by customer habit and resistance to switch service provider.

2.6 The future of bank branches

The notion that technological channels might go some way to replace the need for personal channels in business banking is debatable, again as evidenced by the work of Fragata and Moustakas (2013) who contended that technology should be a useful complement and not a total replacement.

Based on the fact that security perceived risk is a major factor when adopting online banking, the complimentary use of personal channels could reduce such perceived risk and therefore increase online usage, customer retention and the follow on benefits of word-of-mouth and repetitive business. A wide range of supporting services such as regular follow up calls and in house advisory services can be a powerful tool when used in conjunction with a strong online platform.

Baxter and Vater (2014) conducted some research which also supports Fragata and Moustakas (2013), noting that the combination of digital and physical assets can help to create a successful marketing route for banks. Corresponding to the findings of Hou and Xu (2011), the studies of Baxter and Vater (2014) also identify client loyalty as a strong influence on a bank's profitability and economics, because loyal customers become promoters, recommend the bank, tend to remain longer with their bank and buy a wider variety of products and often cost less to serve because of their familiarity with the bank's culture and products. In addition, they found that despite the continuous increase of digital usage, digital channels should not completely replace physical branch networks.

Baxter and Vater (2014) also address the changing role of branch banking. Bigger branches are tending to become organised to serve as showrooms and venues to support the sales of a more complex range of products and to provide expert advice. Smaller branches with limited functionality can be supplemented by video call centre technology linking customers with experts. In-person sales interactions continue to appeal to consumers with more complex needs while ongoing relationship management can be done remotely through video calls or

email. Call centres will evolve into contact centres integrating video chats, co-browsing and other digital functionalities. Moreover, the demands of the front-line will expect stronger interpersonal skills. There is a shift away from administrative services to performing sales activities. Venture units and innovation labs are popping up, separate from the core business; inviting customers to engage (e.g. AIB, Dundrum Shopping Centre). Therefore, for Baxter and Vater (2014), succeeding in the digital domain is crucial for improving the overall customer experience. In recognition of recent and ongoing technological developments, this research aims to investigate Irish customer internet banking issues and perceptions and also suggest areas of improvement where organisations can consider a more effective delivery of e-service quality.

2.6.1 Omni channel banking

Ochuko et al. (2009) considered that as a result of the dramatic increase in the numbers of internet users, it was believed that increased customer transaction volumes would shift from branches to online operations. However, recent studies have shown that customers are still using the physical branch network for detailed financial transactions. They argued that customers prefer a mix of delivery channels rather than rely exclusively on a single channel.

Omni channel banking is an opportunity to deliver bottom line results by gaining an insight into customer's channel preferences and behaviour, as suggested by Marous (2014). Banking usage patterns are continuously changing as customers become more sophisticated. Internet usage analytical tools have assisted banks monitor customer's product usage, transaction patterns and demographic profiles and thereby develop a more detailed customer profile. His research shows that when done well, an Omni channel experience can strengthen client and service provider relationships, streamline the experience and increase profitability and therefore help banks gain a competitive advantage over their peers and non-traditional entrants. The literature review suggests that banks require an innovative multi-channel digital strategy to attract and retain customers. In summary, Omni channel banking allows customers a consistent and optimal channel experience, regardless of the medium of interaction selected.

2.7 Conclusion

This literature review reflects some relevant aspects as considered by previous researchers in the arena of online banking service quality. In the modern internet era, banks are learning that e-service quality has become an essential component to drive successful marketing strategies. Various researchers have successfully attempted to evaluate the most significant aspects of e-service quality from the customer's point of view.

This literature review provides a comprehensive view of the most important variables uncovered in the various studies which investigated the effects of internet banking adoption and e-service quality. It also reveals the continuous changing environment in banking usage patterns, as customers become more demanding and sophisticated as well as the recent emergence of the Omni channel experience and its growing importance for customer and bank alike. Moreover, focussed surveillance of these channel usages can assist banks in profiling their customer base, therefore, help to provide a more tailored and personalised service to its customers. It is also observed in the literature review that consumer satisfaction and consumer loyalty are intertwined. According to Ochuko et al. (2009) retaining customers is the overriding major concern for internet banking. Furthermore, brand loyalty can increase cross selling opportunities and reduce the inclination to switch service provider.

The changing role of the bank branch is a trend identified in the literature review. Bigger and smaller branches are evolving into more specialised venues. The common theme of personal customer interaction playing an important and complimentary role with e-banking for bank client relationship management and successful marketing strategies is very evident throughout. This common theme, coupled with consumer perceptions of e-service quality, represent the essence of the present study. This dissertation aims to explore these areas further through a robust qualitative research investigation. The following chapter relates to the chosen research method.

Chapter 3: Research Methodology

3.1 Introduction

This chapter presents the research process undertaken for the purpose of this study. It will describe the thesis progression and the methodology that has been chosen to meet the research objectives. The researcher aims to perform an investigation into online banking service quality and the relationship between customers and their banks.

The next section 3.2, will describe the research problem definition and the research rationale. In section 3.3 of this chapter, the researcher analyses the research methodology process, also called the “research onion” as developed by Saunders, Lewis and Thornhill (2009) which illustrates the stages to be covered when developing a research strategy.

According to Creswell (2014), a research approach should be based on the nature of the issue of the research problem being addressed; section 3.4 covers this topic and analyses the inductive and deductive approaches. Qualitative, quantitative and mixed methods research approaches are also critically reviewed in order to establish the most suitable design for the purpose of this research. A research framework and the justification of its use are highlighted in section 3.5. The topic of section 3.6 covers the research strategy used in the thesis. An overview of the primary and secondary research is followed by the strategies of observation, questionnaire/survey and interview which were chosen and implemented for this study. The development of the questionnaire survey and the idea of time horizons are also described. An insight into the collection of data and its subsections is covered in section 3.7. The ethical considerations, which follow the principles outlined by Silverman (2013), the sampling and the demographic profile of the research population, are covered in more detail. The limitations of the study are detailed in section 3.8 and finally a summarised conclusion for this chapter is found in section 3.9.

3.2 Problem definition

“A problem definition is the result of a reasoning process conducted by the researcher in order to translate the phenomena to be examined into a scientific, researchable and relevant search problem.” (Jonker and Pennink, 2010, p. 13). A problem definition consists of both research objective and a logically derived research question.

The research work by Fragata and Moustakas (2013) focused on business customers, although a slightly different cohort to the present study’s sample universe, similarities can be drawn between the two. Not only did they find that there was a proactive embrace of technological advances which should complement and not replace personal client interactions, they contended that quality perceptions of traditional bank face-to-face interactions can have a major impact on the perceptions of quality in an online environment. These findings should have implications for future bank marketing strategies and support the provision of dual complementary online and personal relationship banking.

Previous studies explored some of the most relevant aspects influencing consumer’s perception of quality in online banking service delivery. However, the most important variables in an Irish context and therefore the “problem” to be addressed, have not yet been found in previous studies investigated for the purpose of this research paper. To discuss the subject matter of this thesis, an Investigation into Consumer Perception of online banking service quality, the researcher reviewed the dimensions investigated in different countries and cultures which included the USA, the UK, China, Taiwan and Germany. An outline of these consumer patterns and behaviours is developed a little further below.

Agrawal et al. (2014) have found in their study that different dimensions are relevant in assessing e-service quality with various levels of importance attached and may vary across different countries and cultures. Technical adequacy, specific content, content quality and web appearance and usability were found to be the main variables in the USA. In the UK, the most important dimensions found were usability, design, information, trust and empathy. Additionally, also

in the UK context, White and Nteli (2004) found in their study that the key attributes of internet banking service quality are responsiveness of service delivery, credibility of the internet banking provider, security coupled with ease of use of the bank's website and lastly, product variety or diverse features. In contrast, Agrawal et al. (2014) found that German customers value the design, enjoyment, process, reliability and web design. In China, security, functionality, accuracy, product completeness, failure prevention, failure recovery and service guarantee are considered by the customers to be the most important variables when considering e-service quality for online banking.

Although these findings are very informative and provide good insights into internet banking service quality, this research aims to establish if these findings are comparable and consistent in the Irish context.

3.2.1 Research rationale

After reviewing the literature, a gap assumption has been noted as revealed in the investigation by Fragata and Moustakas (2013) which suggests that besides the fact that business customers proactively adopt technological channels, such technologies provide a useful complement rather than a replacement for traditional personalised interactions. Coupled with the gap assumption identified in the literature, certain consumer behaviour and service quality relevant facts were also unveiled.

Ochuko et al. (2009) have found that despite large number of banks offering internet banking services and the dramatic increase in the number of internet users worldwide, physical branch banking is still the main accepted banking system amongst customers. Lei and Gao (2013) revealed that the increased importance placed by the Chinese consumer on online satisfaction and loyalty because of the competitive nature of the online financial services market. In their study on consumer adoption behaviour of an internet bank, Tsai et al. (2013) have identified that perceived risk negatively affects internet banking in relation to the use behaviour by Taiwanese customers. The higher the risk perceived by consumers in using internet banking, the less likely their use behaviour is. Their study also reveals the variable of social influence on intentions of use in internet

banking. If consumers believe that internet banking is more accepted and supported by society, the more likely that their intention of use will grow.

The above issues uncovered by Ochuko et al. (2009), Lei and Gao (2013) and Tsai et al. 2013) illustrate the complexity of human behaviour and the financial world. After reviewing the literature, the researcher believes that with regard to successful marketing, financial institutions need to understand these subtleties and customers need to be aware of them. The evolving subject matter of online banking service quality, in conjunction with, the literature findings, have motivated the investigation and driven the present study objectives. The rationale of this research is to try to understand these relationships of human behaviour and technological advances in the financial world. This study focuses on an Irish sample and compares and contrasts results to those found in the literature review.

3.2.2 Research objectives

The aim of this study is to evaluate the interpersonal relationship between banks and their customers and e-service quality as perceived by customers in the retail banking sector in Ireland. This research has four objectives:

- i. To examine the most relevant aspects for customers when evaluating online banking services.
- ii. To understand consumers' perception of quality of the service delivered by technology rather than the same service delivered by a person.
- iii. To analyse whether the changing physical environment in branch banking, namely, closures of traditional bank branches, development of alternatives to branches and partnerships to deliver banking services, has affected customer perception of the service quality delivered.
- iv. To analyse the new ways of banking interaction, how customers embrace these changes and its effect on their relationship or view of traditional banking.

3.3 Research process

The research onion was developed by Saunders et al. (2009) and illustrates the stages that must be covered when developing a research strategy.

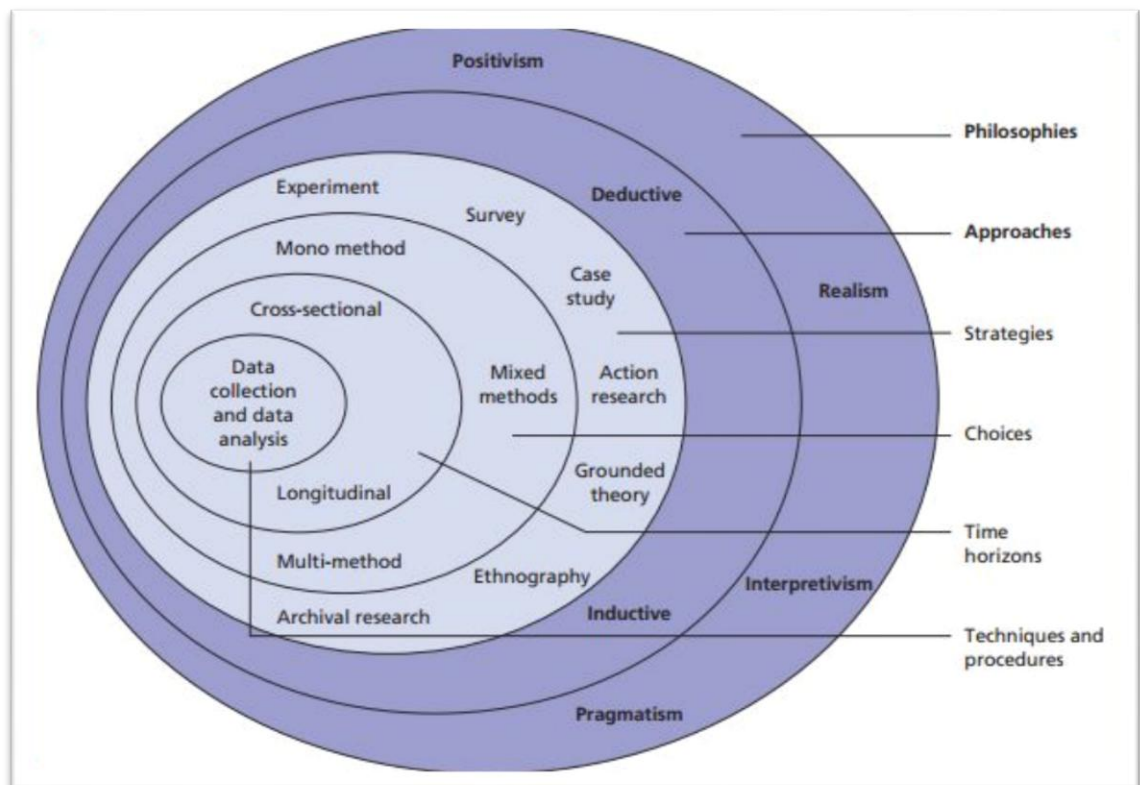


Figure 1: Research 'onion' by Saunders et al. (2009).

The diagram provides an effective progression through which a research methodology can be designed. According to Saunders and Tosey (2013), a full understanding by the researcher of these outer layers can help build the context and boundaries within which data collection techniques and analysis procedures will be selected. The researcher has adopted the “research onion” for guidance throughout this research process. Each layer or section of the research process has been analysed in order to identify the best process to be undertaken for the purpose of this research.

3.3.1 Research philosophy

According to Carson, Gilmore, Perry and Gronhaug (2001), an adopted philosophy of research helps to understand the philosophy that underpins the choices and decisions to be made in holding a research position. It contributes to a deeper and broader perspective and a clearer purpose within the wider context. According to Saunders et al. (2009), research philosophy is guided by the choice of three main categories, namely, Epistemology, Ontology and Axiology. The differences between these elements influenced the way the researcher conducted the research process. Ontology (Saunders et al., 2009) is the researcher's view of the nature of reality; it also distinguishes between objectivism and subjectivism. Conversely, Epistemology is concerned with what constitutes acceptable knowledge in a field of study, also implying four major frames: positivism, realism, interpretivism and pragmatism. Navan (2014) noted that positivism is linked to quantitative methods while interpretivism is linked to qualitative research. According to Saunders et al. (2009), Axiology is a branch of philosophy that studies value judgements. The researcher analysed the philosophical frames under Epistemology, in order to identify the most relevant for the purpose of this study.

3.3.1.1 Positivism

According to Saunders and Tosey (2013), the philosophy of positivism reflects the researcher's concern with observing and predicting outcomes such as cause and effect. A researcher adopts what is often referred to as scientific methodology to propose and test theories. The data is highly structured and usually measurable and typically, the research is not influenced by the researcher's values. This usually involves large samples of quantitative data and statistical hypothesis testing.

3.3.1.2 Realism

According to Saunders and Tosey (2013), the realism philosophy states that reality exists independently of the mind. What a researcher senses or feels helps to suggest the truth, there is more of a subjective and philosophical element. Hence, the researcher's own experiences are meaningful. In this philosophy, the

data collection techniques and analysis procedures employ either quantitative or qualitative data or both, in some cases.

