

The Effect of Cashless Banking on the Customer

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Abstract:

The purpose of this dissertation is to understand the effect cashless banking has on the customer. This research is a case study in National Irish Bank, using three of their Dublin branches and their customers. The data collected for this study was collected by conducting an interview with a staff member to ascertain the importance of qualifications with the introduction of cashless banking. The data was further added by distributing and collecting questionnaires from NIB customers. The majority of the customers targeted would not welcome cash services bank. This shows that the need for cash services is not as much needed now due to other means of payment. The dissertation covers other areas of interest such as customer loyalty. This dissertation concludes with recommendations on the introduction of cashless banking and how other financial institutions wishing to pursue a more tailored customer offering can learn from NIB.

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Chapter One:

Introduction

1.1 Title

The effect of cashless banking on the customer

1 2 Introduction.

This chapter introduces the idea of organisational change taking place in banks, specifically National Irish Bank's (NIB) implementation of cashless banking in favour of a more tailored customer relationship business model. As a result of this, there is little or no research conducted in an Irish context surrounding the customer and the effect such a change has on the customer. This dissertation will focus on how the customer has been impacted, and from research conducted, will look to improve how a bank introduces cashless banking.

1 3 Purpose of Research

This research has been undertaken because organisational change is occurring every day across many different and diverse industries. The organisational change identified for this dissertation is cashless banking and banks no longer offering cash services. It is a new phenomenon that seems to be increasing throughout the Irish banking sector. The Irish banking sector has seen many changes over the last number of years but the concept of cashless banking has been slowly simmering over the last number of decades. This dissertation is using National Irish Bank as a benchmark for this study. This research aims to give an insight into how customers

react to the concept of cashless banking and how other financial institutions can implement similar concepts in their retail banking

1.4 Industry Significance

NIB's implementation of cashless banking is relevant to the banking sector, in particular banking institutions. This sector has been chosen due to the recent banking crisis in Ireland, and how particular banks are reacting and changing their strategy in order to survive and compete. Other Irish banks such as AIB have a small number of cashless branches in operation and this research is aimed at developing a suitable manner of introduction of cashless banking widespread while retaining the customer base.

1.5 Organisational Context

NIB is an organisation which has throughout its time faced challenges and as a result changed and adapted to suit its customer's needs and wants. NIB was first founded in 1809 in Belfast. At that time it was called Northern Banking Partnership, and changed to Northern Bank in 1924. The bank gradually entered the Republic of Ireland market from that time on. In 1987, Northern Bank was subject to a takeover by National Australia Group, who then rebranded the bank's republic operations NIB. In 2005, the bank was once again subject to a takeover, this time by Danske Bank (www.nib.ie)

In recent years, NIB has earned a reputation as being a market leader. They gained this reputation by constantly updating the products that they offered to their customers and they radically changed the way retail banking is carried out in their branches. Throughout the bank's history, they have had to embrace change in order

to remain constantly competitive with its rivals. This dissertation aims to understand the effect the introduction of cashless banking has had on their customer and give an insight into how other banks could learn from NIB.

NIB's banking structure, excluding Danske Bank, is comprised of the following departments:

- Corporate Banking
- Private Banking
- Retail Banking
- Investment Banking
- Shared Services Banking
- Human Resources Department
- Credit
- Business Development

(www.nib.ie)

The above eight departments cover many sub-sections of NIB's operations. For the purpose of this research, retail customers will be targeted because they have been most affected from the introduction of cashless banking.

Retail Banking with NIB encompasses branch banking, internet banking, phone banking and other methods in ways the customer can interact with their personal accounts. NIB has seen major change in recent years to the way in which they operate. The most recent and more so radical change that NIB introduced was the idea of cashless banking in 2009, with its full implementation in 2010. Cashless

banking means that NIB no longer accepts cash over-the-counter in any of its branches. Although this style is completely revolutionary in the Irish market, cashless banking is how most Scandinavian banks operate. Danske Bank, NIB's parent bank, is a Scandinavian bank. According to NIB's values, in particular Value Creation, the model of cashless banking makes perfect sense. This is due to the significant cost of cash handling in comparison to internet banking or phone banking. The bank has facilitated those customers who still wish to make cash transactions the ability to do so. In collaboration with An Post Bank, NIB customers can still deal in cash transactions.

According to their website, NIB strives to achieve five main values. These being, Expertise, Integrity, Value Creation, Commitment and Accessibility. Each department is independently responsible to the application of these values. NIB not only focuses on values but also the implementation of them. With regards to cashless banking, value creation seems to be the most relevant value. It is as follows,

"NIB is a business whose activities generate value for its owners, customers and employees. Employees have an opportunity to develop and work on interesting assignments of benefit to the communities in which we operate. We are concerned with running efficiently and operating at loss in order to be competitive in the market place.

The Bank provides its customers with good, forward-looking products and solutions and supplies the regions with qualified competence, financial services and an international outlook " (www.nib.ie)

1 6 Outcomes of Research

The main aim of this dissertation is to investigate how NIB customers reacted to the concept of cashless banking three years on from its implementation. This dissertation's aim is to ensure that all research questions have been answered successfully and that all of the objectives are met fully. After completion, this dissertation should provide an insight into how cashless banking affects the customer and how management should provide for the smooth transition to cashless banking.

1 7 Dissertation Structure.

This dissertation has been divided into seven different chapters. The first chapter is the introductory chapter and discusses the rationale behind the research and also the company background. The second chapter is the literature review. In this chapter it discusses different literature surrounding the bank side and the customer side of cashless banking and its implementation. It outlines the problems banks need to overcome and it looks at the customers' perspective. It takes into account different mechanisms on how to approach cashless banking. The third chapter is research questions, aims and objectives. This chapter originated directly from the literature review which supports the basis of this thesis. The questions range from the importance of having competent skilled staff to measuring whether demands of the customers were met. The fourth chapter will discuss the methodology applied throughout the research and the reasons behind such methods. Quantitative and qualitative methods are compared and contrasted. It underlines why certain research techniques were chosen over others and how they are beneficial to the research. The fifth chapter will display findings, analysis and discussions to the research questions.

outlined in the fourth chapter. It provides bar charts and pie charts displaying the information gathered. A brief discussion follows each graph to explain what they stand for. Analysis of the charts comes after each research question. The sixth chapter explores conclusions and recommendations and will give an insight into the research conducted and will provide areas for potential further research. The author draws conclusions from the empirical findings. Recommendations will be made by the author. These have been made so other financial institutions can see what NIB have done correctly in their successful roll out of cashless banking. This will be then followed by a bibliography and appendices. It is important to have a precise, definitive bibliography so that all others' works and thoughts are cited.

Chapter Two:

Literature Review

2 1 Introduction

The introduction of cashless banking in an Irish context has received little attention from academic researchers. The introduction of such banking comes from a bank's hierarchy who chooses to overhaul the strategy of the bank and look to change the organisational dynamic. It not only affects the staff working at the bank but also its customers.

This dissertation is exploring how customers reacted to NIB's decision to go cashless three years after implementation. As a result, this literature review is separated into two parts. The first part deals with the literature surrounding the bank. It focuses on organisational change, the communication of change and other areas that are important in introducing cashless banking. The latter part of this review focuses on the literature surrounding the customer. It looks at how customers tend to react to change, demands by the customer, information sought by the customer and customer loyalty. The literature surrounding the customer is crucial to this dissertation. This chapter will then conclude with a summary of the key points that have arisen from the literature review.

2 2 Bank Theories

With the introduction of cashless banking, NIB has undergone radical organisational change. NIB now focuses on delivering dedicated customer services to its

customers With this, this dissertation will review the following four theories with regards to the bank

- 1 Organisational Change
- 2 Communication of Change
- 3 Changing Customers Attitudes
- 4 Customer Relationship Management (CRM)

2.3 Organisational Change

There are hundreds of different definitions for what organisational change is but with the nature of change that occurred in NIB, the following is the most relevant The University of Western Australia defines organisational change as “change that has significant effects on the way work is performed”

Prior to the implementation of cashless banking, NIB and the Irish banking sector constantly underwent organisational change in order to remain competitive Technological improvements in areas such as internet and broadband accelerated the change in the banking sector As a result of the continuous change, “the old models of service delivery became cost-laden and outdated and new models for success are needed in order to alleviate the pressure on margins” (Morgan, Cronin, Severn, 1995) Morgan et al continue by stating that a “new organisational mindset is necessary in banking which completely reappraises retail services delivery programs” Organisational change is often regarded as a restructuring process amongst academics Heugens & Schenk (2004) have identified that at its highest level, there are three main types of restructuring, portfolio, financial and organisational restructuring Portfolio restructuring is concerned with the assets of the

company and what line of business they operate in. Financial restructuring is different to portfolio because it is only concerned with capital and the ownership structure. Organisational restructuring is “the significant changes to the structural properties of the organisation” (Heugens et al 2004). Due to NIB making the transition to cashless banking, the main area of interest to this dissertation is organisational restructuring. A direct result of this is that portfolio and financial restructuring will not be further examined because their status has no bearing on the outcome of this research.

After an exhaustive review of the change management articles, the process recommended by Meyer and Stensaker (2006) is vital to the success of organisational change. They outlined five steps but the following are particularly evident to NIB and cashless banking. Framing is concerned with the reasons behind the change and the rationale for implementing it. This will be a research question that will be answered. The second step relevant to this dissertation is participation. This is the process of involving those affected by the change to cashless banking, the staff and the bank’s customers. This is another research question that will be answered.

There are many different types of organisational change and various scholars have different views about the subject matter. Porras and Silver (1991) implied that there is a distinction between “change that is episodic, discontinuous and intermittent and change that is continuing, evolving and incremental”. Weick and Quinn (1999) argue that organisational change would not be needed if management had conducted their jobs thoroughly. Dunphy (1996) is also an advocate of failure being a must for change- “planned change is usually triggered by the failure of people to create continuously adaptive organisations”. Although Weick et al and Dunphy argue that failure leads to organisational change, it is not the case with NIB. With the transition

to cashless banking, NIB overhauled the complete manner in how banking is carried out. There was no failure in the planning of this transition and this is a possible research question. Dr. K. Lewin developed a change model with three aspects to it, unfreezing, changing and refreezing. This cycle is relevant to the banking sector and particularly NIB. The unfreezing part is concerned with what was right for the past is no longer viable into the future. With the transition to cashless banking, the acceptance of "paper money" is no longer practical. Changing involves the introduction of the new system and refreezing is when the new practice is operative. As the banking sector is so competitive in Ireland, NIB should continue to examine and improve their organisational structure.