3.3.1.3 Interpretivism

This philosophy reflects more of a researcher's concern with gathering rich insights into subjective meanings than providing law-like generalisations, according to Saunders and Tosey (2013). This philosophy relates to the study of social phenomena in their natural environment, with a focus on conducting research amongst people. Therefore, the data collection and analysis probably involves qualitative data from in-depth investigations with small samples.

3.3.1.4 Pragmatism

According to Creswell (2014), pragmatism is not committed to any one system of philosophy or reality. Individual researchers have a freedom of choice and are free to choose the methodologies, techniques and procedures of research that best meet their needs and purposes. Pragmatists do not see the world as an absolute unity. In a similar way, mixed method researchers look at multiple approaches for collecting and analysing data rather than subscribing to only one. For the mixed method researcher, pragmatism opens the door to multiple methods, different worldviews, different forms of data collection and analysis. Saunders and Tosey (2012) stated that the importance of research, when using the philosophy of pragmatism, is in the practical consequences of the findings. Moreover, the researcher considers that there may be multiple realities where no single viewpoint can provide the complete picture and it is this pragmatism approach upon which this research has been conducted.

3.4 Research approach

Creswell (2014) stated that the proper and correct selection of a research approach should be grounded, with regard to, the nature of the issue of the research problem being addressed, the researcher's personal experiences and the audience for the study. Moreover, qualitative and quantitative approaches should not be viewed as rigid or opposites. A study can tend to be more qualitative than quantitative or vice-versa and so the mixed method pragmatic research, as

selected, can incorporate elements of both qualitative and quantitative approaches.

3.4.1 Deductive and inductive approach

Bryman (2012) noted that a deductive approach is based on what is known about a particular field and theories involved in that domain. A deductive approach derives hypotheses from the theory, makes observations and finally obtains a confirmation or rejection of the hypotheses. Consistent with Bryman (2012), Thomas (2006) stated that deductive analysis refers to data analysis that tests the consistency of prior assumptions, theories, identified or constructed hypotheses by the researcher/ investigator. Conversely, the inductive approach involves exploring data, making observations, finding patterns, creating hypotheses, validating these hypotheses and hence developing theories relating to the literature. According to Thomas (2006), inductive analysis refers to an approach that primarily uses detailed readings of raw data to derive concepts, themes or models through interpretations made from the raw data by an evaluator. After examining both approaches, the researcher considered a deductive approach for the purpose of this study.

3.4.2 Quantitative and Qualitative research

Creswell (2014) and Bryman (2012) discussed both quantitative and qualitative research methods. According to Creswell (2014), quantitative research tests objective theories by examining the relationship amongst measurable variables, typically on instruments, so that numbered data can be analysed using statistical procedures. Similar to qualitative research, those who engage in quantitative enquiry make assumptions about theories. By deduction, they build in protections against bias, controlling for alternative explanations and hence allow for generalisation and replication in their findings. Qualitative approach explores and attempts to understand the meaning individuals or groups ascribe to a social or human problem. The process of research involves merging questions, procedures and data typically collected in the participants' settings. The data analysis involves inductively building from particular to general themes, with the research

final written report making interpretations from the raw data using a flexible structure. This form of enquiry honours an inductive style, with a focus on individual meaning and the importance of presenting the complexity of a situation.

Bryman (2012) highlighted some differences in the fundamental characteristics of quantitative and qualitative research. Quantitative entails a deductive approach between theory and research, with an emphasis placed on the testing of theories. It incorporates the practices and norms of the natural scientific model and of positivism in particular and it also embodies a view of social reality as an external and objective reality. In contrast to quantitative research, qualitative research emphasises words rather than quantification in the collection and analysis of the data emphasising the inductive approach to the relationship between theory and research, with a focus on the generation of theories. Qualitative research rejects the practices and norms of the natural scientific model and of positivism, in particular, preferring instead, an individual's interpretation of their social world. It embodies a view of social reality as a constantly shifting emergent property of individuals' creation.

3.4.3 Mixed methods research

According to Creswell (2014), mixed methods research is an approach of enquiry that involves both qualitative and quantitative data collection methods. It is argued that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than if either approach was solely used.

The Creswell (2014) understanding is consistent with the definition of Johnson et al. (cited in De Lisle 2011), which stated that mixed method is the type of research which combines elements and points of view of both qualitative and quantitative research. It aims for greater breadth and depth of understanding and confirmation of facts. Johnson et al. (cited in De Lisle 2011), divided mixed method research into three sub-types namely: qualitative dominant, pure mixed and quantitative dominant.

After reviewing the qualitative and quantitative methods, it became clear to the researcher that the study's subject matter demands both objective data collection and subjective customer observation. Therefore a mixed methods approach is deemed a best fit for a complete picture of the findings in order to examine consumer perceptions of e-service quality in retail banking, with a focus on technological versus personal delivery and to analyse new techniques in the banking/ client relationship. The researcher has adopted the mixed method research approach with a qualitative dominant method. According to Johnson et al. (cited in De Lisle 2011) adopting this type of mixed research, the researcher relies on a qualitative and constructivist view, whilst acknowledging the benefits of quantitative data and its approaches for most of the research project.

3.5 Research Framework

The focus of this study is related to e-service quality in the banking sector. To analyse and evaluate the data effectively, the researcher adopted a conceptual framework known as E-SERVQUAL, by Agrawal et al. (2014).

When considering the complexity of service quality, there have been divergent views proffered about the best way to conceptualise and measure it (Palmer, 2014). Parasuraman, Zeithaml and Berry (1985) discussed the needs for a service organisation in learning more about their customers' expectations and perceptions through a rigorous marketing and research-orientated approach. Service quality is defined by Ye and Jia (2005) as a comprehensive evaluation of a firm's performance and the perceived service quality is the consumer's valuation about the firm's long-term commitment to service excellence. According to Parasuraman et al. (1985), only customers can judge the service quality received. Moreover, the quality of a service is determined by the difference between what a consumer expects and the perceived level of actual performance. These findings have provided a structure for developing a quantitative technique for measuring service quality that is known as SERVQUAL.

According to Palmer (2014), the SERVQUAL technique can be used by companies to better understand their customer's expectations and perception is

based on a generic 22 item questionnaire, which is designed to cover five broad dimensions of service quality namely, tangibles (appearance of physical elements), reliability (dependability, accurate performance), responsiveness (promptness and helpfulness), assurance (competence, courtesy, credibility, security) and empathy (easy access, good communications, customer understanding). SERVQUAL can be adapted according to an organisation's needs. In the area of personal online banking service quality, Lei and Gao (2013) employed a version of the SERVQUAL model framework, which included 7 dimensions of electronic service quality namely: usability, reliability, information quality, individualisation, responsiveness, security and tracking services.

E-SERVQUAL is a derivative of the more widely known SERVQUAL, Ingle and Connolly (2007) noted that E-S QUAL was developed specifically for online retailing companies to assist measurement of e-service more effectively. Both models were designed to evaluate and better understand the important customer focussed issues, such as, trust and loyalty amongst others. A more complete understanding, they claimed, makes marketing strategies more likely to succeed.

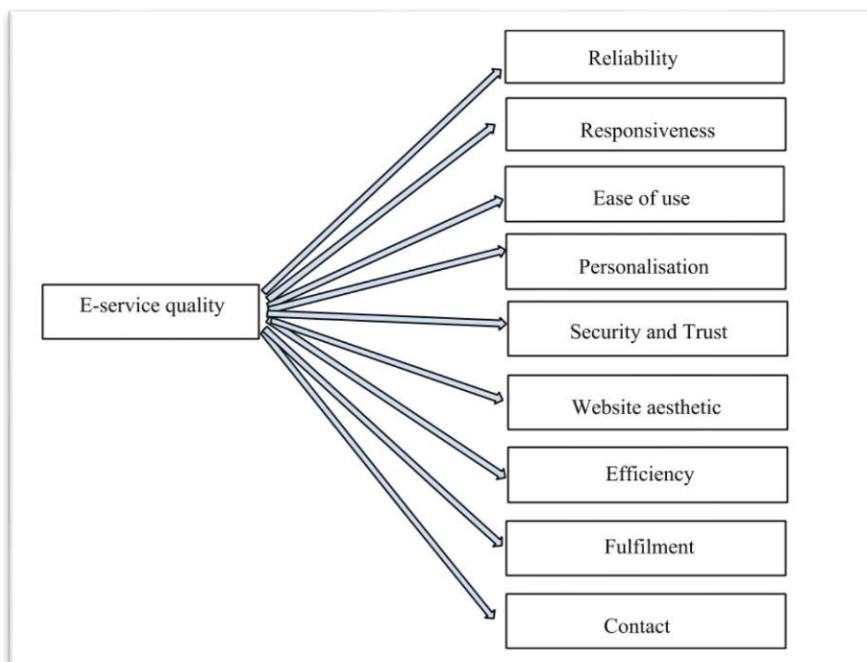


Figure 2: Proposed E-service framework by Agrawal et al. (2014).

As mentioned previously Palmer (2014), described SERVQUAL as a very adaptable methodology for marketers because of its different dimensions within and the holistic potential that it offers. As E-SERVQUAL is a derivative concept, it has an advantage that it can be personalised by the researcher in order to achieve the research objectives. E-SERVQUAL's different dimensions have proven to be a very reliable framework for many previous findings in the arena of marketing and more specifically e-service in online banking. It has been frequently used by Rullis and Sloka (2011), White and Nteli (2004), Lei and Gao (2013) and Quan (2010) and its versatility contributed significantly when it was deployed in the study by Agrawal et al. (2014) on the growing Indian market.

Based on the above outlined advantages of adaptability, versatility and reliability in previous academic research, the researcher decided E-SERVQUAL was the best fit to be used to measure e-banking service quality in the relatively small Irish banking marketplace.

3.6 Research strategy

Saunders and Tosey (2012) revealed that a researcher can use one or more strategies within their research design in order to address a research topic. The strategies considered by Saunders et al. (2009) are namely: experiment, survey, case study, action research, grounded theory, ethnography and archival research. The authors emphasised that no research strategy is intrinsically superior or inferior to any other.

For the purpose of this study, the researcher adopted a survey strategy, which is commonly used in business and management research. According to Saunders et al. (2009), this type of strategy is usually associated with the deductive approach and enables collection and analysis of quantitative data using descriptive and inferential statistics. Additionally, the survey data collected can be used to suggest possible reasons for particular relationships between variables and suggest conclusions. The survey strategy also includes structured observation and structured interviews as another form of data collection technique. There are two options that a researcher can choose to analyse and discuss the research question. They are a single data collection technique and analysis procedure, known as

mono method or more than one data collection technique, known as multiple methods, which the researcher has adopted.

The choice of survey strategy was guided by the literature review, where similar studies on banking e-service quality were comprehensively conducted by Agrawal et al. (2014), White and Nteli (2004), Ye and Jia (2005), Lei and Gao (2013), Quan (2010), Rullis and Sloka (2011), Huo and Xu (2011). A study conducted by Loonam and O'Loughlin (2008) dealing with online banking services usage, with a focus on website organisation, also motivated the researcher to make use of the observation process with the aspiration that the information generated would complement the data collected by questionnaire and interview. The researcher believes that this strategy is the best fit to assist in the comparison and analysis of the most relevant variables to understand consumer behaviour and perceptions and to evaluate online banking service quality. The following section describes the mixed methods research tools (observation, questionnaire and interview) and the methodology used for data collection within this research project.

3.6.1 Data collection methods and instruments

To analyse and evaluate the variables relevant to the subject matter of this study on online banking services and the consumer perception of the quality of such, primary and secondary research was conducted. Secondary research was used first, followed by the primary research. The instruments used involve a questionnaire from the customer viewpoint and an interview from the bank's perspective and observation.

3.6.2 Secondary research

The secondary research critically reviewed the literature. It is usually used prior to the primary research in order to clarify the scope of the thesis. Subtopics investigated relate to relevant areas such as the banking landscape and the competitive environment in Ireland amongst others. The main advantages of the secondary research were the ease of access to the literature material and the overall cost economies. Secondary research did require the appropriate time

allocation within the overall time constraints to deliver the entire body of work for this thesis. As part of the secondary research, the methodology of previous work (Bryman, 2012, De Lisle, 2011 and Navan, 2014) was used as a framework guideline for a better understanding of the methodology process.

3.6.3 Primary research

Primary research is the research collected first hand, it is not found in a book, database or journal. According to Driscoll (2011), how research is defined varies widely from field to field. To illustrate, engineers conduct their researches using simulations or mathematical models, whereas, sociologists conduct research using surveys, interviews, observations and statistical analysis for better understanding people, societies and culture. Historians conduct their research by examining archival materials and conducting oral history interviews. The fundamental goal of the primary research is to gain knowledge about something new while eliminating any researcher bias or prior common misconception.

The researcher has adopted a three pronged approach of observation, interview and survey questionnaire, for conducting the primary research and the rationale and findings are presented in the following sections.

3.6.3.1 Observation

Observations can be conducted on practically any subject matter. There are two kinds of research observation namely: participant observation and unobtrusive observation. The research question or objectives will lead to the kind of observation to use as mentioned by Driscoll (2011).

According to Driscoll (2011), the participant observation is a common method within ethnographic research in sociology and anthropology. In this case, a researcher may interact with participants and become a member of their group or community. In contrast, unobtrusive observation allows the researcher only to record the participants' behaviour but does not interact with them and in some cases, such as public venues or places where people do not expect privacy, it is permissible not to disclose the observation to those participants. He contended that bias is considered an issue when conducting a participant or unobtrusive

observation, so in order to remove any bias, it is important for the researcher to be aware of the difference between an observation and an interpretation. Recording exactly what is seen without making assumptions and judgements about what is seen is crucial for the integrity of the data.

Observation has a practical advantage as a valuable tool for new product and market development where observations may help marketers to improve product quality and understand consumer behaviour therefore strengthening marketing initiatives.

Loonam and O'Loughlin (2008) deployed the observation technique in order to analyse e-service quality within the banking sector and focused on various areas related to bank's website organisation and content. The purpose was to gain a better insight into participant actual perceptions and usage of online services. For the purpose of this research, unobtrusive participatory observation was conducted at the AIB Lab, Dublin. This observation is one building block to better understand the new evolving trends in bank/client interactions and any changes in that relationship.

The observation took place over two hours on two days in July at the AIB Lab located in the Dundrum Town Centre. According to AIB, 'The Lab' is the first of its kind in Ireland, where customers can experience all of the bank's existing offerings, test out upcoming and concept technology and share their opinions on and preferences for the technology (AIB, 2015).

The use of observation alone may not provide all the essential information necessary. For that reason and for a better insight into people's behaviour, beliefs and attitudes, the researcher also took advantage of survey and interview methods. The observation was conducted in a very discrete manner, in a normal setting with no undue influence exerted by the researcher. The observation was structured to garner some specific information that was observed and recorded. The objective was to see how customers were interacting with the new channels of e-banking and assess their interest level in learning about new internet options. The researcher found the observation process to be very beneficial in terms of adding an element missing from the questionnaire and in some regard from the interview, i.e. the natural behaviour of people in their own environment.

3.6.3.2 Questionnaire/ Survey

Driscoll (2011) stated that interviews and surveys are two ways that can be utilised to gather information about people's behaviour or beliefs. With these methods, the information is not first-hand like an observation, but is rather self-reported data or collected in an indirect manner. He stated that surveys are particularly useful to find small amounts of information from a wider audience in the hope of making a general statement from its findings. This survey was conducted and followed the essential steps outlined by Driscoll (2011) of survey creation, testing, sampling and distribution.

Survey creation and test

For this dissertation, a 10 item instrument was created and adapted with reference to the Rullis and Sloka (2011) questionnaire framework. This instrument was then subjected to two stages of data collection and refinement, a pilot stage and a final survey questionnaire.

To make sure the survey questions had clarity and were of an appropriate length, the researcher piloted a test survey amongst five respondents. This involved tracking average time spent completing the survey, tracking the questions clarity, whilst also monitoring the answers to ensure that they matched the survey's overall aim and research objectives. Five responses to the pilot survey were returned satisfactorily and some adjustments were made.

Sampling and access to survey population

Online survey sampling can greatly increase the access to different sample population across different locations despite issues of lack of personalisation and mailbox overload, according to Driscoll (2011). With this in mind, the researcher contacted a sample survey population via email where participation consent was asked and the rationale for the survey was explained. The sample group exhibited a broad range of age groupings from 18 to 55 +, divided into five categories all represented by males and females. It was essential that the participants had a Irish bank account but the level of internet banking experience was relevant in selecting the sample universe.

3.6.3.3 Developing the questionnaire survey

Similarly with studies conducted by Ye and Jia (2005), Quan (2010) and Rullis and Sloka (2014), a Five-Point Likert Scale was used, with a spectrum of options ranging from Strongly Disagree [1] to Strongly Agree [5]. Some questionnaire statements were worded both positively and negatively, in accordance with recommended procedures for scale development.

The 10 item instrument was subjected to two stages of data collection and refinement. At the first stage, a pilot survey was deployed to identify possible mistakes and omissions. The second stage, a 10 item instrument was sent to the sample population of 112 after the necessary amendments.

In the final instrument, some of the survey items were adapted from the Rullis and Sloka (2011) instrument on a related topic. It consisted of multiple choice items about the respondents' online and offline behaviour, amongst other key variables. Two items were structured using the Five-Point Likert Scale and evaluated 10 statements. One item asked the respondents to rate 12 variables on a scale of Not at all important [1] to Extremely important [5].

The variables in this study are based on the proposed framework by Agrawal et al. (2014) of Reliability, Responsiveness, Ease of Use, Personalisation, Security & Trust, Website Aesthetic, Efficiency, Fulfilment and Contact. Because different studies found that the most important variables can differ according to country and culture, more variables were included in this sample survey namely, credibility of the internet banking provider and the variety of financial products available as identified by White and Nteli (2004). One additional variable, failure and mistake prevention, as identified but not used in the framework by Agrawal et al. (2014) was finally included for the evaluation in order to identify the most relevant variables in the Irish market.

3.6.3.4 Interview

As highlighted by Driscoll (2011), interviews are best used when one wants to garner detailed information from a few specific people. Interviews or Question & Answer sessions are also particularly useful for polling experts on their opinions and to learn in-depth information for primary research work. Driscoll (2011) outlined some important aspects which must be considered for conducting

successful interviews. These include choosing the appropriate person and a suitable location. An interview may occur face-to-face or over the internet using technology such as audio or video conferencing. This method has as an advantage of allowing for distance interviewing. An interview can also be conducted by email. Recording an interview is one way of eliminating bias, allows for direct quotation and is a reference point when studying and concluding any results. Reviewing all the options, the researcher felt that an element of face-to-face interviewing was essential for the present study's qualitative data collection because it potentially provides additional information of non-verbal and body language communication.

A semi structured interview with top senior management at a large commercial Irish bank was carried out in order to understand the bank's point of view with regard to customer satisfaction. The interview also aimed to establish how the bank is aligning its current customer service strategies in order to improve e-banking customer service quality and consequently increase brand loyalty. The interview was conducted in accordance with the ethical standards and guidelines as set out by Silverman (2013) on the interviewee's work premises. The interview succeeded the survey stage and its results.

3.6.4 Time horizons

Saunders and Tosey (2012) considered that research undertaken to answer a question or address a problem at a particular time or "snapshot" is cross-sectional and is likely to make use of strategies such as surveys or case studies. However, where answering research questions or addressing problems necessitates data being collected for an extended period of time, the research is longitudinal, which is more likely to make use of strategies such as an experiment, action research, grounded theory and archival research. Because of the nature of the subject matter and limited time-frame available, the researcher followed a cross-sectional study for this dissertation.

3.7 Data collection

Data for the study was collected from a total of 101 respondents from a total initial sample size of 112. The software used to collect and analyse the data was Survey Monkey. It is regarded as a trustworthy and well established survey tool which also has the additional functionality of being able to analyse and drill down into survey raw data. The researcher aimed to discover themes and uncover patterns from the raw data by adopting the thematic analysis strategy which, according to Boyatziz (1998), is a categorising strategy for analysing qualitative data.

3.7.1 Ethical considerations

Due to the nature of qualitative research which certainly involves human contact, this research was conducted and fully respected the ethical principles and standards as set out by Silverman (2013) i.e. research participants must volunteer to participate and the research should be conducted without coercion. Saunders et al. (2009) also address the ethical considerations for conducting research. Confidentiality and anonymity of all participants were honoured and secured. For these reasons, the researcher provided a brief explanation about the research conducted, in order to allow the respondents to make an informed decision on their participation. Other ethical principles, such as, any psychological, emotional or social distress to research participants must be avoided. This dissertation was carried out accordingly.

This thesis is true to the principle of Independence and Impartiality of the research. Any conflict of interest or partiality must be explicit. It is also important to note that whilst gathering the raw data via survey, interview and observation for this research, no respondents were considered as part of a vulnerable group and their privacy was respected.

3.7.2 Sampling frame and demographic

The sampling group consisted of various retail bank account holders living in Dublin. Previous experience of internet banking was not deemed necessary as there were elements of offline service quality in the questionnaire. After the pilot survey, the aim of the second stage was to deliver the main survey and its findings. At this stage, the sample group totalled 112 people. A total of 101 surveys were returned with a response rate of circa 90%. The participants' demographic consisted of male and female respondents from the ages of 18 to 55+ years. Other demographic characteristics, such as, level of income and education were not deemed to be relevant for the present study.

	Female	Male
18 - 25 years of age	33.33% 11	66.67% 22
26 - 35 years of age	37.50% 12	62.50% 20
36 - 45 years of age	50.00% 12	50.00% 12
46 - 55 years of age	42.86% 3	57.14% 4
55 + years of age	40.00% 2	60.00% 3

Figure 3: Gender/ age profile.

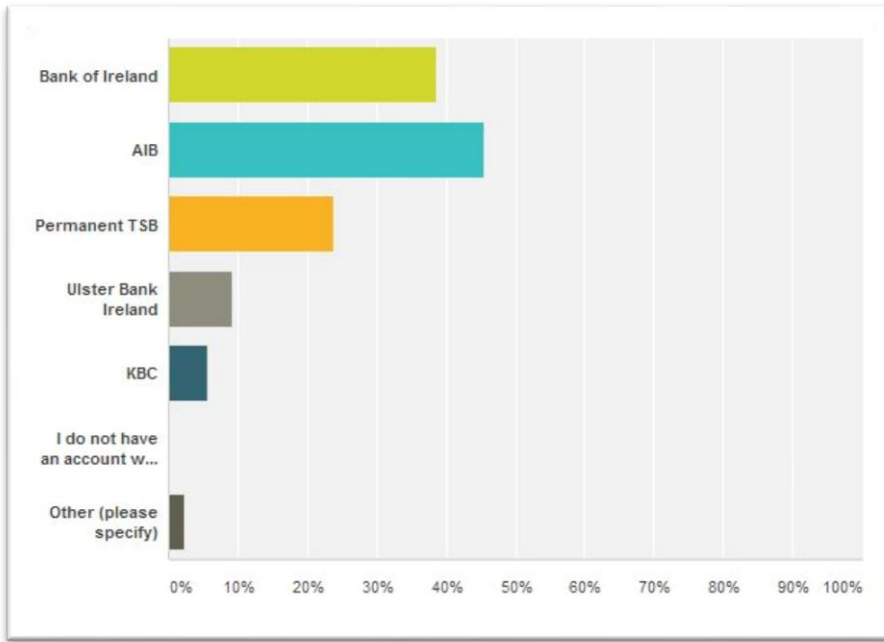


Figure 4: Participants' Bank of choice.

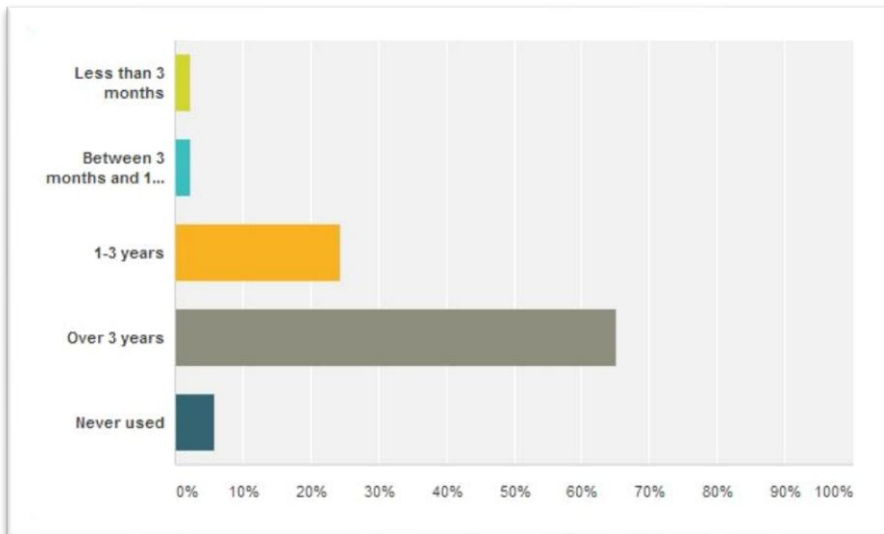


Figure 5: Participants' online banking experience.

3.8 Limitations

One critical element of the questionnaire, observation and interview techniques is that the data collection can be delayed because of dependence on others for information and therefore analysing results can be time consuming. The first limitation encountered by the researcher was getting access to bank management interviewees; only one person was willing and available to participate in the interview process. However, the interviewee's extensive experience of retail and investment banking over 25 years lends credibility to this research. In this case, only one banking institution was represented. The interview reveals the point of view of and strategies adopted by only one service provider. Time was another limitation encountered by the researcher due to the busy management schedule and extra commitments of the interviewee. Another limitation encountered was the limited scope of items in the survey. The final survey only had 10 questions, more were developed but in order to keep the survey concise and keep respondents' attention, the survey was distilled down to its present form. In terms of observation process, again given the time frame, the researcher was only able to perform a two day observation. Multiple observations with different timeframes would probably enhance the observation results. For future research, additional points of view from other service providers in Ireland would possibly contribute to a more holistic overview of bank marketing strategies.

3.9 Conclusion

This chapter has set out to discuss the processes undertaken for the purpose of this research. Following the research model proposed by Saunders et al. (2009), known as the "research onion", the pragmatism philosophy coupled with the deductive and the mixed methods approach were deemed to be the most appropriate choice and best fit to evaluate the research objectives. The researcher also discussed and illustrated the proposed framework upon which this investigation is structured. The research strategy utilised for this present study was the survey method, which includes questionnaire, interview and observation processes. The data collection method, the development of the survey, sampling frame and demographics were also described in this chapter, followed by the

research limitations encountered at the development of instruments and the data collection phases. The next chapter will describe the results of the data analysis and will introduce some deductions and possible conclusions from this raw data analysis produced by the survey method.

Chapter 4: Results

4.1 Introduction

As described previously in the chapter methodology, the researcher used the mixed methods approach in order to collect data for the purpose of this study.

A questionnaire survey to collect quantitative data was sent via email for the convenience of participants. An observation and interview were also conducted in order to gather further qualitative data, which was intended to complement the survey data. This section will demonstrate and present the data obtained through these methods as mentioned above. The questionnaire was focused on customer banking experiences, both online and at the branch. It also covered the most relevant issues for evaluating e-service banking quality from the customer's viewpoint. The observation method's main focus was to understand how customers are interacting and embracing the recent technological advances in terms of e-banking offers. Finally, the interview focus was predominantly from the bank's point of view, to establish what their understanding is of the customer bank relationship and their bank strategies to position themselves in the competitive world of e-banking.

The survey participants' responses are displayed in a descriptive and graphic format with a brief description of each. The observation and interview results were displayed in text with key findings highlighted. Survey Monkey software was used in order to gather and analyse the data from the questionnaire using a thematic analysis strategy.

4.2 Approach to Data Analysis

The researcher used Survey Monkey functionality to systematically convert the raw data into a descriptive and visual presentation. When analysing the variables, the greatest emphasis was placed on responses in the very and extremely important brackets. In conjunction with the survey data, the observation and interview processes were also collated into clusters of information in order to

present the results of the questionnaire in a concise and comprehensive format. The interview was recorded and subsequently transcribed on the same day by the researcher. Despite the availability of alternative aid assistance to transcribe the interview, such as computer voice recognition software, the researcher did not make use of this aid because only one interview was conducted. The observation section was also transcribed and the data collected was described under the relevant theme.

4.3 Results

For the purpose of this research, the researcher performed thematic analysis by categorising themes in the research objectives¹.

4.3.1 Objective 1: Examining the most relevant aspects for customers when evaluating online banking services.

Security & trust of the website

Security and trust is one of the nine Agrawal et al. (2014) variables which show up very frequently in the questionnaire, with at least 70% of respondents claiming those variables as important or extremely important. Apart from Security and Trust, the other eight variables are Reliability, Responsiveness, Ease of Use, Personalisation, Website aesthetic, Efficiency, Fulfilment and Contact. Security, privacy and perceived risk are also considered to be the most important variables uncovered in the different studies by Eze et al. (2011), Tsai et al (2013) and Loureiro (2013) while investigating the adoption of internet banking in different countries. White and Nteli (2004) have identified responsiveness, credibility of the internet bank provider and security as the 3 most important attributes when evaluating online banking quality. Their UK study emphasised the importance of online security and trust which they found to be a major issue for the usage of internet banking. The importance on security and trust is also borne out in the researcher's findings which show that only circa 40% of respondents do not have safety or security concerns with banking online in the Irish context. According to studies conducted by Loureiro (2013), on the

¹ See appendices for more detailed survey results, transcribed interview and observation.

topic of websites aesthetics, quality design and ease of use, she found visually attractive and ease to navigate websites reinforce customer trust and perceived quality and helps to increase brand equity, by enhancing brand loyalty. However, to contrast her findings, this questionnaire shows that in an Irish context, only 48% of consumers consider website aesthetics as relevant whilst from the bank's view point, it is rated as the least important of the 12 variables.