The Move from Cash Services to Tailored Customer Programs

The Irish banking sector has seen a radical change of its banking sector with some banks becoming completely cashless while others have a number of cashless branches. The term cashless banking means "eliminating services in paper money and coins and concentrating on electronic money" (Worthington, 1995). A major reason behind the introduction of cashless banking is technological changes such as improved broadband infrastructures. With this technological advance, customers can access their accounts at any location, any time. NIB is committed to "providing you (the customer) with instant access to information about your day to day finances" (www.nib.ie). The societal change with their attitude to how banking should be done must be embraced by banks and with the introduction of schemes such as banking apps for smart phones, internet banking services and telephone banking, there is no longer a defined need for banks to offer cash services. Nelson and Sampat (2008)

noticed how the banking dynamics have changed and how the customer now has more control of the accounts. Banks should actively acknowledge this.

With the introduction of automated clearing houses such as SWIFT, there has been a direct decline in the usage of paper cheques with direct debits and withdrawals replacing them. As a result, it is not just cash that has been affected by technological improvements but also cheques. The technological improvements led to the reduction in costs due to transaction handling charges and improved the availability of electronic transfers. Stemming from these improvements came plastic cards such as debit and credit cards which have sped up the process of banks becoming cashless (Gerdes and Walton, 2002).

A research question that will be explored is to ascertain the role banking staff plays in the introduction of cashless banking. More specifically, those with the QFA accreditation will be targeted. This question has arisen due to the following statement, "The growing usage of the internet for banking services has become advantageous for both parts: saving costs for both customer and bank, and focusing on advisory services rather than cash services" (Nilsson, 2004).

Technological improvements aside for one of the reasons behind cashless banking, there are many other reasons behind its implementation. One potential reason is to eliminate the threat of crime. According to the Central Statistics Office, tiger kidnappings increased ninety-seven per cent between 2005 and 2009. A tiger kidnapping is where a bank official's family is targeted and kidnapped and the official is ordered to ransack the bank's safe. With NIB not holding cash in its local branches, this threat is eliminated. NIB is infamous for the largest tiger kidnapping robbery in

Ireland's history In 2004 over £26.5 million was stolen (guardian.co.uk) By becoming a cashless bank, the threat of robbery is virtually eliminated "Cash still provides a globally accepted, convenient way of providing anonymity for the end user but it also carries means such as tax evasion, the black market and various other types of criminal activity" (www.banking-gateway.com)

2.4 Communication of Change

To effectively communicate the change to the bank's customers, management should be aware of the different communication channels that are appropriate to its diverse customer base. Customers that use certain methods should continue to receive information this way, therefore, the bank is being efficient utilising its resources. A bank's younger customers are much more inclined to use the internet and be aware of different systems in place by the bank than the bank's older customers. According to Koufaris (2004), this is due to the younger generations' "usage of internet banking and also the knowledge of the software". Stemming from this information, banks could use their internet banking websites to communicate the change to this audience of customers as they are more likely to interact with it. If this customer segment did not use the web banking regularly, an email would be as efficient because they are seen as the "technological generation".

Manolis and Lassar (2005) write that older customers who are sceptical of internet banking and prefer to visit the banks in person are much more likely to accepting the change if it is communicated in person. The subject matter could be verbally communicated when dealing with these customers in the branch itself. Following on from the brief explanation of the change that is to be introduced, a personalised letter

to follow on would inform the customer of all the changes that are about to occur and how new services will be provided. This constitutes taking specific care for its own customers and is a sign of customer relationship management (SCN Education)

There are many ways of informing customers of change that is about to take place. In the banking branches itself, posters could be hung to notify the customer and make them aware subconsciously of the pending change. The mass media is another tool which could be utilised by banks to communicate the change. Television and radio adverts, newspaper spreads and advertising online can all be used in order to communicate the change to the public.

2.5 Changing Customers' Attitudes

Where the focus is on customer services, it is essential that organisations change their customers' behaviour and attitudes towards the changed organised structure and methods of operation. Byers and Lederer (2001) conducted a study on the profitability of e-banking and in this study it has been shown it is more profitable for the banks to change the consumer's habits rather than adjust their own cost structure. The introduction of e-banking did not replace any other service. This dissertation is focused on how customers reacted to the change in part, and as such the customer's notion of what bank services are must be investigated.

Gronroos (1990) developed a framework describing how the customer perceived banks. This framework is titled the Augmented Services Offering model (ASO). The ASO incorporates each step of the service process as viewed by the customer, service ideas, service procedures and service outcomes. This implies that "in order to achieve service differentiation, attention needs to focus on how consumers perceive

the brand from a holistic perspective based on perception versus the whole interaction between the consumer and the service provider” (Gronroos, 1990) Relating to the ASO framework, the transition to cashless banking is seen as a process rather than an outcome, therefore it is interplay between internal (staff) and external members (customers) of the organisation (bank)

With the implementation of cashless banking, it is essential that the bank recognises the customer’s demand and needs for having some sort of cash services. This will be reviewed thoroughly in the customer related theories. In order to successfully carry out the transition to cashless banking, the customer’s behaviour must be altered so as they embrace the new organisational structure and this has been examined already in the sub chapter regarding the communication of the change

2.6 Customer Relationship Management (CRM).

Customer focus has come a long way from the days of Henry Ford and his motto “you can have any colour you want as long as it’s black”. In today’s business world, an organisation must actively seek out what the customer wants, fulfil their needs and satisfy their cravings. By delivering customer satisfaction, the organisation is creating value for the customer while remaining profitable and maintaining their desired performance levels. Petty and Goodman (1996) are of the belief that “if organisations believe and truly adopt the philosophy that the customer is the most important person in and to the organisation then customer profitability and cash flow must become an important focus”. This means that organisations must have a strong orientation towards the customer and that they should at all times exercise strong CRM in order to self-prosper. CRM is very important in the Irish banking sector with

virtually all banking employees required to have or gain the Qualified Financial Advisor (QFA) diploma. The QFA leads to the banks' employees being customer-orientated and service minded while continuing to be up to date with the most current financial products on the market. With the transition to cash-less banking, CRM is critical because it is the sole process involved in the bank between staff and customers and the QFA is an essential part of this process. CRM and the QFA can be matched to Peccei and Rosenthal's (1997) view of employee commitment to customer service. They state that CRM is intertwined with "internal marketing, team work and empowerment that leads to encouraging more personalised service encounters"

For a bank to successfully make the transition to complete cashless banking, it must have exquisite options available to the customer which in turn leads to good CRM. One possible avenue is to create a fully integrated e-banking system incorporating all customers' needs. Research undertaken in 2003 alludes to customers not being fully confident of their financial information being safe online and being open to mistreatment while conducting ebanking (Black, Lockett, Winklhofer, Ennew, 2003). A possible research question is to investigate how NIB overcame this.

IT can also have a positive or negative effect on the customer's level of satisfaction. If banks are cashless but the consumer still prefers to use cash, they must be able to withdraw money from an ATM. If IT hit a glitch and forced all ATMs to shut down, the customer would be without cash and as a result extremely infuriated. To alleviate potential downfalls in satisfaction levels, services provided by the bank, "must be used in a value added manner as determined by the customer" (Johnson, 1998). The bank must predict the customer's expectations to the bank becoming cashless, and

provide the necessary services to the customer. If banks follow this, they are demonstrating high levels of CRM.

2.7 Customer Theories.

The introduction of cashless banking has significant effects on customers and it is essential to review the literature surrounding how customers react and to conduct a thorough research of the effect of the change. Therefore, this section shall be split into four separate sub-categories:

- 1 Reaction to Change
- 2 Demands by the Customer
- 3 Information sought by the Customer
- 4 Loyalty

Each sub-heading has its own literature surrounding it, therefore a number of research questions will arise referring to each section.

2.8 Reaction to Change.

The customer's reaction to change is critical to the success of the implementation of the said change. The customer's behaviour and attitude towards the new change must be addressed in order for a successful outcome.

After a thorough review on the literature surrounding this subject, the generic change reaction model is evident. In this model, there are three faces: supportive, resistant, and neutral. Change in itself brings resistance, therefore it is impossible to avoid this backlash. With the introduction of cashless banking, customers may feel that this

new organisational structure has a negative impact on them, leading the customer to being resistant to the change. Customers who do not engage in cash transactions with the bank will not be affected by the change therefore being neutral. Customers who wish to avail of more CRM and advice will be encouraged by the transition therefore being supportive of cashless banking. It is important to note that the literature suggests that not all resistance to change is damaging due to problems that may arise that the bank did not expect. The bank can then address these issues and this will lead to a stronger organisational structure. Flahiff (2009) is an advocate of allowing the "customer to teach you". He sees the benefits of resistance to change from the customer and how it can improve an organisation's strategy in the long run. NIB provides a service for customers who wish to continue to be able to make cash deposits and withdrawals through An Post Bank whilst also having the most up to date ebanking and telephone banking on the market.

Due to this, the following research question themes will be asked to gauge customers' reaction to cashless banking and if they were resistant or not to the new services provided. The questions below will fall under the research question, how did customers react to cashless banking being introduced?

- Resistant to cashless banking
- Resistant to An Post Bank for cash transactions
- Resistant to ebanking

2.9 Demands by the Customer.

The liquidity preference theory (LPT) by John Keynes explains the demand customers have for possessing cash. It encompasses three motives, transaction

motives, precautionary motives and speculative motives. The transaction motive is where customers possess cash in order to carry out daily transactions whereas the precautionary motive is where customers hold cash in case of an emergency. Speculative reasons for holding cash are in order to invest and the aim is to accumulate more cash by taking on risk (Eggertsson, 2008). Due to technological advances and the wide spread availability of ATM's, electronic payments and the use of debit cards is now more commonly used. Shy and Tarrka (2002) discovered that customers used cash for smaller transactions and used debit cards for making more expensive purchases. They found that the cost of each transaction to the customer was a critical factor behind which medium they used to carry out the purchase. Overall, their research concluded that cash was the most common method of payment accepted. Brits and Winder (2005) adopted a similar research to Shy et al and they unearthed that the customer was aware of the transaction costs of different methods of payment. In their research, electronic payments tended to be less expensive than cash payments therefore leading the customer to carry out more transactions using debit cards.