Credibility of the bank

Of the three additional variables included by the researcher, a very statistically relevant 80% or more of the sample feel that the Credibility of the Bank is an important or extremely important variable for the consumer. Also deemed extremely important are two other complementary variables namely, Failure & Mistake prevention and Responsiveness with over half respondents stating as such. In contrast to the sample study, the importance of the same variables i.e. Credibility of the Bank, Failure & Mistake prevention and Responsiveness, are surprisingly not as obvious when ranked from the bank's point of view as per the interview where they only ranked in the top 8. The interviewee rated in order of importance, Ease of use, Reliability, Responsiveness, Security & Trust, Fulfilment, Failure & Mistake prevention, Personalisation, Credibility of the bank, Efficiency, Variety of financial products available, Contact and lastly Website aesthetic. However, in conversation, the interviewee emphasised the importance of the bank being "always on" or in other words the mitigation of website downtime, system failure and delayed response times. Therefore, the researcher would feel that this "always on" strategy is significant for and benefits the bank's overall credibility with the customer. Loureiro (2013) considers that the banks' offline perception should be mirrored in its online bank quality perception for the customer. If the bank is regarded as reputable for its offline service, then its existing strong corporate brand demands that it maintains at least the same reputation in terms of trustworthiness for its online service.

Word of mouth recommendation

It is also relevant to note the high emphasis placed on the opinion of family and friends or "word of mouth" by the customer and the bank alike, in relation to

overall customer satisfaction and recommendation of services. These findings show similarities with studies by Huo and Xu (2011) and Baxter and Vater (2014) which identified that client loyalty has a strong influence on a bank's profitability and economics, because loyal customers become promoters, recommending the bank to other people and tend to remain longer with their bank provider. Huo and Xu (2011) also consider that loyal customers will provide strong word of mouth, create business referrals and provide references. The survey overwhelmingly supports Huo and Xu (2011) as it suggests that when looking for acquiring new financial services or products, respondents would seek advice first from Friends and Family members (87+%) followed by Banking staff (43+%) and closely followed by Online search (42%). The interviewee (Bank July 2015, see appendix two) stated that the premise upon which his bank measures customer satisfaction is obtained by asking a single question to the customer: "How likely would you be to recommend our bank to friends and family?" A simple deduction here is that the opinion of family and friends and word of mouth recommendation is still paramount.

4.3.2 Objective 2: To understand consumers' perception of quality of the service delivered by technology rather than the same service being delivered by a person.

Technology delivering service

In general, 42% of respondents feel that the personal touch with staff members is more efficient than via technology however, given the types of services required by the modern consumer, the questionnaire clearly illustrates that 90+ % use e-banking for checking balances and 66+ % for money transfer and bill pay, whereas, less than 8% use online services for information, assistance or applying for new products. In conjunction with the above statistics, the finding that circa 80% always conduct e-banking transactions without assistance allowed the researcher deduce that technology does in fact deliver satisfactorily on routine services for the consumer. However, it must be noted that the next finding is very significant, in that less than 4% strongly agree that online interaction is more efficient than personal and less than 10% of the sample group believe that service delivered by technology is better than service delivered in person. The

researcher's findings are supported by studies conducted by Cowles and Crosby (cited in Loonam and O'Loughlin, 2008) which state that the interaction between client and bank employee is regarded as equally important as the actual transaction where a final product is exchanged. The studies of Ochuko et al. (2009) also support the customer's bias towards physical branch banking over increased internet bank offerings. A more recent study, the UPC Report (2014), reveals a strong preference for the use of bank branches, showing similarities with previous literature from Cowles and Crosby (cited in Loonam and O'Loughlin, 2008) and Ochuko et al. (2009) all of which is aligned with the survey's findings.

Online banking acceptance

According to comments by the interviewee, despite being very popular with younger customers given the strength of the bank's online offering, many older customers still prefer the retail branch network experience. This comment also coincides with the work of Cowles and Crosby (cited in Loonam and O'Loughlin, 2008) where the staff personal contact and interaction is often seen by the client as part of the service in the customer's eyes.

The study by Ochuko et al. (2009) concluded that internet banking adoption is dependent not only on technological and economic factors, but also local and cultural parameters. In the Irish context, statistics from the UPC Report (2014) have shown that the Irish population has embraced the concept of online and mobile banking. This corresponds with the survey results which show that 50% of the respondents are using smartphones for e-banking and over 87% are using other mobile technology (see figure 6). Eze et al. (2011), in his studies, had selected a population of young adults since they were considered heavy internet users, therefore more inclined to accept and use internet bank options. Their findings synchronise with the results of this survey, which illustrate that the 87.9% of the sample population are clustered from 18 to 45 years of age, with the vast majority able to complete transactions without assistance, find it easy to navigate and not time consuming and hence exhibit a high level of comfort and implied acceptance with internet technology. The senior banker, in his interview, also mentioned that a rising percentage of new business is being conducted

online. Considering the age cohort of internet banking usage from this survey and the interviewee comments, altogether, suggest that this young population is accepting of e-banking and could be a profitable segment for banks to target.

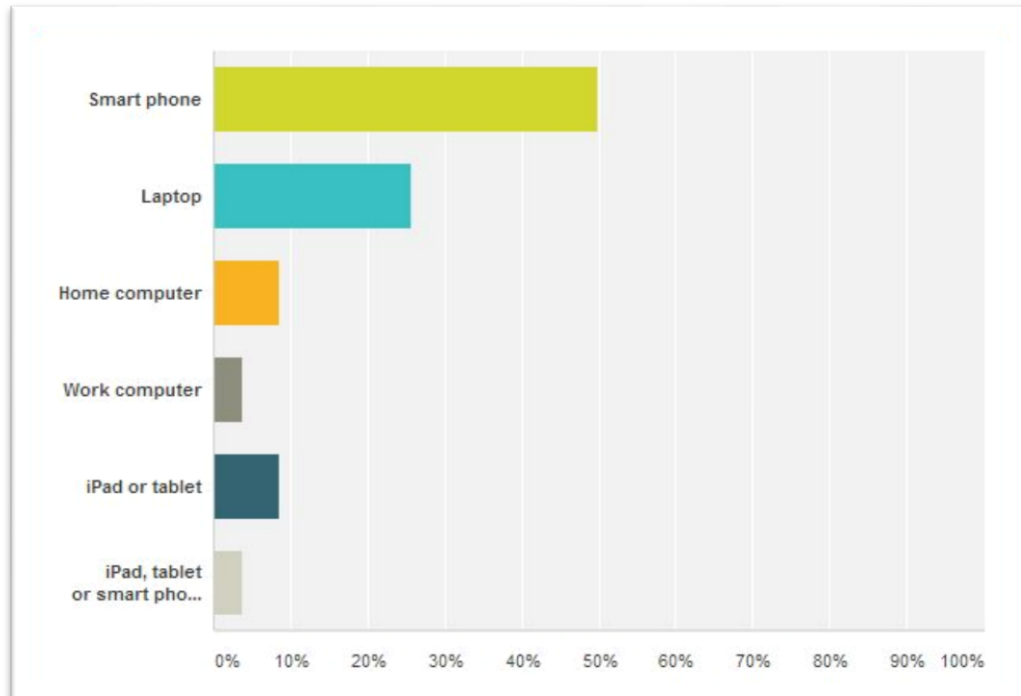


Figure 6: Online banking device usage.

4.3.3 Objective 3: To analyse whether the changing physical environment in branch banking, namely, closures of traditional bank branches, development of alternatives to branches and partnerships to deliver banking services have affected customer perception of the service quality delivered.

Physical branch as a viable entity

The senior banker interview suggested that a rising percentage of new business is being conducted online. This is relevant in establishing whether physical changes in the bank branch experience are impacting consumer perception and satisfaction of the overall service delivered. It appears that the bank's point of view is still to recognise and work to improve on all areas of customer satisfaction and touch points. Ochuko et al. (2009) considered the proposition that because of increased internet usage, customers would shift the majority of

their banking transactions from branches to online operations. However, their studies have shown that customers are still using the physical branch network for detailed financial transactions. This is significant and should impact on a bank's marketing strategy to improve all areas of customer touch points.

From the customer's viewpoint, as established from the survey sample, the overwhelming majority have a more traditional use of their bank branch, i.e. deposits, seeking advice on or applying for new products and ordering bank statements. The survey found that the internet is also being used for the more routine and mundane requirements such as balance checking (circa 91%) and money transfer/bill pay (circa 66%). In summary, a majority of 70% of respondents disagree, whilst 14% agree, that, with the advent of internet banking, there is no need for physical bank branches. It has been found that 42% believe that recent changes to their bank's physical environment (more machine, less personnel) has negatively affected overall service quality. Nevertheless, only 34% value a personal relationship with their bank.

The survey results suggest that the physical branch still has an important role to play in terms of client and bank communication. As mentioned above, the majority of respondents are still using their bank branches when seeking advice or applying for new products. Given the complexity of financial services products and the perceived risk attached, the results suggest that contact personnel at the branch is still a valid option for provision of services. The practical implication of this finding is that banks can strive for more personalised and focussed advice by staff whilst more routine activities could be done online by the customer. The findings are supported by the literature review which considers that banks moving to a total branchless way of e-banking are taking the risk of potentially losing clients by disregarding the importance of and not providing the personal contact option which is still valued by a significant number of customers (Yousafzai et al., 2005).

4.3.4 Objective 4: To analyse the new ways of banking interaction and how customers embrace these changes and if these changes have affected their relationship or their view of traditional banking.

New ways of banking

With over 87% of those questioned using mobile technology, it can be deduced that the majority are comfortable with it e-banking and are embracing the technology in general. The proliferation of smart phones in the population and the bank's provision of applications (Apps) make "banking on the go" more convenient. Nevertheless, the more traditional and routine bank services remain account checking and money transfer/bill pay for the customer when online or mobile. The survey unveiled that 50% of bank customers are using Smart phones to interact, circa 25% use Laptops and a combined 17% using either home computers, iPads or tablets. Interestingly, less than 4% use a bank app via iPad, smartphone or tablet. This is an area where banks have more marketing awareness to achieve.

The survey results have shown that customers are still using the physical branch network for detailed financial transactions; however, studies by Ochuko et al. (2009) highlight the customers' preferences for a mix of delivery channels rather than relying exclusively on a single channel. This mix of delivery channels, called Omni channel banking, allows customers a consistent and optimal channel experience, regardless of the medium of interaction (e.g. going online, ATM or physical branch). This finding is supported by the survey results which showed a mix between the need for a branch while at the same time, an increased adoption of mobile banking. Banks appear to be aware of this channel mix as the interviewee quoted:

"We are heavily focussed on our customer experience, this is far more than 'good service'. It is the process of proactively managing the customer's experience across touchpoints (whether in branches, on the phone or online), so that it is seamless, integrated and supportive of our brand promises."

The researcher observed from the questionnaire, that these technological developments have indeed affected the customer's relationship with traditional banking. In light of 80% of the survey respondents always completing

transactions without assistance and 79% satisfaction with ease of navigation, uncomplicated and timely transactions when conducting business on bank websites, customers are embracing and trending towards e-banking technology. This can be supported by the finding that 40% do not have safety or security concerns with banking online. Nevertheless, it should be noted that 50% feel their needs are not personalised enough and that less than 10% believe service delivered by technology is better than service delivered in person.

In light of the obvious changes in consumer's patterns with regard to mobile technology and its perceived effect on service quality, Weiss et al. (2012) stated that it will be essential for the banking sector to preserve its competitive advantages in relationship management such as information protection and increased convenience across channels which customers value so highly. The researcher agrees that strong client relationships using these new ways of interaction are essential for banks to remain relevant in order to gain and retain new and existing customers as also outlined by Ochuko (2009). Eze et al. (2011) considered that banking strategy as a whole has changed because people are no longer dependent on physical bank proximity, unlike before. The trend appears to be shifting from banks' attention on marketing and selling towards building and managing customers' relationships.

The future of bank branches

The survey results have shown that over 70% of respondents disagree that after internet bank there is no need for bank branches. This finding is supported by the literature which suggests that despite the rapid popularity of digital usage, this will not replace completely the bricks and mortar of branches. Baxter and Vater (2014) have identified that the physical branch is evolving towards showrooms for advice and value added products. The observation section provided a great insight into a bank's strategy towards the trend identified by Baxter and Vater (2014). The "Lab" is the first of its kind in Ireland and is an example of the evolution of a physical branch. The lab provides customers with an array of e-banking options and functionality showcasing new and potential future trends. The researcher observed that, in that virtual environment, traditional cash or foreign exchange transactions are not performed. However, in addition to

showcasing cutting edge technology, the customer also has the option of making private appointments for account opening or specialised service advice.

In the future, front-line bank staff will likely be expected to have strong interpersonal and cross-selling skills. According to Baxter and Vater (2014), winning market share with robust e-banking initiatives is key for banks to improve the overall experience and retain customers. The future of bank branches is interlinked with the interviewee's aspiration and strategy to redesign the overall customer experience and "simplify our processes and migrate customers to channels most suited to their needs where we can serve them best at a lower cost".

4.4 Key Findings & Conclusions

The three pronged approach that the researcher used, namely questionnaire, interview and observation, has led to some interesting findings which support previous academic research but also, in some cases, contrast with previously held views. When focusing on the Irish context, some nuanced findings and differences have been uncovered. This section aims to highlight the key findings of the study conducted, make some conclusions that will guide the researcher in discussion of finer details in chapter 5.

The first observation and key finding is that 88 % of the sample are in the 18 to 45 years of age group with a 60 % / 40% male/ female split. Practically 2/3^{rds} of those questioned are familiar with e-banking service offerings for more than 3 years. Given that banks may decide to customise their marketing strategies towards the age groups that are more technological and internet savvy, these findings may be significant for banks' purposes in accurate client target marketing.

Both online and branch interaction is still focused on the more routine banking services e.g. account balance checking, banks may want to see a deeper use of its website technology in order to sell and cross-sell higher value-added new offerings as only 3.7% use online for such services. However, from a customer's standpoint, for products that require more thought e.g. mortgages, insurance

policies; pension plans, advice and information on financial products, the preference is for face-to-face contact which is supported by the statistic that less than 10% believe service delivered by technology is better than service delivered in person.

56% of respondents are deemed to be neutral on the topic of whether services provided by banking partners e.g. An Post, has a positive impact on service quality. This finding suggests customer indifference and may have implications for future initiatives by banks investing in partnership arrangements and also in the context of branch rationalisation.

The opinion of family and friends still accounts for the overwhelming majority (over 87%) when seeking advice for new financial products. Word of mouth is still a significant factor at play in financial choice. By implication, once a bank has been chosen by the customer, the concept of customer loyalty becomes relevant to the bank, as they can advocate and promote on behalf of the bank. This is borne out by the questionnaire results which showed a very high 57% would consider their bank first for additional financial products.

Six of the nine Agrawal et al. (2014) variables are significant, with at least 70% of respondents regarding those variables as important or extremely important. The six variables are Reliability, Responsiveness, Ease of Use, Security and Trust, Efficiency and Fulfilment. Of the three additional variables included by the researcher, a very statistically relevant 80% or more feel that the Credibility of the Bank and Failure & Mistake prevention are important or extremely important variables. If keeping bad customer experience to a minimum, as suggested by the interview, is a bank priority, then focus on the online issues that the Irish customer value most in imperative, namely, Security & Trust, Efficiency, Responsiveness and Reliability and Failure & Mistake prevention. In essence, the practical implications are that none of the 12 variables should be nor can afford to be ignored by a bank interested in a strong franchise.

Another key finding from the interview was that the specific bank in question is aware that they are more popular with the younger generation, in terms of online; that different cohorts interact with them in different ways and that the older generation still prefers the branch network experience. The bank considers

customer satisfaction to be the sum of all interactions, at personal bank staff level, by phone or at the technological online level.

In light of the overwhelming statistic of respondent's familiarity with e-banking offerings and functionality (circa 80%), not only are customers embracing e-banking technology but there may be a trend evolving towards online, at the expense of traditional banking relationships and services. This can be supported by the finding that 40% do not have safety or security concerns with banking online. Nevertheless, it should be noted that 50% question if websites are personalised enough and only 39% people agree that their bank has prompt response times on solutions to problem or issues. Since the interviewee has claimed that responsiveness in service delivery is one of the key elements in their customer satisfaction strategy, the practical implication is that banks may need to address this, as by deduction, circa of 61% feel indifferent or don't think that their bank responds promptly.

The next section will discuss the findings in greater detail and will elaborate with some conclusions.

Chapter 5: Discussion of findings

5.1 Introduction

This chapter focusses on the findings already highlighted in the previous chapter, its objective is to discuss, interpret and put forward practical implications of these findings.

5.2. Objective 1: To examine the most relevant aspects for customers when evaluating online banking services.

Analysis of the raw data showed Security & Trust as the most influencing variable for the consumer when evaluating online service quality in the Irish context. Equally important is the concept of Efficiency. The other seven variables that customers consider relevant for online banking services are in order, Reliability, Failure & Mistake prevention, Ease of Use, Responsiveness, Credibility, Fulfilment and Contact. It should be noted that all of the variables still score highly with the sample group as all, bar two, have over 50% combined responses of very or extremely important.

In comparison to other studies Security, Privacy and Perceived Risk are considered to be the most important variables uncovered by Eze et al. (2011), Tsai et al (2013) and Loureiro (2013) while investigating e-service quality and the adoption of internet banking in other jurisdictions. White and Nteli (2004) identified Responsiveness, Credibility of the Bank and Security & Trust as the top three e-service attributes in the UK banking context. The significance of Security & Trust for the consumer has been an ongoing priority showing prominently in studies dating back from 2004 and remains a hot topic in 2015, as the present study has shown, despite continuous efforts by banks to alleviate this concern. All Irish bank websites have been diligent in providing information on online security to assure that appropriate firewalls are in place to combat against fraud and to provide customer advice on the necessary steps to bank securely. Online banking Security requires mutual cooperation which can be done through

efficient bank client communication. The practical implication of these findings are that although banks have been effective in providing security and trust online for their websites, there is an ongoing imperative to guard against security breaches by cyberattacks or otherwise. The overriding takeaway for banks is a continued focus on issues that customers perceive as the most important for service quality.

According to Loureiro (2013), on the topics of website aesthetics, quality design and ease of use, a visually attractive and easy to navigate website reinforce customer trust, perceived quality and helps to increase brand equity by enhancing brand loyalty. In the Irish consumer context, website aesthetic is not considered by the survey results to be amongst the most relevant, when considering very and extremely importance. From the bank's perspective, it is rated the least important of the 12 variables. Despite of not being considered very relevant to consumers and banks, the researcher believes that website aesthetic does play an important role for online banking strategies. With faster broadband speed available, better security features, imaginative backgrounds can be embedded to create a visual, user friendly experience that was not possible before. The related issue of website usability and adaptability for various different devices and screen sizes is also very relevant for ease of navigation and transaction completion. Website aesthetic is still a challenge for banks, to win over existing and potential customers with an easy-to-use interface while at the same time, executing their main objective of selling financial services. The practical implication of this feature is that a visually attractive and robust website may allow the bank to market its advantages through evocative and effective functionality.

Of the three additional variables included by the researcher, Credibility of the Bank is an important or extremely important variable for nearly 83% of the respondents. Failure & Mistake (circa. 84%) and Responsiveness (circa. 83%) are also deemed extremely important which complement a bank's credibility, with over half respondents stating as such. In contrast, the relevance of these three variables was not as obvious from the bank's point of view, where they only ranked in the top 8.

However, in conversation, the interviewee emphasised that the most important elements for successful delivery of modern e-banking are online functionality and personalisation of experience, cybersecurity and system failure prevention. The system and failure prevention includes essentially the mitigation of website downtime for the consumer. The researcher contends that all the variables surveyed contribute to a bank's credibility but would feel that this "always on" strategy is quite significant in bolstering a bank's overall credibility with the customer.

In the increasingly competitive banking landscape, a similar pattern is observable. White and Nteli (2004) contended that the overall performance of the non-traditional banks was evaluated higher than that of the traditional banks on security, credibility, ease of use and responsiveness. Interestingly, these are also among the most relevant aspects for the Irish consumer as found by the study. The practical implication is that the rise and threat of non-traditional banks and shadow banking in general, means that traditional banks must take heed of consumer concerns in order to stay competitive.

Another topic that the researcher feels is noteworthy of discussion is Product Variety, in spite of its low rating on the list for both the customer and bank. White and Nteli (2004) noted that neither traditional nor non-traditional banks performed well on this attribute. The researcher considers this to be an unexpected but important finding which all banks should be more aware of because of the potential advantages the internet provides, in relation to, exhibiting a holistic range of products and services.

The notion and importance of word of mouth was underlined by the interviewee's statement that customer satisfaction is the sum of all interactions. The bank measures this using a NPS (net promoter score) by asking customers how likely they would be to recommend the bank to friends and family. It is no surprise to find the emphasis placed on "word of mouth" recommendation by customers and the bank alike. These findings exhibit similarities with studies by Huo and Xu (2011) and Baxter and Vater (2014) which identified that client loyalty has a strong influence on a bank's profitability because loyal customers become promoters, recommend the bank to other people, provide references and

tend to remain longer with their bank provider. The survey overwhelmingly supports Huo and Xu (2011) and Baxter and Vater (2014) as it suggests that when looking for acquiring new financial services or products, respondents would seek advice first from friends and family, followed by bank staff. The researcher therefore deduces that “word of mouth” is still highly significant.

5.3 Objective 2: To understand consumers’ perception of quality of the service delivered by technology rather than the same service being delivered by a person.

In terms of customer’ perception of service delivery by technology replacing personnel service delivery, the findings reveals that the majority of the survey respondents disagree that internet banking alone should replace physical bank branches and that personal interaction with staff members is less efficient than via online. The non-believers in the traditional bank branch delivery channel amount to 10% believing technology is better than face to face, with less than 4% strongly agreeing that online interaction is more efficient than personal.

The present study reveals that the vast majority of responses use their bank branch for more traditional needs such as deposits but nearly two thirds also apply for and seek advice on new products which have greater value added potential. The same overwhelming pattern does not show up for e-banking requirements with less than 8% of the sample cohort. The survey conforms to Ochuko et al. (2009) who stated that added value products still need an interaction with a physical branch. The practical implication of this could be that, in despite of, online service options, there is a preference for a personal interaction which affords bank staff the opportunity to sell higher value products, such as life assurance, personal investments and pension plans, which can be mutually beneficial.

The interview revealed that there is a rising proportion of new business transacted online, that different customer cohorts interact in different evolving ways and that banks are adapting strategies to meet customers’ needs. It is not surprising to hear from the interview that online is more popular with younger customers whilst, older generations still prefer the retail branch network experience where more personal interaction typically happens. What are the

practical implications of these findings? The customer desire for the human touch is still dominant, digital platforms alone may make it difficult for banks to engage with their customer exclusively and retain business versus competitors. Moreover, these findings have shown that offline and online are mutually beneficial and complement the bank/client relationship. In addition, Loureiro (2013) considered that if a bank is regarded as reputable by consumers in its offline service provisions, then its existing strong corporate brand demands that it maintains the same reputation for its online service. The interview process shows that at least one Irish bank, is aware of this since it attempts to redesign its marketing strategy with the customer's journey in mind.

It is still important to note the value of online service delivery for the modern consumer. Consumer behaviour is changing constantly and becoming more aware and demanding due to the transparency and accessibility of information on the internet, therefore, banks will need to stay close and understand consumer behaviour using innovative online marketing strategies. Hence, the researcher feels that bank's strategy to improve all areas of customer touch points and not solely e-banking is the correct one.

5.4 Objective 3: To analyse whether the changing physical environment in branch banking, namely, closures of traditional bank branches, development of alternatives to branches and partnerships with other service providers to deliver banking services, have affected customer perception of the service quality delivered.

The senior banker, in his interview, mentioned rising online business being conducted which is relevant in establishing whether there is a viable future for the physical bank branch experience from the consumer's standpoint and his perceptions of the overall service delivered. It appears that the bank's point of view is still to recognise and work to improve on all areas of customer satisfaction. Ochuko et al. (2009) considered the proposition that increased internet usage would mean a shift in the majority of client transactions from branches to online operations but their studies did not confirm this proposition at all. This is significant and should impact on a bank's marketing strategy to

improve all areas of customer touch points and not just focus on internet banking. According to the interviewee, his bank is focusing heavily on customer experience both, via branch and internet, in order to project a seamless and integrated channel delivery that is supportive of the brand's promise. With over 70% of survey responses stating that there is a need for bank branches in the era of internet banking, the researcher contends that the above bank strategy is the appropriate one. This bank strategy fits well with the findings of Fragata and Moustakas (2013) and Baxter and Vater (2014), in relation to, the practical combination of digital and physical assets, successful marketing and relationships with customers.

On the topic of physical environment, 56% of respondents are deemed to be neutral on the topic of whether services provided by banking partners, has a positive impact on service quality. For example, AIB have partnered with An Post for customer convenience, offering a range of services even on Saturday mornings. The objective of these partnerships is mainly to add an extra choice and complement existing ways of banking for customers. Potential future implications of such partnerships could mean increased bank branch network rationalisation whilst still delivering a commitment to serve different customers with different needs especially in rural areas of Ireland. The researcher understands that indifference shown in the survey results (circa 55%) on the topic of alternative providers may be related to the age profile and location of the sample group where branches are readily available. This finding hints that for future research and a better insight on this question, a bigger sample group in different locations in Ireland would provide a clearer picture.

5.5 Objective 4: To analyse the new ways of banking interaction and how customers embrace these changes and if these changes have affected their relationship or their view of traditional banking.

In terms of interaction and embracing the new ways of banking, the survey findings suggest that in general, consumers are confident when using the internet for completing transactions, are comfortable navigating it and are not afraid of

making mistake online. Despite this confidence, safety or security remains a concern for the Irish consumer.

The interview reveals that from the bank's view point, a rising proportion of new online business being completed implies to them that their e-banking marketing strategies are successful. It is noted that the way customers want to interact is changing and some banks are evolving to meet that need. Different customer cohorts have different preferences of interaction, e.g. the interviewee's bank is very popular with younger customers given the strength of their online offering but on the other hand, older customers still prefer the retail branch network experience.

Despite this, the majority of respondents are using banking "on the go", banks still have work to do to promote their online capabilities if only 4% of the respondents use the bank app. Given the rising use of smartphones for banking transactions, banks have more marketing awareness to achieve, especially in the exposure and promotion of the more convenient app option instead of browsing conventional websites. Considering that the most relevant variables for the consumer, in terms of e-banking quality, are Ease to Use and Security & Trust, the use of apps, given the embedded security protocols, high usage detection mechanism and its adaptability for screen size, should satisfy customer needs into the future. For the bank, a marketing strategy to motivate customers to use their application may provide the bank with the advantage of identifying target customers and help banks to promote their services in a more personalised way.

It is considered by Weiss et al. (2012) that it will be essential for banks to preserve the competitive advantages of delivering the fundamental benefits of relationships and which are highly valued by customers. This includes protection of customer information and increasing convenience across channels. Winning over younger generation of clients and converting an existing traditional older generation should be fundamental to any banking strategy going forward. The customer can expect to be seduced. The UPC Report (2014) pointed out as that wider bandwidth continues to revolutionise online shopping in the retail sectors, the economic knock on effects of e-banking in this new retail sector is and potentially will be very rewarding for the Irish consumer, as increased

competition and pricing of financial products becomes more apparent. As customers tend to value personal interaction, it does not make sense for banks to severely rationalise and reduce their physical branch network in an effort to balance costs versus customer services. The observation section illustrated that despite the Lab's modern and virtual environment, there is still a need for routine service provision as well as specialised and personalised advice.

5.6 Limitations

The first notable limitation encountered was the limitation of items in the survey. Other limitations included relevant sample size and time constraints. In order to be succinct, concise and to keep the respondent's attention, the final survey was distilled down to 10 questions. A wider and deeper scope of the subject matter could be developed, as some of the findings from the survey require further investigation and analysis. An example of this would be doing a deeper dive into the respondents that positioned themselves as neutral on the Likert scale variable.

The overall population surveyed was 101, with an 82 % response rate for some of the questions. The three criteria namely level of precision, level of confidence or risk and the degree of variability of the attributes being measured (Miaoulis and Michener, cited by Israel, 1992) were considered in determining the sample size. A greater sample size would have probably given greater level of precision and confidence but was not possible given the timeframe. It should be noted that 45+ age group are in the minority with only 12% of representation and so only gives a glimpse into that cohort for banking preference statistics.

The data gathered from the interview conducted was insightful, but one limitation encountered was that no other senior management official was able or available for interview within the timeframe to complete this research. The actual interview had to be postponed on a couple of interviews beforehand. The researcher believes that numerous interviews from a variety of banks would provide a better insight on different viewpoints regarding their e-service strategies for comparison purposes.

5.7 Conclusion

In this chapter, the key findings from the four observable objections were discussed in a detailed manner. The data has successfully supported the research objectives in most cases and the research aims were achieved in this chapter. It can be observed that Irish banks are working to provide the best possibilities for the consumer in terms of innovative online banking, at the same time; the Irish consumer is embracing the emerging technological advances. An unexpected result was highlighted in terms of product variety. Practical implications of the key findings were also discussed and developed.

Chapter 6: Conclusion

Rapid technological advances in online banking are playing a vital role in the lives of modern consumers. The literature review unveiled some relevant aspects to consider when investigating online banking service quality. An investigation into the current competitive banking landscape highlighted the increasing competition amongst traditional banking peers but also with non-traditional banks entrants. The phenomenon of “shadow banking” was described, where players in other industries such as hardware manufacturing, internet and consumer retail, are exploring and finding profitable market niches in the sector.

An overview of the Irish online banking landscape has provided an insight into Irish consumer behaviour towards banking technology adoption and their perceptions of the banking industry. After investigating the factors for internet banking adoption, referencing works by Eze et al. (2011), Tsai et al. (2013) and Loureiro (2013) and after exploring the overwhelmingly important relationship between service quality, trust and loyalty for customer satisfaction in a competitive market, the researcher was able to justify these findings by supporting evidence in the mix method results. Previous studies had explored some of the most relevant aspects influencing consumer’s perception of online banking service quality in different countries, for example, the USA, the UK, Germany, China and Taiwan. However, none of the previous research focussed on the important variables in an Irish context which is the aim of this thesis.

The intangible nature of services demands strong brand equity and attributes, as noted in the literature review (Aziz and Yasin, 2010). Brand equity and its potential to create positive visual images, which links it to the intangible benefits of image, status and lifestyle attributes, cultivate a loyal customer base, was discussed in detail. The conclusion is that robust and strong brand equity can contribute to the overall image of the service provider, creating loyal customers, which in return, ensure consistent sales volumes to an organisation.