Cash is accepted universally but is viewed as being unsafe compared to debit cards. A paper discussing changes in Canadian banking argued that it is safer to hold cash rather than make electronic payments because it is easier to retrieve stolen money physically rather than if a customer's financial information was hacked into. Humphrey (1996), however, states that cash handling is negatively correlated with the levels of crime. As mentioned previously regarding NIB and robbery, NIB could be looking to limit threats of violence to their customer.

Due to the availability of ATMs, the usage of debit cards, other electronic payment methods and the service provided by An Post, the following research question will be tested with regards to customers' demands. Were customer's demands met?

- Do you use cash services provided by NIB through An Post?

2.10 Information sought by the Customer

As the new organisational structure of NIB incorporates cashless banking, the previous service is no longer available to customers. As it is directly disturbing customers' prior habits, information surrounding the change is required by the customer. This information should be communicated in a timely manner and should be easily interpreted by the customer. The information delivered by the bank should be of the utmost quality as it is a key tool in implementing the change. Banking managers should treat the "information about the change as a product" for customers (Wang, Lee, Pipino, Strong, 1998). By managing the information, organisations can "discover new opportunities, enhance profitability and their competitive advantage" while "retaining and attracting new customers" (Wang et al 1998). When customers are faced with change, they seek to understand why the change is occurring and what effect it will have on the services that they receive. Bell and Eisingerich (2007) determined that the information sought and education given to customers is strongly linked to the customers' acceptance of the change.

Timing of the deliverance of information is crucial but also which channel of delivery is just as important. Research undertaken by Lowe and Kuuisto (1999) during the dot.com era proved that the internet is a key resource that banks can utilise. Information sought by the customer can be readily accessed in a matter of seconds.

but the bank must act to ensure the customer is educated about where they can access this information. Manolis et al (2005) wrote that elder customers are sceptical of the internet so the bank must provide alternative modes of communication to the customer in order to satisfy their need to understand the new organisational structure.

The research question based on the information sought by the customer is, Were customers well-informed of the change? To answer this research question, it will follow some of the themes mentioned below.

- Were customers well informed of the transition to cashless banking?
- Are customers aware of An Post facilities?
- Were customers satisfied with the information received?

2.11 Customer Loyalty

The idea of customer loyalty is a source of debate amongst scholars with no definitive definition of what customer loyalty actually is. On the other hand, trademark loyalty is widely accepted amongst academics which focus on satisfaction gained by the customer from products purchased. Henning-Thurau and Hansen (2000) found that organisations that incorporate relationship marketing into their activities have a stronger chance of creating loyal customers to their organisation. Products offered from financial institutions are services and performance related rather than a tangible good. Banking products “cannot be seen, felt, tasted or touched, in the manner that a tangible good can” (Zeithamal, Berry, Parasuraman, 1985). As is the nature of the banking business, products are delivered through the employees, and the “quality and essence of the service can vary widely with regard to the bank, customer and

point of time” (Zeithamal et al 1985) Internet ebanking platforms can play a major role in delivering customer loyalty to an organisation. A report into ebanking in Greece returned the verdict that there is a direct link between customers’ satisfaction levels and the quality of information and service provided online (Santouridis, Trivellas, Reklitis, 2009)

A common deterrent for customers to not switch banks is the costs incurred in the process. However, if customers are not happy with the services they are provided with they will change provider. As a result of this, the following research question will be researched: Was customer loyalty maintained through the implementation of cashless banking? The themes below will be used to answer this research question:

- Are customers satisfied with cashless banking?
- Are customers preparing to change bank?

2.12 Summary of Key Points.

The literature reviewed has provided a number of different research questions which were not considered before. Literature surrounding the banks’ actions demonstrates that there is a need for improved CRM as a result of the new organisational structure. After reviewing articles based about the customer and what they need and expect, different questions have been simulated in order to find how the customer actually reacts to the change. By testing these research questions, this research will be able to have a better grounding in change management and better understand the need for liaising with the customer.

As a direct result from the review and critique of the literature, the following research questions will be answered

- 1 How important is the QFA in introducing cashless banking?
- 2 How did customers react to cashless banking being introduced?
- 3 Were customers' demands met?
- 4 Were customers well-informed of the change?
- 5 Was customer loyalty maintained through the implementation of cashless banking?

These questions will be discussed in more detail in the next chapter

Chapter Three:

Research Questions; Aims and Objectives

3 1 Introduction.

It is important to ensure that the most appropriate research methodologies are chosen and all relevant literature is reviewed. In order to ensure this, research aims and objectives must be clearly defined. This is all done so that the research conducted may add and contribute to the existing knowledge in the chosen subject (Horn, 2009)

3 2 Aims and Objectives.

After reviewing and critically assessing all the previous and current literature surrounding organisational change and cashless banking, this dissertation will focus on the effect cashless banking has on the customer. To be more specific, the fundamental aim of this research is to investigate how NIB customers reacted to the introduction of cashless banking and use the results calculated to make an informed judgement on how other banks should introduce cashless banking. This aim will be aided by smaller aims throughout the process in order to complement the overall research that was undertaken.

In order to understand how customers have been affected by the introduction of cashless banking, a series of data collection techniques will be used. Ranging from semi-structured interviews to questionnaires, the data received will be harvested in order to make justified statements surrounding the impact of cashless banking. It is

an aim of this dissertation to provide a powerful insight into the notion of cashless banking in an Irish context. To achieve this, NIB and its customers have been selected as the sample.

In order to achieve the aims of this dissertation, it is important to have the objectives laid out. The first objective of this dissertation is to conduct a thorough literature review and analysis of the articles and journals surrounding cashless banking and customer theories. This is delivered so that the researcher has a good understanding and a strong competency in the concept of cashless banking and the effects it may have on the customer. The second objective of this research is to gather quantitative data surrounding the customers of NIB. This is necessary in order to display the findings of the research and to contribute to the existing field of knowledge surrounding cashless banking and the effects it has on the customer.

The aims and objectives of this dissertation must be intertwined so that one assists the other. The objectives have been identified in order to fulfil the overall research aim of this dissertation which is to understand the effects of cashless banking on the customer. To conclude the aims, it is anticipated that this dissertation will provide areas of interest for further research and will ultimately lead to expanding the current knowledge surrounding the subject matter.

3.3 Research Questions

In order to achieve the aims and objectives of this dissertation, it is necessary to outline the research questions. These research questions have arisen from the extensive literature review that has taken place. By answering these research questions, the aim of contributing to the existing literature can occur.

The research questions that will be addressed in this dissertation are as follows,

- 1 How important is the QFA in introducing cashless banking?
- 2 How did customers react to cashless banking being introduced?
- 3 Were customers' demands met?
- 4 Were customers well-informed of the change?
- 5 Was customer loyalty maintained through the implementation of cashless banking?

These research questions arose as the researcher deemed them necessary after reviewing the literature. Question one has been designed in order to understand the significance qualified staff play in the implementation of more tailored customer relationship management. It is important that this be answered sufficiently as it could give possible insights into how other banks could adopt a similar strategy to that of NIB. Questions two to five were constructed to understand the impact on the customer. This dissertation is strongly associated with the customer. If no research questions were asked with regards to the customer, the dissertation would not succeed in its main aims and objectives. The process in how these research questions were answered will be reviewed in chapter four.

Chapter Four:

Methodology

4 1 Introduction

This chapter clarifies why the research study has been undertaken and it describes the main features of the research design. In order to do so, it must first re-state the research questions of this dissertation.

- 1 How important is the QFA in introducing cashless banking?
- 2 How did customers react to cashless banking being introduced?
- 3 Were customers' demands met?
- 4 Were customers well-informed of the change?
- 5 Was customer loyalty maintained through the implementation of cashless banking?

The literature review brought questions overlooked previously to the forefront. As a result, this dissertation will focus on how customers reacted to change and lessons that have been learned. The research questions are intertwined with a significant bearing on the customer. It is essential that these questions are answered thoroughly and this chapter underlines how this research will be conducted.

4 2 Research Strategy

There are several research strategies that the researcher can choose from (Saunders, Lewis, Thornhill, 2009). The research strategies are as follows, experimental research, survey research, archival research, case study, ethnography,

action research, grounded theory and finally narrative theory. As this research is using NIB as a benchmark for measuring the effect of cashless banking on the customer, this dissertation is being designed as a case study. It will use NIB and its customers as the organisation to be explored and the recommendations of this research will be open to other financial institutions who are pondering whether or not to introduce cashless banking.

4.3 Primary and Secondary Research.

Collis and Hussey (2009) define research as “the systematic and methodological process of enquiry and investigation with a view to increased knowledge”. The main aim of this research is to investigate how NIB customers reacted to cashless banking and use this information to make an informed decision on how other banks should implement cashless banking. In order to achieve this, primary and secondary research techniques must be used.

In order to receive information regarding customers and their reactions to change, it is a must to conduct secondary research. This involves reading books, trawling through journals and utilising online data bases. This is all undergone to achieve a greater understanding surrounding the literature based on the bank’s perspective and the customer’s perspective. Therefore, for the purpose of this dissertation, secondary research has taken the form of the literature review.

Primary research is delivered in order to answer the research questions of the dissertation. Primary research plays an important part in this research because this dissertation is exploring the effect of cashless banking on the customer. In order to fully understand the effect, primary research will be undertaken in the form of semi-

structured interviews and questionnaires which will be discussed later on in this chapter. The primary research will be carried out amongst NIB customers and non-NIB customers alike.

4.4 Qualitative vs Quantitative

The researcher was faced with assessing which research approach to adopt, qualitative research or quantitative research. Many authors argue that the two approaches are quite distinct from one another and both relate to different philosophical assumptions.

Qualitative data is based on meanings expressed through words. Qualitative research has a commitment to seeing the world from the view point of an actor. This occurs because it requires the researcher to be closely involved and the researcher must be able to contextualise their findings. Sampson (1972) defines this methodology as an unfolding process rather than a structured one. Due to the nature of qualitative data, research techniques may be observational research, interviews and focus groups.