Baxter and Vater (2014) discussed the future of bank branches and its ever evolving role and the importance of winning in the digital domain for improving

overall customer satisfaction. This was also borne out by the survey results in general. How? There has been a dramatic increase in the numbers of internet users who also show a preference but not exclusive bias towards bank branches (Ochuko et al., 2009) which leads the researcher to conclude that Omni channel banking is necessary in the bank of tomorrow. This implies that Omni channel banking is mutually beneficial as it can provide banks the opportunity to create more detailed customer profiles and a wider reach for targeted marketing. The literature (Eze et al., 2011) also revealed that banking strategy as a whole has changed because people are not dependent on bank physical proximity unlike before and this evolution has contributed to the shift in banks' attention, from marketing and selling products towards building and managing customers' relationships.

Examining the literature review provided the foundation upon which the researcher defined the objectives and aims for the present study. The researcher took a journey through the methodological philosophies and approaches in order to identify the best fit for the purpose of this research. This was determined as pragmatism philosophy with a deductive mixed method research approach using a framework proposed by Agrawal et al. (2014). The results from these combined methods, questionnaire survey, interview and observation, provided the tools to achieve the objectives of the subject matter of the research, namely, to evaluate the most relevant aspects of e-service banking quality for the Irish consumer. Conveniently, because of the mixed method used, it also revealed the most relevant aspects from the bank's perspective.

The findings and observations made, in most cases, supported previously held views by academics. It was found that the customer still prefers the interpersonal contact for products that require more thought and planning. Word of mouth is of paramount importance. Trust & Security, Efficiency, Responsiveness and Reliability came out as top concerns in this study and therefore there is no contradiction with previous work by White and Nteli (2004), Ochuko et al. (2009), Eze et al. (2011) and Loureiro (2013) on the international scene. The practical implication of these findings is that although banks are providing website security against cyber-attack, for instance, it remains an issue for internet customers and banks must continuously prioritise this.

Another conclusion that stands out is that banks are aware and are working towards meeting customers' needs and concerns using innovative marketing strategies, nevertheless, there are still areas of improvement to protect the primary objective of customer retention. One obvious area, which is also mutually beneficial to both sides, is an increased promotion and awareness of the power of the app for consumer convenience, security and ease of use, all of which are prime issues for the Irish consumer. It can be concluded that the results of this study can be useful for banks that are offering online services and are using different channels of interaction. Why? If a bank is successful in understanding the client's perspective, it can align its marketing interest with the customer's needs and therefore provide a good online experience. Studies conducted by Loureiro (2013) in Portugal and Agrawal et al. (2014) in India, showed similarities with this Irish study, in relation to, staff interaction providing the support to build consumer trust as well as assisting in customer transition towards online services.

Bitner (cited in White and Nteli, 2004) underlined the fact that technology changes the way companies interact with and serve their customers. Customers' desire for quality service does not change, suggesting that the more things change the more things remain the same. This proposition is also supported by what came out of the interview, where, at least one Irish bank is attempting to meet constant customer requirements by proactively managing the customer's experience across multiple touchpoints including e-banking.

Similar to findings by Rullis and Sloka (2011), the results of the present study show that consumers consider internet banking transaction as precise, they feel comfortable and have a positive experience with internet banking. The practical implication, with reference to Loureiro (2013), is that consumers who have confidence in internet banking tend to reinforce their positive awareness and associations with their bank brand, hence evaluate the quality of the bank website service favourably and become more loyal to their bank.

The results of a study by Quan (2010) showed that if internet banks are successful in providing e-service quality and thereby increase customer satisfaction, it has positive knock on effects, such as more frequent client usage,

increased intention to recommend and increased likelihood of repurchase in the future. The survey results supported the findings of Huo and Xu (2011) and Baxter and Vater (2014) because it suggests the importance of word of mouth especially from family and friends in the decision making process for Irish consumers. This relevance was also mentioned in the interview. One of the ways a bank measures customer service quality is by asking the customer how likely he/she is to recommend their bank. However, internet banking quality alone cannot be considered as the main influencing factor or the only strategy to be used, in order to provide an excellent customer service experience in a highly competitive bank environment. The researcher concludes that the optimal strategy is the one that improves all areas of customer touchpoints as emphasised by the interviewee.

The increasingly competitive banking landscape was also observed by White and Nteli (2004), where non-traditional banks were rated higher than traditional banks in areas of security, credibility, ease of use and responsiveness. These variables were also found to be amongst the most relevant for the Irish consumer. The practical implication is that the arrival of these non-traditional banks will require more effective marketing strategies by incumbents, in order to stay competitive. The lowly rating of product variety for customers and bank alike in the present study, compares with work by White and Nteli (2004), where product variety did not perform well for both traditional and non-traditional banks. The researcher concludes that this is an unexpected and surprising finding because of the potential advantages that a wide range of product variety can offer in a competitive environment.

The aim of this study is to evaluate the interpersonal relationship between banks and their customers and e-service quality as perceived by customers in the retail banking sector in Ireland. This research is successful in its first two objectives as set out. The most relevant aspects identified by the survey, for Irish customers, are security & trust, efficiency, reliability, failure & mistake prevention and word of mouth amongst others. On the second topic of customer perception of service quality as delivered by technology versus personal interaction, the majority of the sample survey disagreed that internet banking alone should replace physical bank branches and disagreed that personal interaction with staff members is less

efficient than via online. The survey and the observation at “the Lab” also revealed that the vast majority use their bank branch for more routine banking needs as well as applying for and seeking advice on value added products. The practical implication is that despite the convenience of online service options, there is still a preference for a personal interaction which also can provide cross selling opportunities for banks. It can be concluded that the customer’s desire for the human touch is still relevant and digital platforms alone do not provide exclusive business or retain customers.

Objective three has only been partially achieved, in that, the results of the survey revealed customer indifference towards partnerships. A deeper analysis of the relevance and potential benefits of these partnerships, from a customer’s viewpoint, may be conducted in future research. The fourth objective was achieved via observation and the survey analysis. The survey revealed customer confidence when online but security remains a concern. The combination of the survey results and the observation process allows the researcher to conclude that Irish customers are generally embracing the new ways of banking.

The overall results of this study may be interesting for academic researchers, as it provides relevant results and a framework to support a deeper and detailed investigation. It may be interesting for marketers and banking management in developing strategies and measuring performance, as it highlights aspects of Irish consumer behaviour and their preferences regarding online and branch banking services. Therefore, this study in some small way has advanced the theory in the area on customer perception of online banking. This research can provide a meaningful contribution to financial organisations, having identified key issues for the consumer and therefore suggest areas where banks can add value and optimise service offerings in a virtual and personal context.

In final summation, the subject of this thesis in essence is, can the consumer rely on their bank to deliver a quality service via the medium of e-banking. Can they indeed bank on the bank? The researcher, after weighting up all of the statistics, data and information garnered from previous literature, interview, observation and questionnaire, comes to the conclusion that they can because of the mutual benefits, to both consumer and bank alike, in delivering quality e-service

banking. However, these mutual benefits require a proactive marketing strategy by banks in order to provide and measure the quality service that customers demand. Continuous investment in high end technology and cyber security has been found to be very relevant for online banking, as well as, awareness that rapid technological influence consumer behaviour. The gap assumption investigated throughout this research is based on a study by Fragata and Moustakas (2013) which suggested that technology provides a useful compliment rather than a replacement for traditional personalised interaction. The findings of this thesis also support that viewpoint.

6.1 Recommendations and Further Research

From the twelve variables used in the survey and interview to analyse the most important aspects to evaluate e-banking services, the researcher used the highest scored 9 variables in order to propose a framework that can be used for future research in the Irish context. The graphic below shows the most relevant variables and gives a good visual comparison to evaluate e-service quality from both consumer and bank perspective.

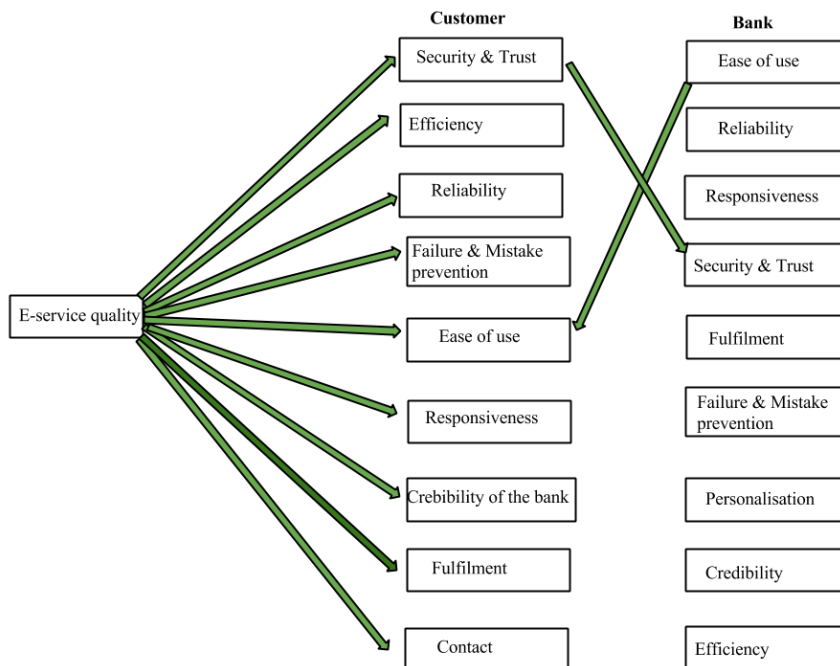


Figure 7:Proposed framework in the Irish context.

However, some of the findings from the survey require further investigation and analysis as few new significant observations were made. An example of this would be doing a deeper dive into the respondents that positioned themselves as neutral on the Likert scale variable for future research. Additional points of view by interviewing other service providers in Ireland would possibly contribute to a more holistic overview of bank marketing strategies. Hence a comparison between banks, regarding their experience of consumer expectations and perceptions and the differences in various bank's e-banking mission statements could be explored. Future research possibly should also investigate, in greater detail, the variables that were considered most relevant for the Irish consumer, as shown in the proposed framework (fig. 7) which would allow for comparing and contrasting across different urban and rural locations in Ireland with a bigger sample universe.

Finally, the researcher believes that the use of any one approach alone would not provide all the essential and necessary information into consumer behaviour, when investigating the subject of online banking service. Therefore, the use of a three pronged approach is recommended in order to get a complete picture for the Irish context.

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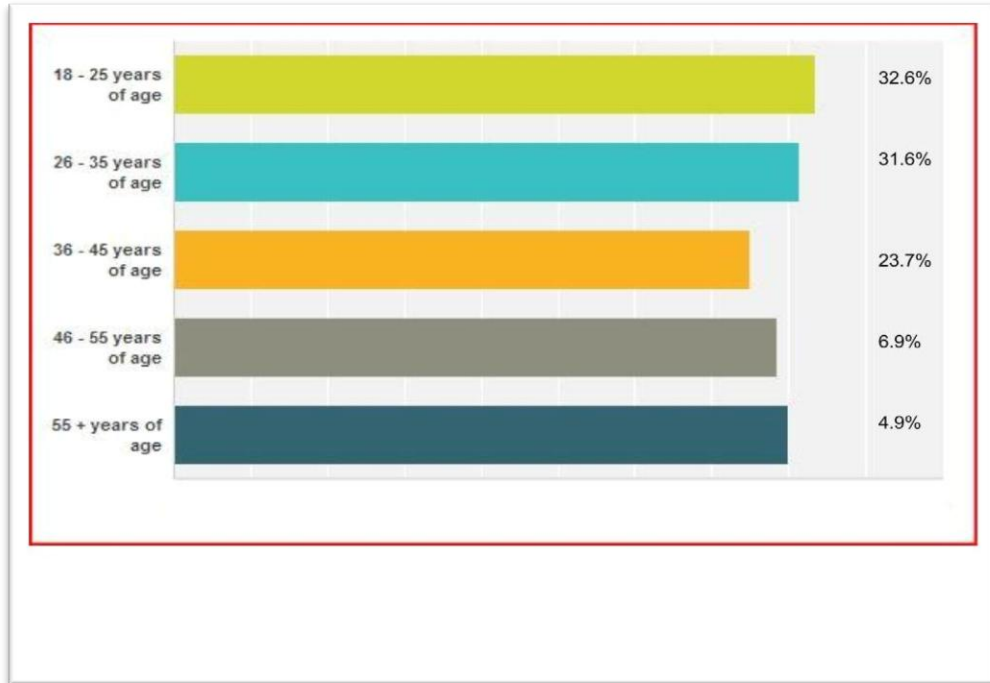
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Appendix

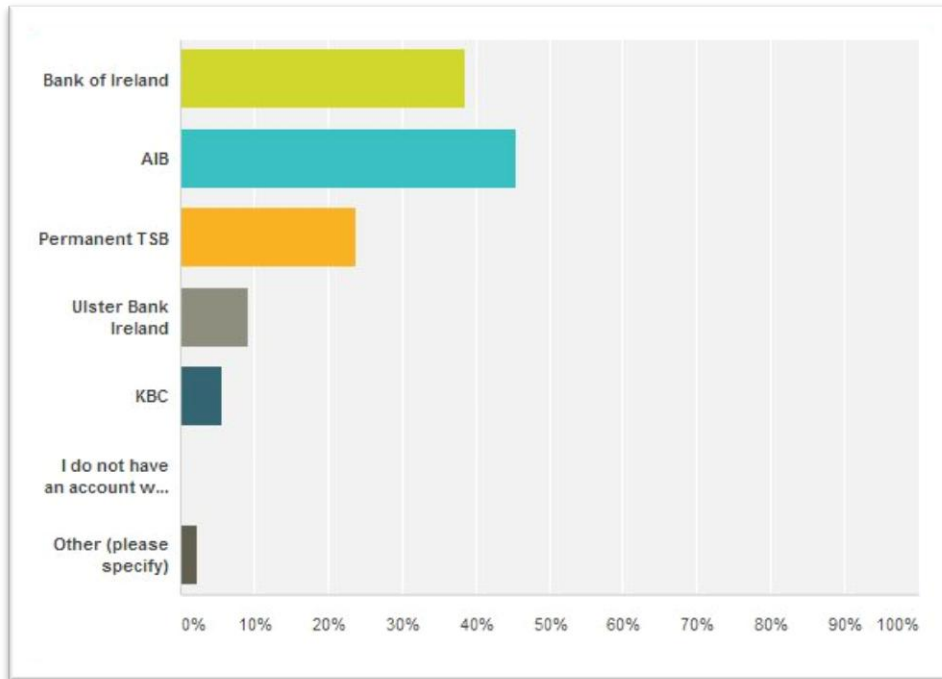
1.0 Full survey results

Question 1 – What is your gender and age profile?