Quantitative research is a social research method that applies a natural science and positivist approach. This research type requires the collection of data through various means, questionnaires, surveys or repeated exercises. Quantitative analysis techniques allow the researcher to derive meanings from the data and this is conducted via graphs, charts and statistics (Saunders, et al 2009). Summarising both methods, quantitative research "is predominantly used as a synonym for any data collection technique that generates or uses numerical data" whereas qualitative research is "any data collection technique that uses non-numerical data" (Saunders et

al 2009) Douglas (1976) argues that no one method is appropriate and that “a researcher generally finds it best to use some combination or mixture of words”

Due to the nature of this research and the research questions that are to be answered, this research will adopt a dual approach. This is needed to answer the first research question, the importance of the QFA and will be conducted via interview, a qualitative approach, which will be assessed later. The remaining research questions will be answered through the use of quantitative approaches through surveys and other tools. This is needed in order to provide substantial evidence and detailed numbers are needed.

4.5 Semi-Structured Interviews

The research interview is a meaningful conversation between two or more people focusing on purposeful questions and listening to the feedback received so that the data can be further explored (Saunders et al 2009). There are several versions of the research interview but for the purpose of this research, the semi-structured interview has been chosen. Semi-structured interviews are non-standardised interviews, and according to King (2004) are qualitative research interviews. The semi-structured interviewer possesses a number of themes they wish to explore, and as the research continues, the researcher may decide at their discretion to omit or include certain questions into the interview. This approach has been identified to be used in order to analyse the importance of the QFA in the implementation of cashless banking. The semi-structured interview has a list of themes and questions that are to be covered by the researcher but it allows the researcher to adopt a different *direction of questioning* and can provide a more in-depth analysis. This research

conducted one interview with a NIB branch official who is QFA qualified and the information received will be used to determine the importance of this qualification with the shift from cashless banking to a more tailored services offering. The interview took place in an informal environment on the interviewee's own time. This occurred because the researcher felt the results of the interview may be more beneficial as the interviewee would feel more comfortable to talk freely.

4.6 Questionnaires:

Saunders et al (2009) define questionnaires as a general term to include all methods of data collection in which each customer is asked to respond to the same set of questions in a predetermined manner. For the purpose of this dissertation, the structured interview questionnaire type has been chosen. This type of questionnaire is where the respondents of the questionnaire are physically met by the interviewer and the questions are asked face to face (Saunders et al 2009). This allows for all questions to be answered and that the respondent can not deviate away from the questions being asked. Stemming from the literature review arose four possible areas of interest to this research. As the customer is the main focus, and to have primary evidence, the questionnaire has been identified as the main collection technique. Due to customer confidentiality surrounding their personal information, this research was carried out in person. It took place on NIB premises. Two questionnaires were distributed in order to attain a fair reflection of the impact of cashless banking on the customer. The first questionnaire consists of twenty four questions which have been designed in order to provide definitive answers to the research question. The data will be related through bar charts and graphs. This

questionnaire is solely aimed at customers of NIB, the main target of this research Appendix A is a copy of the questionnaire used to target NIB customers

The second questionnaire is comprised of one question and targets a completely random customer Its sole aim is to analyse whether random bank customers still have a need for cash services offered by banks and will be used for further research This second questionnaire was distributed in the IFSC This area was chosen due to its easy accessibility and number of professionals in its vicinity Appendix B is a copy of the questionnaire distributed in the IFSC

4.7 Sample Selection

Fielder and Kareev (2011) acknowledge that there is much debate with regards to selecting a sufficient sample size for an investigation It is important that a fair representation of the target is used The sample size chosen by the researcher is crucial as it will “determine the accuracy and validity” of the research (Nayak, 2010) As this research is being conducted in Dublin, three branches and their customers have been selected These branches have been chosen because they represent customers from the north side, south side and city centre locations Due to time and cost restraints, twenty random customers from each branch were selected to participate As the sample selected for this research are NIB customers, and the sample being small, a second sample of customers have also been targeted The second sample chosen are professionals in the IFSC who have been targeted The reasons for this sample is that it is a complete random selection and the feedback received can provide further validity and also provide areas for further research

4 8 Limitations of Research.

NIB has over twenty five branches in Ireland. Due to time constraints and a lack of financial resources, three branches were chosen. This researcher acknowledges that a sample of sixty NIB customers is a small amount but due to the nature of the research, it provides a basic foundation for the research and the findings can be validated.

Choosing an outside sample for this research does not actually contribute to this research but the findings can contribute to the idea of a cashless society as a whole. Results gathered from this section will not be used to great avail but it is necessary to conduct to understand if cash is needed. A limiting factor of choosing professionals from the IFSC is that they are all of a similar background. They are all working professionals and their need for cash services will be similar. They were picked though as the research gathering phase was coming to an end the researcher deemed it necessary for the data to be collected. The analysis of non-NIB customers needing cash was therefore limited to professional individuals. To receive a more thorough understanding of the need of cash services, individuals from a different social background is needed.

Another limiting factor of this research is that the questionnaire may have left out potential questions which would have greatly enhanced this research. After the research had been concluded and the thesis being written, it came to the forefront that a mock questionnaire would have added immensely. Particular questions were omitted as a result. Another limiting factor of this research is that only NIB customers who visited the branches on the days the survey was being conducted were

analysed A large percentage of customers were not reached and if they were the data collected may have been stronger

Chapter Five:

Findings, Analysis and Discussion

5.0 Introduction

This chapter illustrates the findings from the research conducted, analyses them and gives a general comment on each sub-section of the research. The findings of this research will be used to define the effect of cashless banking on the customer. The sole objective of this chapter is to try and answer the research questions. The research questions are as follows,

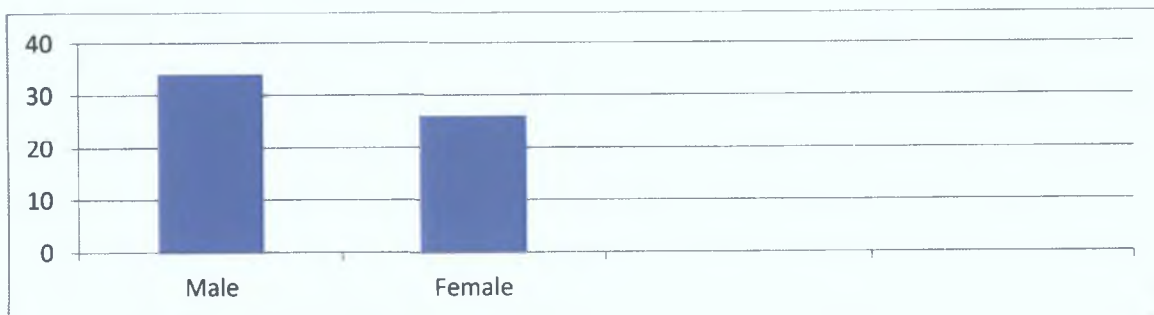
- 1 How important is the QFA in introducing cashless banking?
- 2 How did customers react to cashless banking being introduced?
- 3 Were customers' demands met?
- 4 Were customers well-informed of the change?
- 5 Was customer loyalty maintained through the implementation of cashless banking?

Appendices B, C and D are relevant to all findings in this chapter. These appendices can be found at the end of this dissertation.

5.1: Background Information

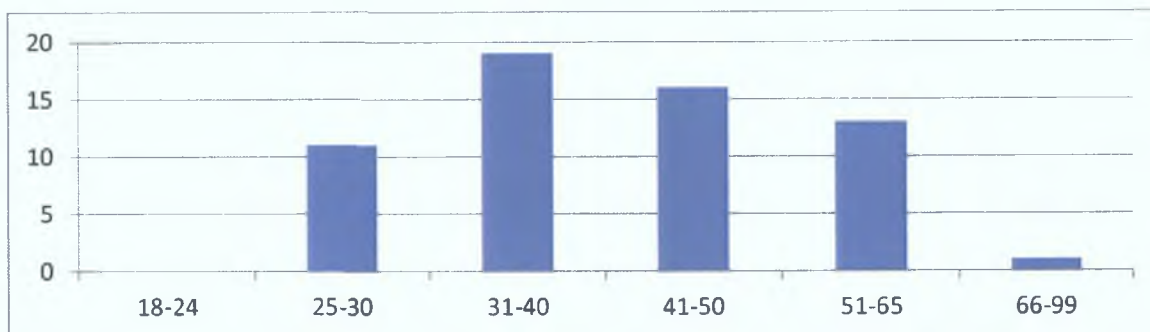
The background information to the research is a vital component of the research. It demonstrates who was researched, what age groups and various other pieces of information. It is important that this is displayed first as it allows for the other data to be rationalised and validated.

Fig: 5.1.1



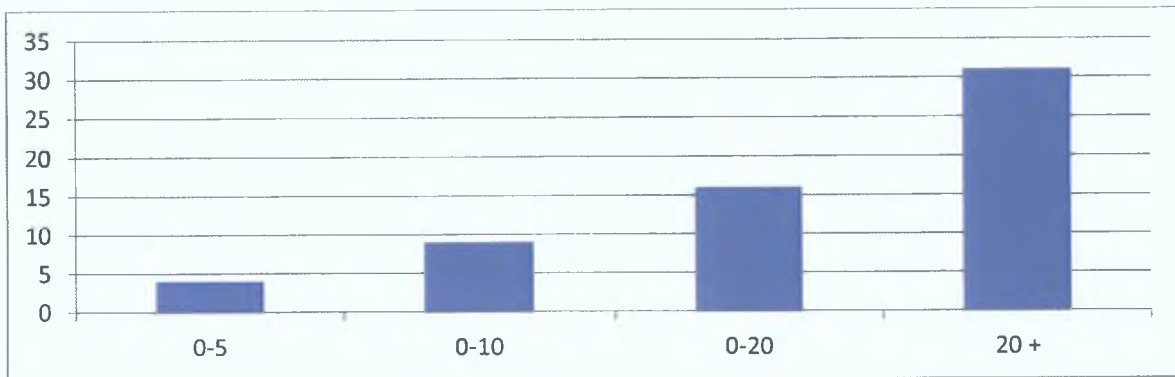
Sixty individual customers were selected at random for the purpose of this research. Thirty four were male and twenty-six female.

Fig: 5.1.2



The above diagram shows the age groups that were surveyed in the branches. This research has found that from the 18-24 age group, no customers were identified. This is of concern to the researcher and will be discussed later. It is evident from the diagram that the majority of customers using non-cash services in NIB are between the ages of thirty one and fifty.

Fig: 5.1.3



This diagram depicts the length of time each customer has been a member of NIB. It shows that some customers may have joined the bank after the implementation of cashless banking. The majority of the customers surveyed are long serving customers of NIB.

Fig: 5.1.4

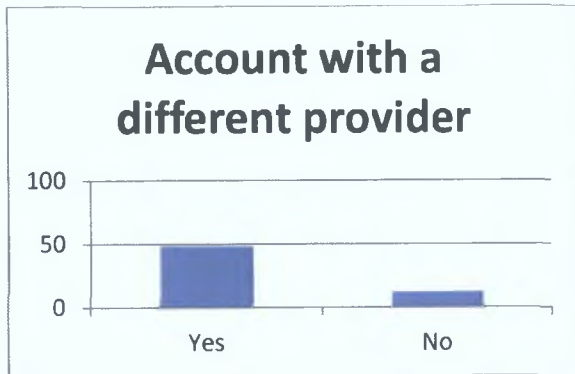


Fig: 5.1.5

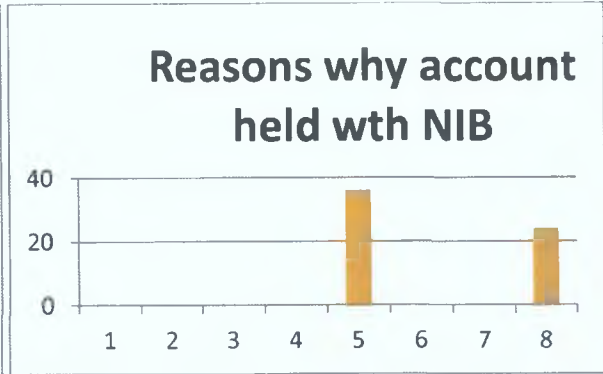
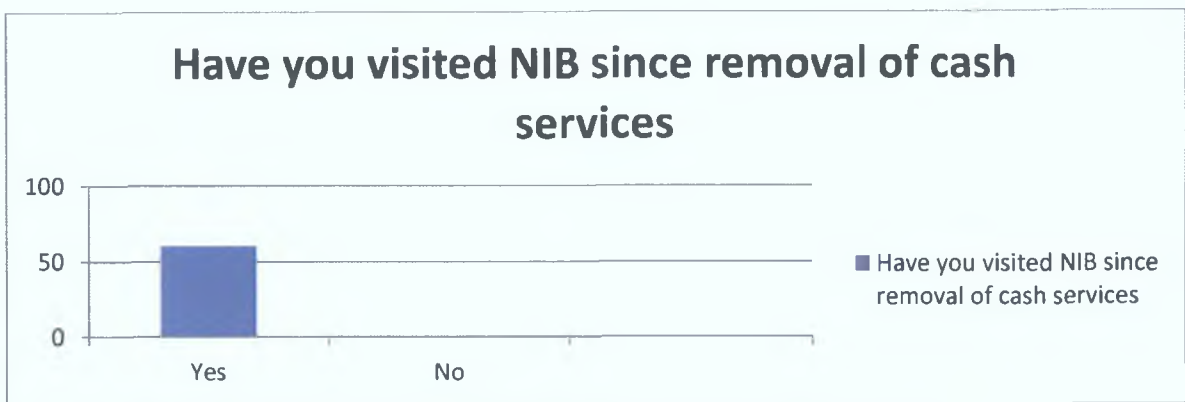


Fig: 5.1.4 shows that forty-eight of the sixty customers have an account with a different provider. Fig: 5.1.5 informs this research that thirty-six have an account with NIB for their mortgage and that the remaining twenty-four surveyed hold an account for business reasons.

5.2: How did customers react to cashless banking being introduced?

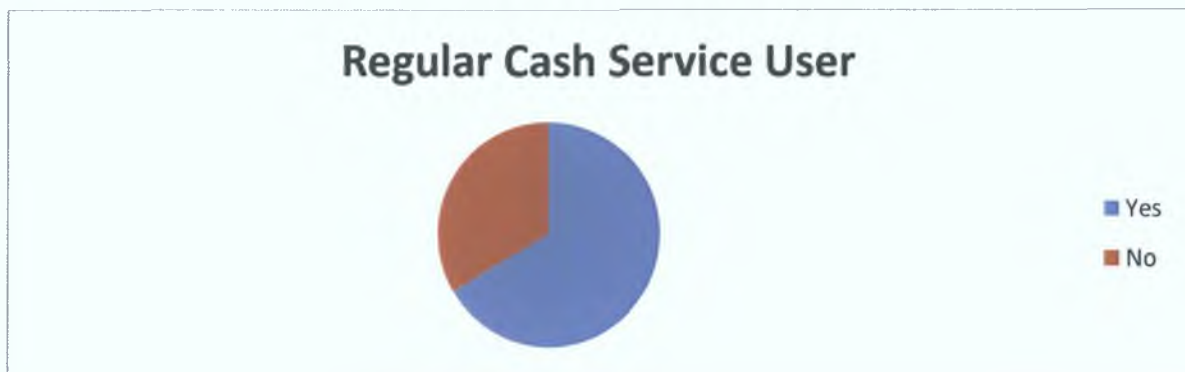
This is the second question of the research questions. It is important to understand how customers were affected by the change being implemented and what other banks could learn.

Fig: 5.2.1



Customers were asked did they visit NIB since the removal of cash services. The problem with asking this question was that all respondents were targeted in branch therefore leading on to the next question.

Fig: 5.2.2



The above figure shows that sixty six per cent of those surveyed were regular users of cash services. It was important that this question was asked because it leads directly to questions relating to how customers have reacted to cashless banking.

Fig: 5.2.3

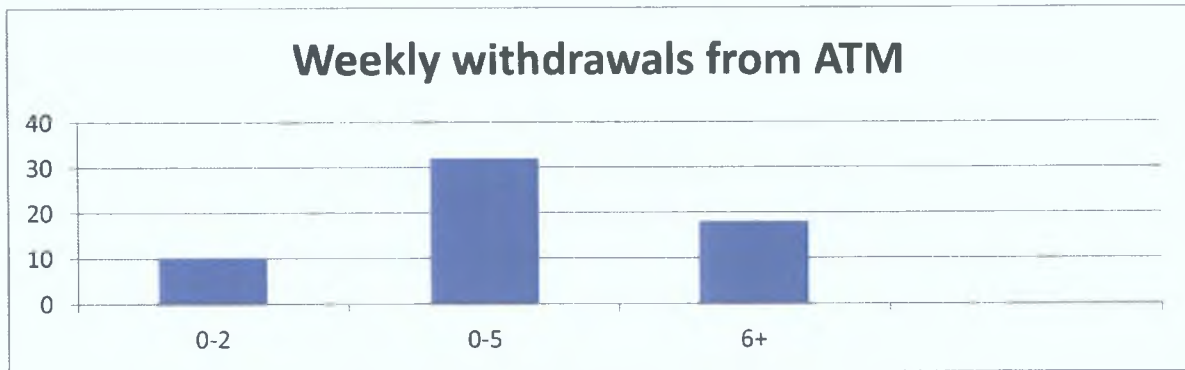
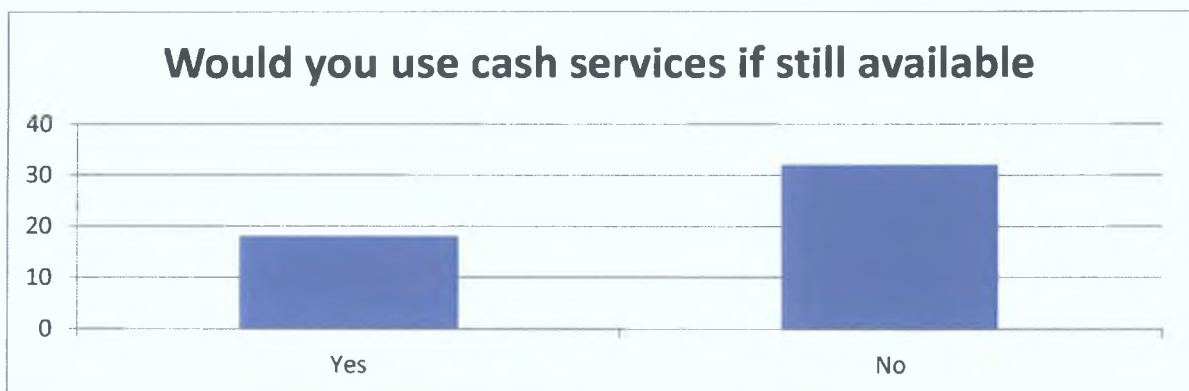


Fig: 5.2.3 represents the amount of times NIB customers visit ATM's to make cash withdrawals. It would depict that there is a high percentage wanting to continue to use cash services and that they are affected by cash services being removed from NIB. To verify this, the sample was asked whether or not they would still use cash services if they were available in branches. The results are displayed in fig: 5.2.4.

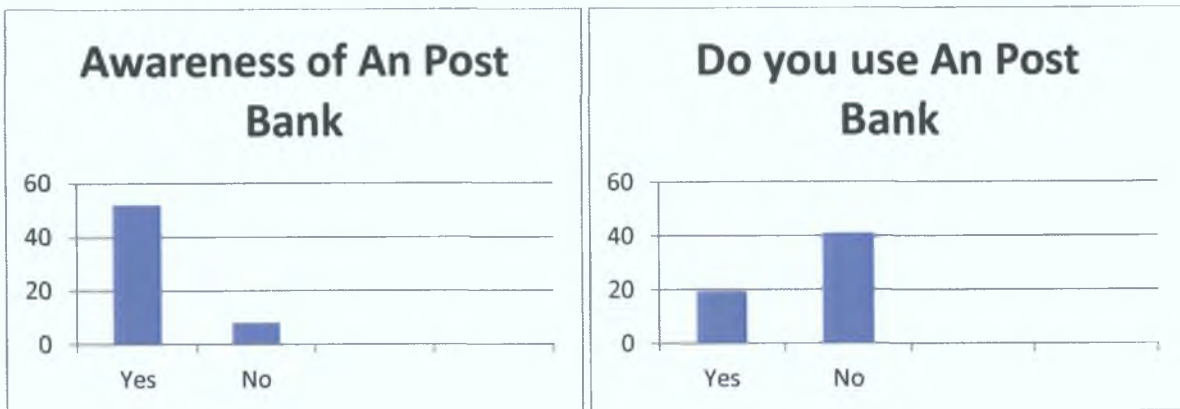
Fig: 5.2.4



It clearly shows that the majority of respondents would not use cash services if still available. Eighteen would welcome a return of cash services while the remaining forty-two would not use cash services.