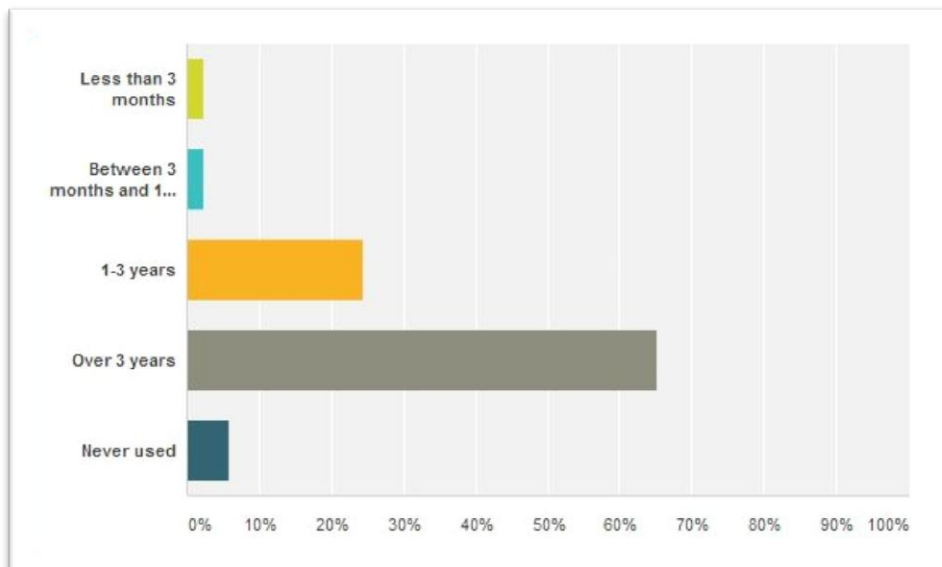
	Female	Male	Total	Weighted Average
18 - 25 years of age	33.33% 11	66.67% 22	33	1.67
26 - 35 years of age	37.50% 12	62.50% 20	32	1.63
36 - 45 years of age	50.00% 12	50.00% 12	24	1.50
46 - 55 years of age	42.86% 3	57.14% 4	7	1.57
55 + years of age	40.00% 2	60.00% 3	5	1.60

Question 2 - Do you currently have a personal account (either checking or savings) with any of the following banks? (Please select all that apply).



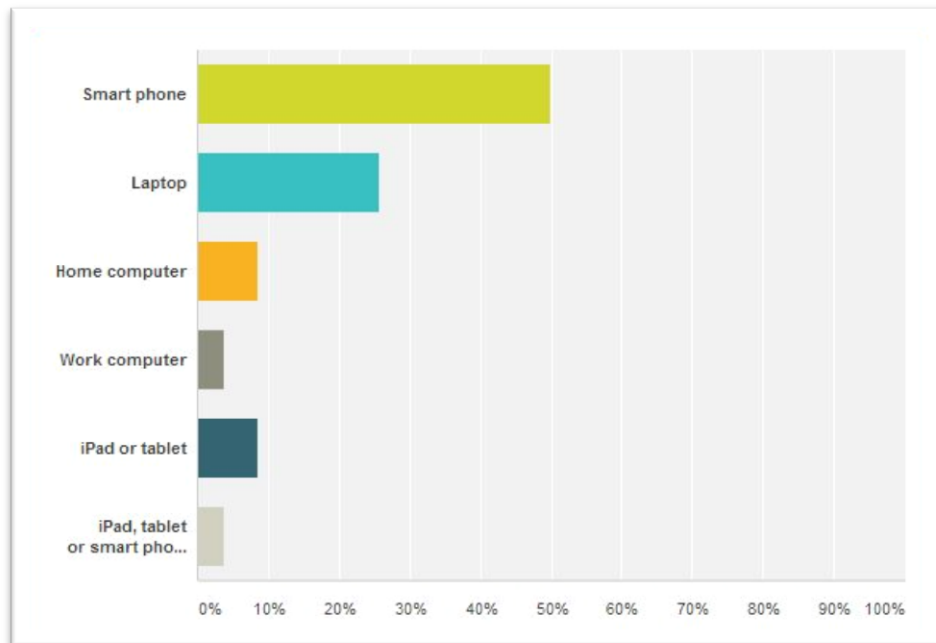
Key - AIB 45.45%, Bank of Ireland 38.64%, Permanent TSB 23.86%, Ulster Bank 9.09% KBC 5.68%, Non-specified banks 2.27%

Question 3 - How long have you been using personal online banking?



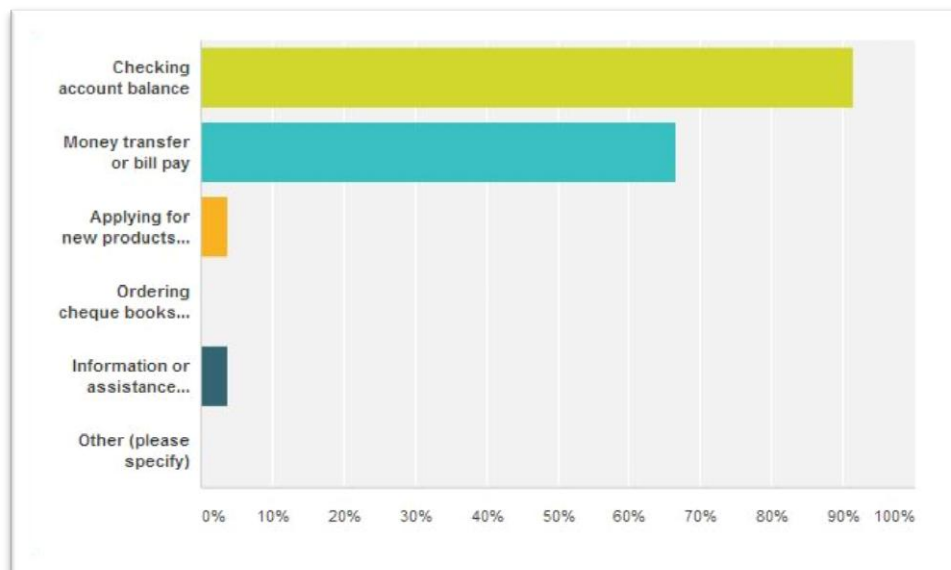
Key: Over 3 years 65.12%, 1 -3 years 24.42%, less than 3 months 2.33% between 3 months and 1 year 2.33% and never used 5.81%

Question 4 - Which device do you use for most of your online banking transactions?



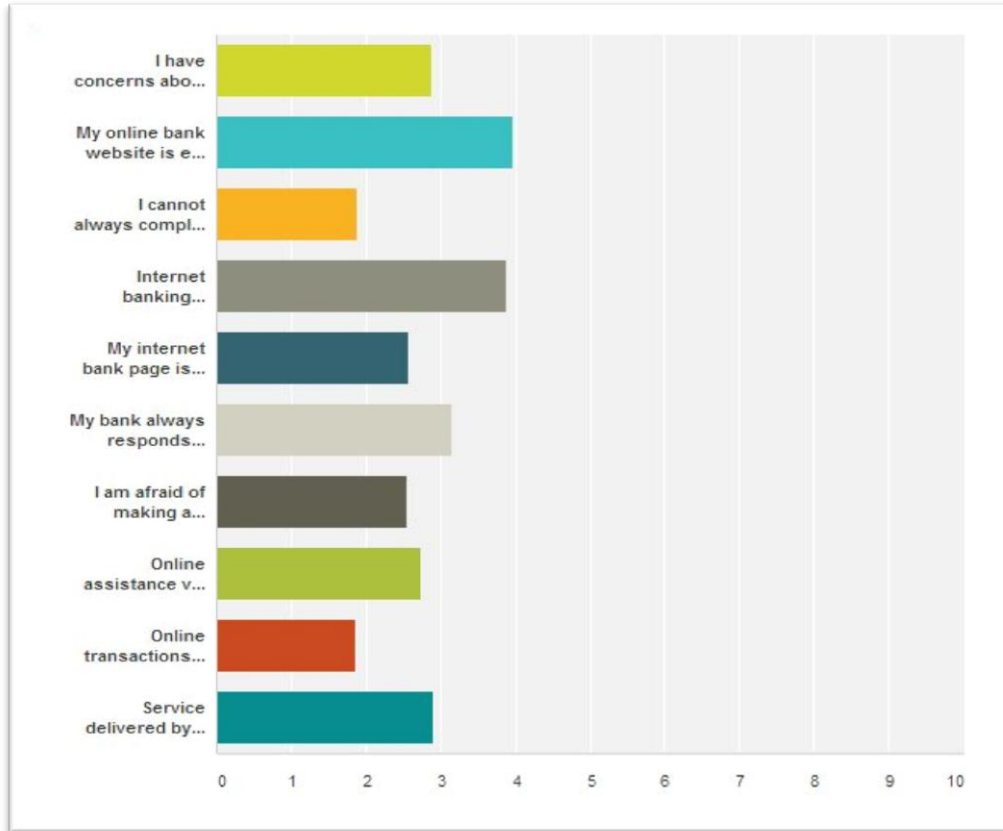
Key: 50% Smart phone, 25.61% Laptop, 8.54 % Home computer, 8.54% iPad or tablet, 3.66% Work computer, 3.66% use the bank app via iPad, smartphone or tablet.

Question 5 - Which types of service do you typically require online?



Key: Checking account balance 91.36%, Money transfer or Bill pay 66.67%, Applying for new products such as loans, mortgages or insurance rates 3.70%, Information or assistance 3.70%, ordering cheque books 0% ..

Question 6 – Please rate the statements according to your online banking experience

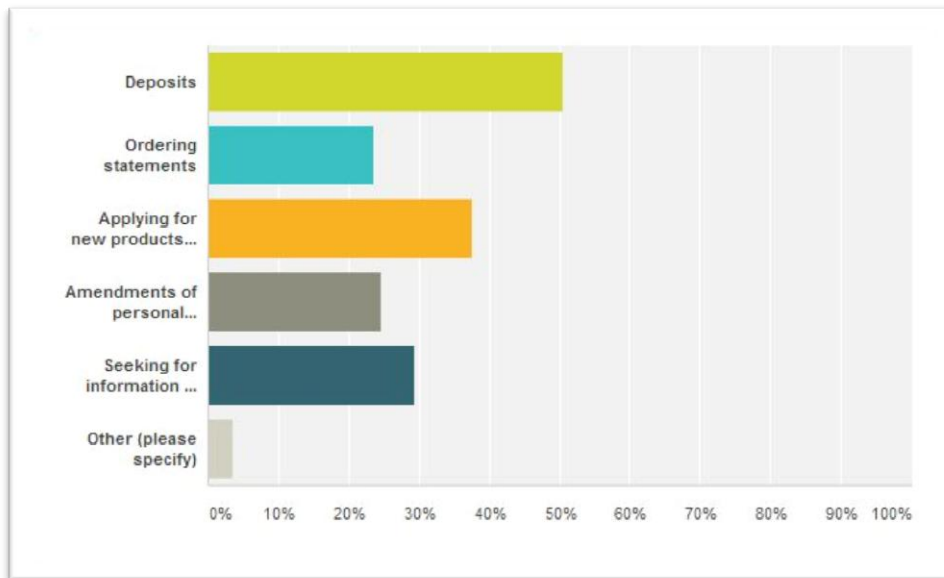


Note: The Likert-scale was used to evaluate statements worded positively and negatively in accordance with the procedure guidelines as outlined by Ye and Jia (2005).

	1- Strongly disagree	2- Disagree	3- Neutral	4- Agree	5- Strongly agree	Total
I have concerns about Internet banking safety and security	9.76% 8	30.49% 25	29.27% 24	23.17% 19	7.32% 6	82
My online bank website is easy to navigate	0.00% 0	9.76% 8	10.98% 9	52.44% 43	26.83% 22	82
I cannot always complete my transactions without any help	48.15% 39	32.10% 26	8.64% 7	6.17% 5	4.94% 4	81
Internet banking transactions are precise and accountable	1.22% 1	7.32% 6	20.73% 17	42.68% 35	28.05% 23	82
My internet bank page is not personalized enough according to my needs	12.50% 10	37.50% 30	33.75% 27	13.75% 11	2.50% 2	80

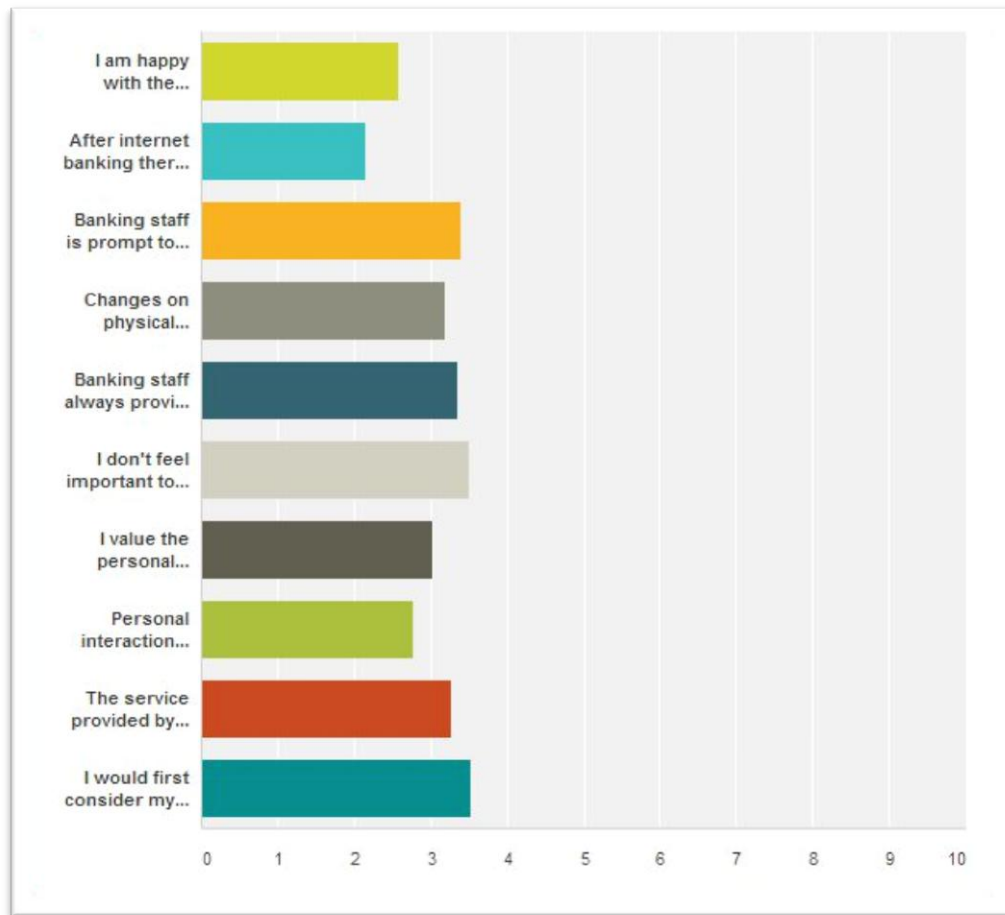
My bank always responds promptly with a problem solution	8.54% 7	14.63% 12	37.80% 31	31.71% 26	7.32% 6	82
I am afraid of making a mistake online	25.61% 21	26.83% 22	21.95% 18	19.51% 16	6.10% 5	82
Online assistance via chat or email is always available	12.20% 10	29.27% 24	35.37% 29	19.51% 16	3.66% 3	82
Online transactions are too complicated and time consuming	43.90% 36	35.37% 29	14.63% 12	3.66% 3	2.44% 2	82
Service delivered by technology is better than service delivered by person	13.41% 11	20.73% 17	37.80% 31	18.29% 15	9.76% 8	82

Question 7 - Which types of service do you typically require from a bank branch?



Key: Deposits 50.59%, Ordering statements 23.53%, Applying for new products such as insurance, loans or mortgages 37.65%, Amendments of personal information 24.71%, Seeking for information or advice on financial products 29.41%, Other not specified 3.53%.

Question 8 – Please rate the statements according to banking at branch experience.