Fig: 5.2.5

Fig: 5.2.6



Comparing Fig: 5.2.6 to Fig: 5.2.4, those who wish to use cash services in NIB and those using cash services with An Post are very evenly matched. There is a difference of one extra using An Post Bank. Fig 5.2.5 shows that eight customers or 13.34% were not aware of the collaboration between the two institutions. This will be analysed further in the section relating to the research question about information sought by the customer.

5.3: Analysis of Research Question Two:

From the data gathered and after displaying it above, there are signs that customers have reacted positively to cash being removed from NIB. Referring back to 2.2.1, change in itself brings resistance. It is natural for a significant proportion of the customers who wish that NIB revert back to cash services. However, the majority, seventy per cent of those surveyed, would not use cash services. Although

thirty per cent are negative resistant, these can be used by the bank to develop further strategies and improve their overall aim. Just over thirty per cent of customers use An Post for cash services so it remains that while there is a need for cash services amongst customers, with the proper planning and collaboration these services can be outsourced elsewhere. In answering how customers reacted to NIB implementing cashless banking, the above results suggest that the customers adopted a positive approach and embraced the change.

5.4: Were customers' demands met?

This is the third research question. Meeting customers' demands was an area that arose as an area of importance in the literature review. It is not just the demand for cash services but a wide array of other facilities.

Fig: 5.4.1

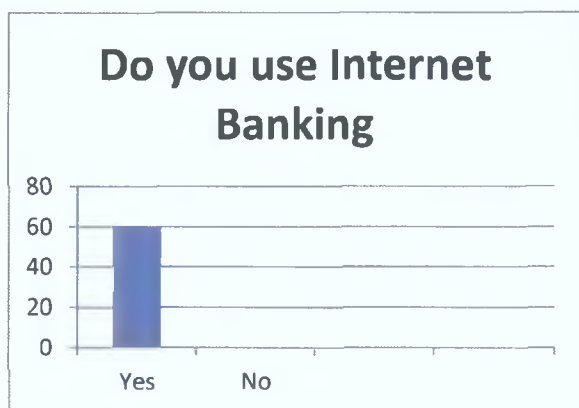
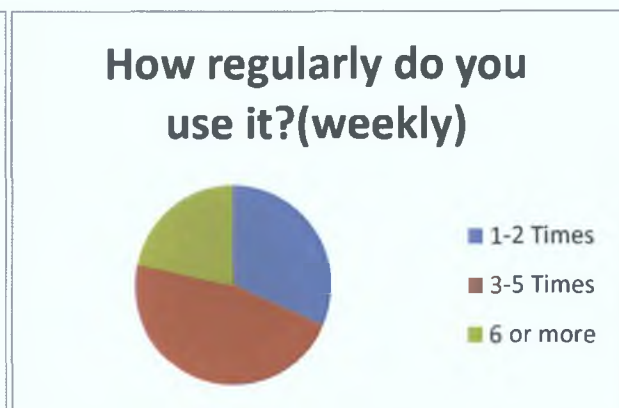


Fig:5.4.2



All customers surveyed said they used internet banking. Out of all the customers, fifty four per cent used it between three to five times per week. As has been previously mentioned, electronic payments are now being used more and more frequently. This is perhaps why one hundred per cent of customers surveyed used internet banking.

NIB provide an award winning banking app for smart phones (www.nib.ie) and have an easy to use internet website. Demands for internet banking are being met.

Fig: 5.4.3

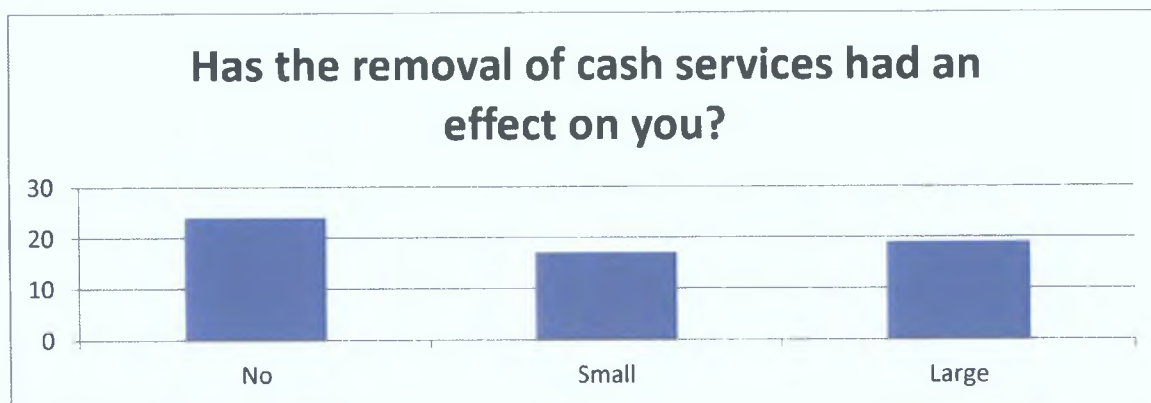


Fig: 5.4.3 presents that the removal of cash services has impacted a significant amount of customers. Although it had no effect on forty per cent of customers, it had an effect on the remaining sixty per cent, with thirty two per cent saying it had a large effect. From structuring the questionnaires with some open-ended questions, this research ascertained three reoccurring traits. Referring back to fig: 5.1.5, forty per cent held an account with NIB for business reasons and the surveys constantly said that it was “an inconvenience” to make “business lodgements” in a “different branch” while being in a NIB branch for advice. This information leads to making the assumption that a large amount of those seeking advice in branches are business owners while the remaining amount are for reasons relating to having a mortgage.

5.5: Analysis of Research Question Three:

The research question three was designed in order to understand if customers had a demand for cash services and whether or not it was being met. After close analysis, NIB customers seem to be managing well without such services in place. With it

having an effect on sixty per cent of customers (fig: 5.4.3) and having a large scale effect on thirty two per cent, NIB needed to respond. In collaboration with An Post Bank, NIB is meeting the needs of customers who desire cash services. Fig: 5.2.6 shows that thirty two per cent of customers use An Post Bank. The importance of having an easy to use and sophisticated internet banking site proved key in the literature review and the results of the research find that all customers surveyed use internet banking. The research conducted by this dissertation shows that customers demands have been met following the introduction of cashless banking.

5.6: Were customers well-informed of the change?

This is the fourth research question. Through reviewing literature surrounding this subject area, it came clear that the customer must be well informed of the change in order to accept and embrace the new (Wang et al.1998). This section of the questionnaire focused on information regarding cashless banking being introduced while also surveying whether the bank communicated new changes to the organisational structure to the customer.

Fig: 5.6.1

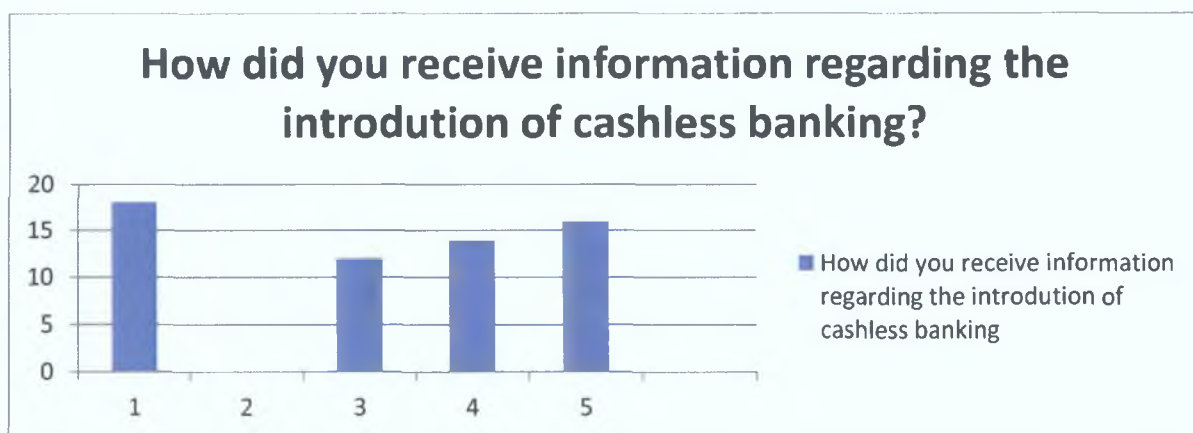


Fig: 5.6.10 displays how customers were informed of the introduction of cashless banking. Thirty per cent were informed through the NIB website while twenty per cent were informed via written correspondence. Twenty-three per cent were informed while conducting business in branch and the remaining twenty-seven per cent were notified through advertisements. Although many were notified through the NIB website, none of the customers surveyed were notified through email. The literature suggested that the internet as a whole be used for notification of change but the results of fig: 5.6.1 raise the question if all sources of communication are utilized to the maximum.