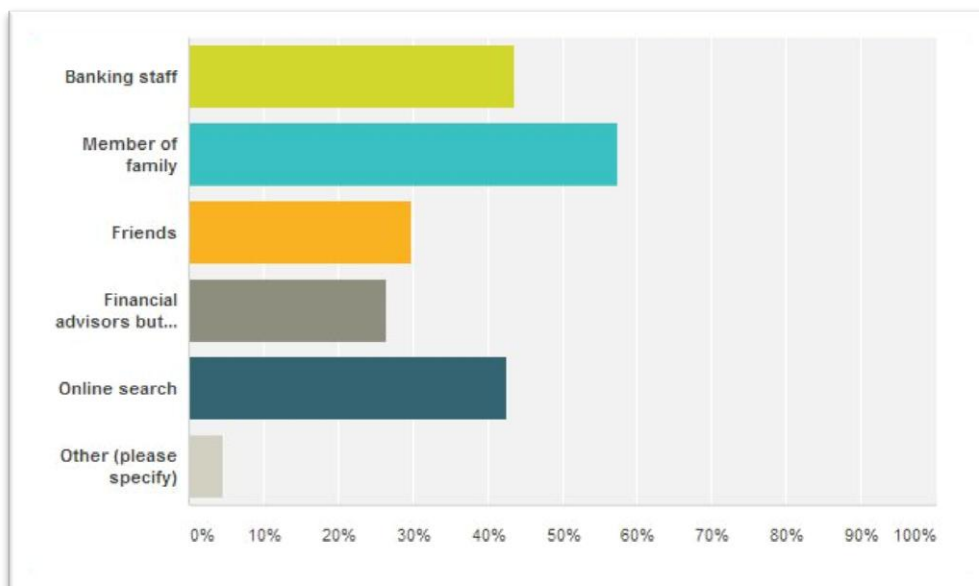


Note: The Likert-scale was used to evaluate statements worded positively and negatively in accordance with the procedure guidelines as outlined by Ye and Jia (2005).

	1- Strongly disagree	2- Disagree	3- Neutral	4- Agree	5- Strongly agree	Total
I am happy with the operational opening/closing hours	23.26% 20	29.07% 25	19.77% 17	20.93% 18	6.98% 6	86
After internet banking there is no need for physical bank branches	34.52% 29	35.71% 30	15.48% 13	9.52% 8	4.76% 4	84
Banking staff is prompt to help	4.71% 4	15.29% 13	27.06% 23	40.00% 34	12.94% 11	85
Changes on physical environment ie. more machines less floor personnel, in bank branches has a negative impact on the service quality	5.81% 5	25.58% 22	26.74% 23	27.91% 24	13.95% 12	86
Banking staff always provide all the information I need	2.33% 2	18.60% 16	29.07% 25	39.53% 34	10.47% 9	86
I don't feel important to my bank	3.49% 3	17.44% 15	27.91% 24	27.91% 24	23.26% 20	86
I value the personal relationship with my bank	9.52% 8	21.43% 18	34.52% 29	26.19% 22	8.33% 7	84

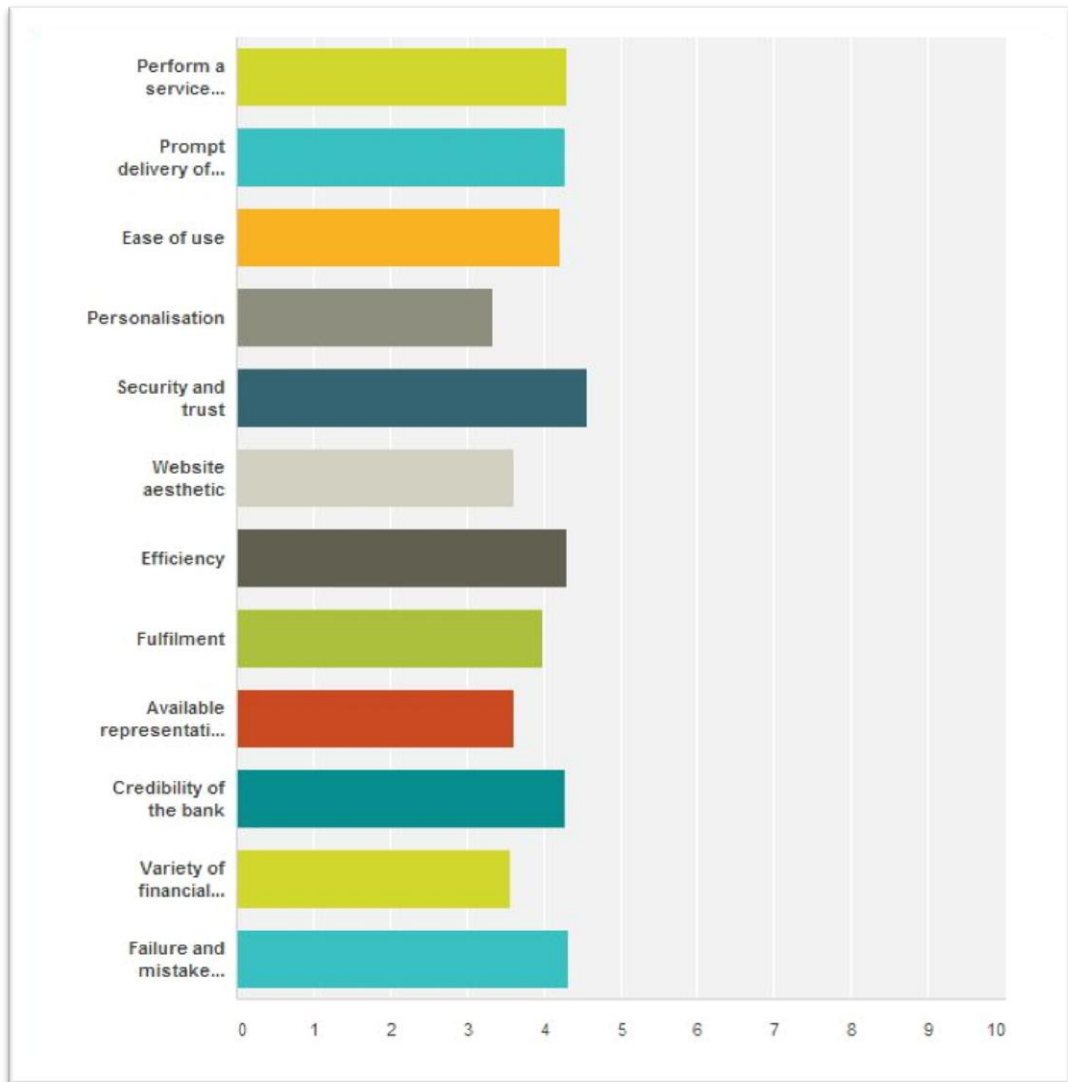
<p>▼ I value the personal relationship with my bank</p>	<p>9.52% 8</p>	<p>21.43% 18</p>	<p>34.52% 29</p>	<p>26.19% 22</p>	<p>8.33% 7</p>	<p>84</p>
<p>▼ Personal interaction with bank staff is less efficient than online interaction</p>	<p>9.30% 8</p>	<p>32.56% 28</p>	<p>33.72% 29</p>	<p>20.93% 18</p>	<p>3.49% 3</p>	<p>86</p>
<p>▼ The service provided by bank partners ie. An Post, retail outlet cashback options, has a positive impact on the service quality</p>	<p>4.65% 4</p>	<p>5.81% 5</p>	<p>55.81% 48</p>	<p>24.42% 21</p>	<p>9.30% 8</p>	<p>86</p>
<p>▼ I would first consider my bank if I need a financial product such as loans, insurance or mortgage</p>	<p>6.98% 6</p>	<p>11.63% 10</p>	<p>24.42% 21</p>	<p>34.88% 30</p>	<p>22.09% 19</p>	<p>86</p>

Question 9 – When looking for acquiring a new product or service such as mortgages, loans or insurance, I always seek advice from:



Key: Banking staff 43.68%, Member of family 57.47%, Friends 29.89%, Financial Advisors but not my bank 26.44%, Online search 42.53%, Other 4.60%.

Question 10 – *How important are the following characteristics when using an online banking service?*



Note: In the survey, the variables 1 (Reliability), 2 (Responsiveness) and 9 (Contact) were replaced by their short definition by Agrawal et al. (2014) upon which the proposed framework to analyse the e-service quality was based. Reliability is amended to Perform a service accurately and consistently, variable 2 Responsiveness, is amended to Prompt delivery of service and variable 9 Contact is amended to Available representative assistance for the purpose of this questionnaire.

	1- Not at all important	2- Not very important	3- Somewhat important	4- Very important	5- Extremely important	Total
Perform a service accurately and consistently	1.20% 1	4.82% 4	8.43% 7	32.53% 27	53.01% 44	83
Prompt delivery of service	1.20% 1	3.61% 3	12.05% 10	32.53% 27	50.60% 42	83
Ease of use	0.00% 0	6.17% 5	9.88% 8	39.51% 32	44.44% 36	81
Personalisation	1.20% 1	16.87% 14	46.99% 39	16.87% 14	18.07% 15	83
Security and trust	1.20% 1	3.61% 3	7.23% 6	12.05% 10	75.90% 63	83
Website aesthetic	1.22% 1	7.32% 6	42.68% 35	25.61% 21	23.17% 19	82
Efficiency	1.20% 1	1.20% 1	9.64% 8	42.17% 35	45.78% 38	83
Fulfilment	2.41% 2	3.61% 3	24.10% 20	33.73% 28	36.14% 30	83
Available representative assistance	1.20% 1	13.25% 11	32.53% 27	28.92% 24	24.10% 20	83
Credibility of the bank	1.22% 1	8.54% 7	7.32% 6	25.61% 21	57.32% 47	82
Variety of financial products available	1.20% 1	14.46% 12	32.53% 27	30.12% 25	21.69% 18	83
Failure and mistake prevention	0.00% 0	4.82% 4	10.84% 9	31.33% 26	53.01% 44	83

2.0 Interview transcript

Q1 Please define what you mean when you talk about customer satisfaction?

Great Customer Experience is the Sum of all Interactions. We measure this using NPS – net promoter score. This is obtained by asking customers a single question: “How likely would you be to recommend our bank to friends and family?”

Q2 How does your bank work in order to improve customer satisfaction in the area of customer relationship and in particular e-banking?

We are heavily focussed on our customer experience, this is far more than “good service”

- It is the process of proactively managing the customer’s experience across touchpoints (whether in branches, on the phone or online), so that it is seamless, integrated and supportive of our brand promises.
- By touchpoint, we mean any occasion where a customer (or prospect) touches or connects with the bank through the entire customer relationship – whether that is before, during or after they have become a customer.
- The task is to identify and excel when it matters most (particularly to our most valuable customer segments) and reduce or remove the negative or unimportant.

A redesigned customer experience enables us to simplify our processes and migrate customers to channels most suited to their needs where we can serve them best at lower cost.

To support improvement in Customer outcomes, there is a Voice of Customer (VoC) Strategy 2015 and a Customer Journey design process being implemented for 2015. Our bank uses an evolved approach to VoC including the joining up of all elements of customer insights (VoC, NPS, Complaints, Mystery Shop etc.) in the development of customer journeys and the subsequent implementation of the results/outcome within our strategic change programmes and at a local level,

leading to continuous improvement via a feedback loop. This will be supported by customer feedback and NPS scores being sent to relevant channels, i.e. Branches, within [48] hours of receipt, which will improve learning and enable quicker customer responsiveness. There will be a significant governance around this including, the creation of a Customer Experience Improvement Decision Group which will feed inputs in to the CEO's Customer Forum. Some of the elements of VoC that we use are:

Journey Mapping

1) Insights Pack

- An Insights pack is created using data from the voice of the customer, voice of the employee and customer information held on the Enterprise Data Warehouse.
- This purpose of this pack of information is to try and identify pain points within a journey for both customers and employees.
- A customer profile is created based on the information to 'set the scene' for the journey.
- Accenture provide relevant industry information both from other banks and other companies.

2) Design Session

- We assemble a group made up of staff from across the bank e.g. branch, direct, product owners who have business knowledge on the journey. This is a 'blue sky' session where the attendees are asked to forget the limitations of current bank processes with the aim of designing a journey (based on the information in the insights pack and customer profile) that will truly 'delight' our customers.
- Based on the outputs of the session, Accenture provide the design of the 'to be' journey and details the capabilities that the bank will require to deliver this journey.

3) Customer Session

- Customer feedback is sought on the ‘to-be’ journey in order to validate that the correct ‘pain points’ have been identified and if they actually like the proposed journey.

4) Development / Implementation Phase

- An assessment is completed of all the existing and planned projects within the bank to determine if there are elements of the ‘to-be’ journey already being developed and to assist with informing prioritisation of capabilities.

Q2.1 Where do you think the overall customer satisfaction ratings are for your e-banking product and service delivery?

Typically, these are among our highest satisfaction ratings – NPS score of + 60 / +70.

Q2.2 What do you consider the most important elements for a successful delivery of e-banking in the modern world?

- As consumers grow to “expect” online functionality, personalisation of experience will become increasingly important.
- Cybersecurity is also key – customers need to know and trust that the information that they provide online is secure.
- “Always on” – downtime, system failure, delayed response times etc must be mitigated.

Q3 According to my studies, measuring customer satisfaction at banks can result in 5 distinct advantages that can accrue directly to the bank’s net income:

- 1- Increase lifetime value and thereby profitability*
- 2- Focuses staff on key clients and priorities and helps to identify strengths and weaknesses at the branch level.*
- 3- Highlights those customers that are most likely to defect*
- 4- Increases word of mouth, while reduces negative sentiment*
- 5- Provides an accurate predictor of future cross- sell*

Can you briefly outline what your bank believes to be the key measurable objectives for your e-banking from the customer's point of view?

- Customer satisfaction
- Product growth e.g. new lending
- Cost to serve
- Enhanced data capture (harder to measure but clear trend over time)

Q4 Research indicates that by understanding the dimensions of e-service quality that customer's value most, marketing strategies are more likely to succeed. Please rate from 1 to 12 what do you consider to be the most relevant dimensions for e-banking in your opinion?

Reliability - Perform a service accurately and consistently 2

Responsiveness - Prompt delivery of service 3

Ease of use 1

Personalisation 7

Security and trust 4

Website aesthetic 12

Efficiency 9

Fulfilment 5

Contact - Available representative assistance 11

Credibility of the bank 8

Variety of financial products available 10

Failure and mistake prevention 6

Q5 Do you think your e-banking strategy is currently successful? Yes

Q5.1 Do you think this strategy complements your overall retail banking strategy for growth and profitability?

Yes and indeed a rising proportion of new business is completed online. The way our customers want to interact with us is changing and we are evolving to meet that need. Differing customer cohorts interact with us in different ways e.g. we are very popular with younger customers given the strength of our online offering / many older customer still prefer the retail branch network experience.

3.0 Observation analysis transcript

Details	Reflection
190 people using ATM	<ul style="list-style-type: none"> • 190 people with no support • 2 people using ATM with team support • 2 people (couple) apparently over 55 years old asking for assistance to use the ATM
2 ATM Account Management	No assistance required
14 people looking for information	
2 people asking for currency foreign exchange	The Lab does not provide the service
2 people asking for account number information	
6 people using Macs	1 - Account management with no assistance 2 – with assistance
2 persons using Mac (with assistance)	Assistance required for account number information, with assistance this person was then transferred to mobile banking, then back to the Macs, then used the account management ATM for money transfer
5 people lodge cheques (ATM)	
2 persons browsing on tablet	
2 persons asking info on their smartphone	
3 persons at phone banking desk	No assistance required
3 opening account appointments	
1 person using smartphone mobile app	Assistance to get the AIB App