Fig: 5.6.2

Fig: 5.6.3

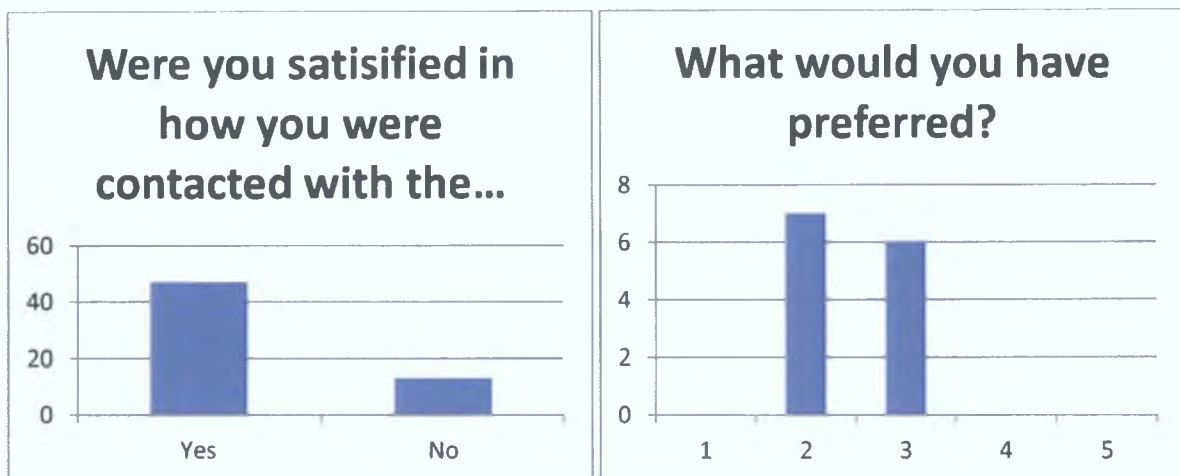
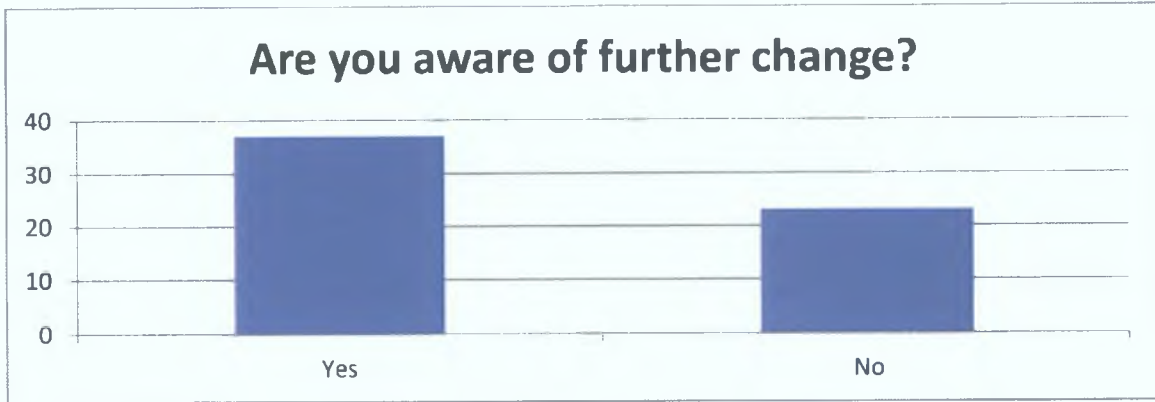


Fig: 5.6.2 shows that seventy-eight per cent of customers were satisfied with the communication of the change. Fig: 5.6.3 shows that out of the remaining twenty-two per cent unhappy with the change, twelve per cent would have preferred email notification with the remaining ten per cent preferring a written letter.

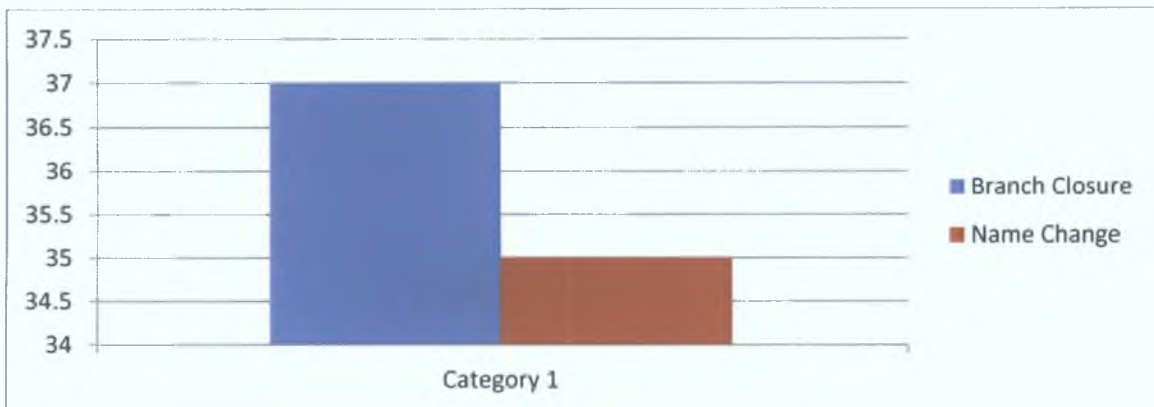
Fig: 5.6.4



Sixty-two per cent of customers surveyed were aware of further change pending in NIB. The two main changes occurring over the next twelve months includes the closure of all branches with six drop in branches across the country. The second main change is that NIB will be rebranded Danske Bank.

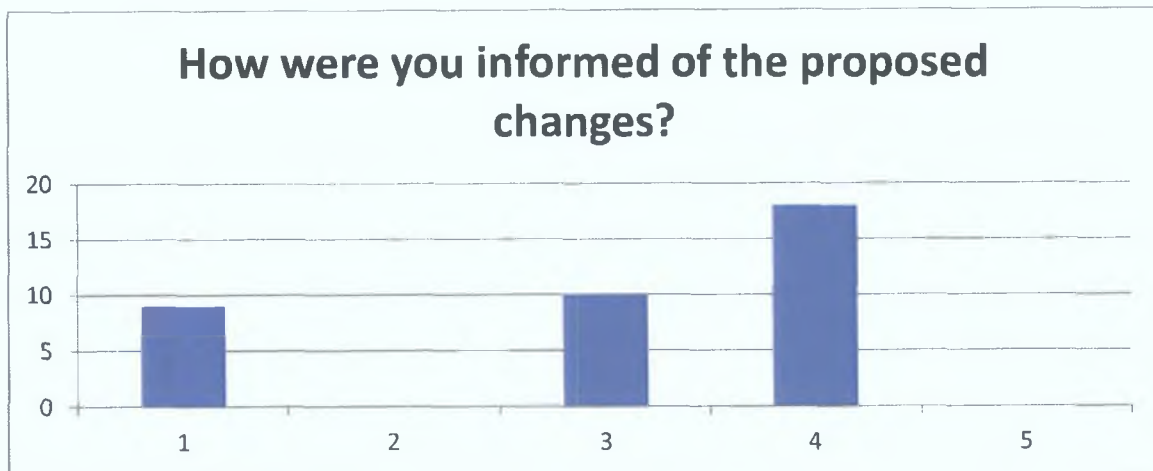
Fig: 5.6.5 shows what change the customers are aware of and expecting in the future.

Fig: 5.6.5



Of the customers aware of further changes, all knew of branches being closed while ninety-five per cent knew of NIB being rebranded as Danske Bank. Communication is key and Fig: 5.6.6 displays how these customers were informed.

Fig: 5.6.6



Just over fifty per cent of those aware of further change were notified in branch. The remaining customers acknowledged future change through the NIB website and via written correspondence.

5.7: Analysis of Research Question Four:

NIB demonstrated good CRM by ensuring that all of its customers were notified of the introduction of cashless banking. How and ever, Fig: 5.6.4 shows that thirty-eight per cent of customers were not aware of future changes. The changes anticipated by the bank are as radical as the introduction of cashless banking and does not portray good communication. The customer is affected significantly by the new change and the bank did not succeed in meeting the customers demand for information sought.

5.8 Was customer loyalty maintained through the implementation of cashless banking?

Maintaining customers is crucial if a firm is to survive in the long term. It is not just maintaining customers but also the customer's happiness that is important. This research question has been constructed so as to understand if services have been removed from NIB and whether or not customers would recommend NIB to others.

Fig: 5.8.1

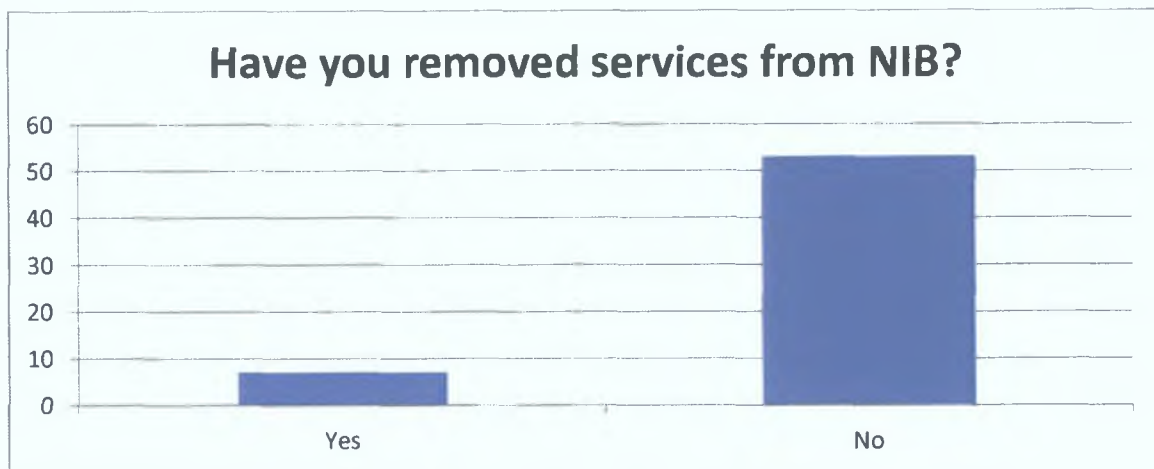


Fig: 5.8.1 shows that twelve per cent of customers have closed accounts as a result of cashless banking. While maintaining eighty eight per cent of customers, such a loss of customers is not acceptable.

Fig: 5.8.2

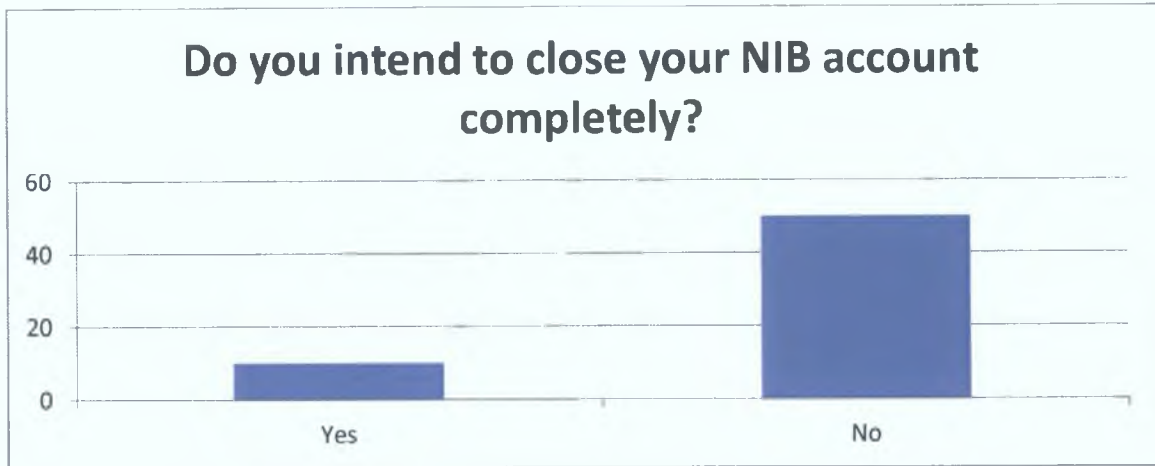
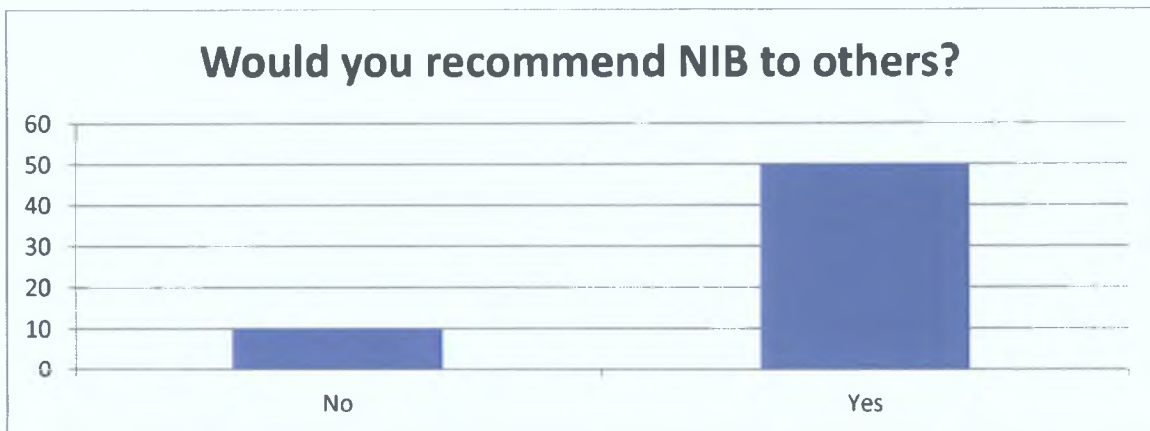


Fig: 5.8.2 shows that seventeen per cent of customers intend to close their account completely. Having already lost twelve per cent of customers with them shifting their accounts to different providers, this is a worrying trend.

Fig: 5.8.3



Even though Fig: 5.8.2 showed that seventeen per cent of customers were closing their accounts completely, Fig: 5.8.3 shows that eighty three per cent of customers would recommend NIB to others.

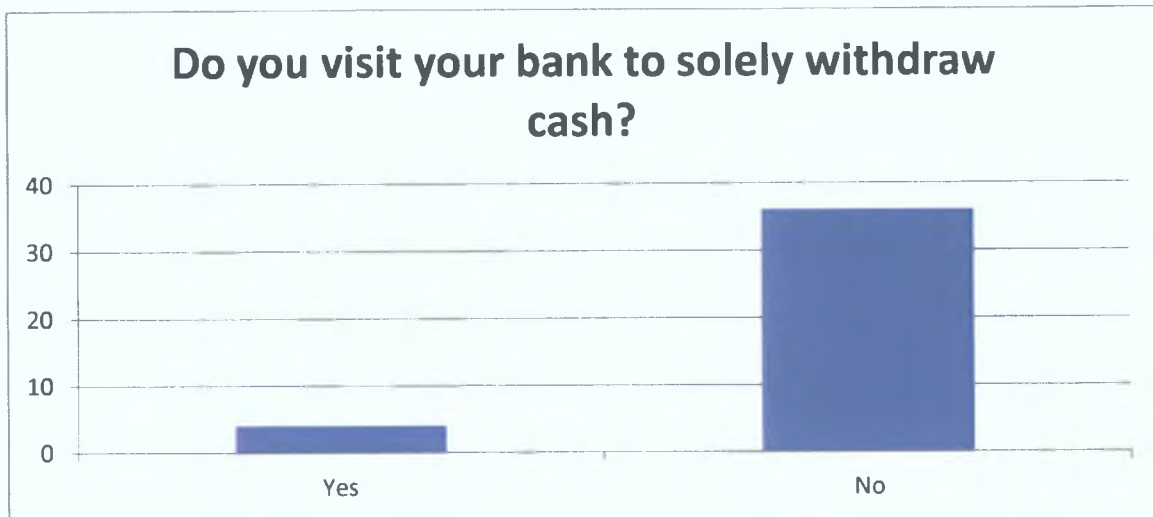
5.9 Analysis of Research Question Five

Customer loyalty is key if an organisation is to prosper and continue to grow during times of organisational change. From this research, it seems that the introduction of cashless banking has led to branch closure. It is being assumed on the evidence of Fig 5.8.2 that customers are starting to fall away as a result of cashless banking even though Fig 5.8.3 clearly shows that eighty three per cent of customers would recommend NIB to others.

5.10 Non-NIB Customers and Cash

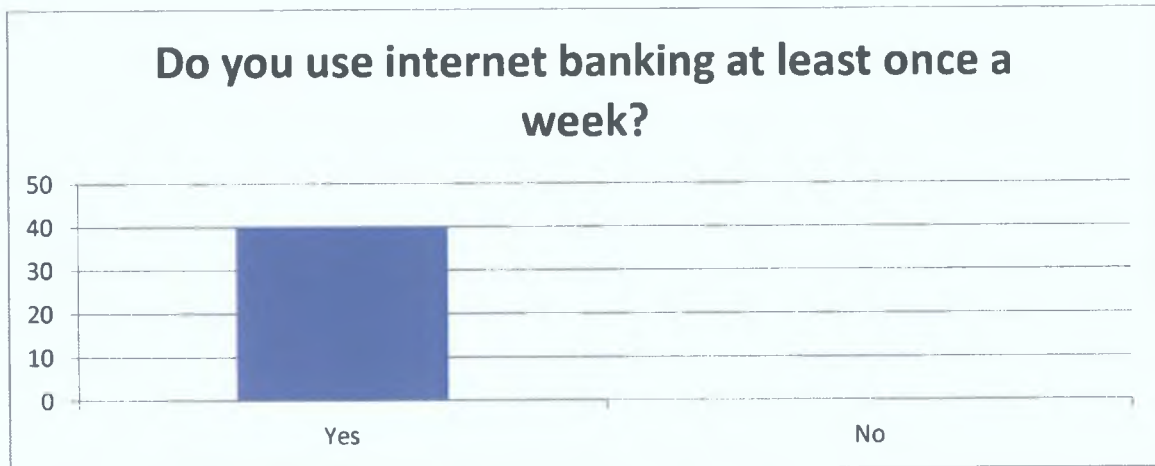
As discussed previously in the sample selection in chapter three, random professionals were chosen by the researcher. These individuals were chosen so that they would give a view to how the Irish customer views cash services in the bank, and how often they visit the bank. It was important to include non-NIB customers in this research because the dissertation focuses on the impact of cashless banking on the customer. As a result, the information gathered can be used to validate whether or not there is a demand for cash services.

Fig: 5.10.1



From the data collected, only ten per cent of individuals visit their bank to withdraw cash. Ninety per cent of individuals visit their branch for reasons other than to withdraw cash. This informs the researcher that a large percentage of professionals do not visit their banks but rather use other electronic forms of payment.

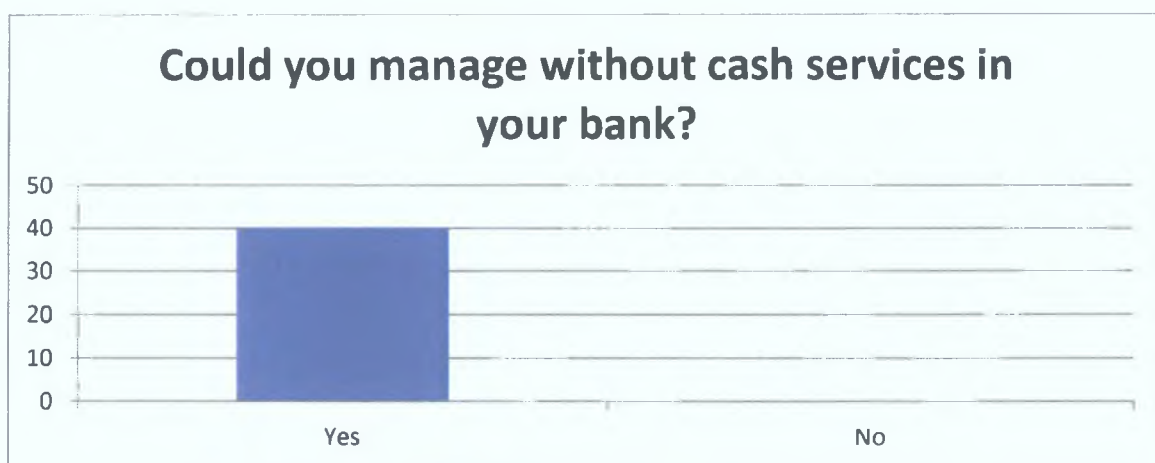
Fig: 5.10.2



Those surveyed were asked whether they used internet banking. The verdict returned was one hundred per cent used internet banking at least once a week. This in line with Fig: 5.10.1 shows that there is not a great need for cash services.

The final question that was asked to professionals was designed in order to analyse whether or not customers still had a demand for cash services to be provided. Fig: 5.10.3 displays the results.

Fig: 5.10.3



From the professionals targeted for fig 5 10 3, all indicated that they no longer had a need for cash services with their bank

5 11. Analysis of Non-NIB customers and Cash

The evidence collected by the research states that there is no great need for cash services amongst professionals and that they could manage without cash services Fig 5 10 1 shows that ninety per cent of individuals visit their branch for reasons other than to withdraw cash This information concludes that there is no great need for cash services for working professionals as they can use debit cards and internet banking for process of payments

5 12 How important is the QFA in introducing cashless banking?

This question was designed in order to understand the importance staff plays with the implementation and deliverance of cashless banking. This question has been answered by interviewing a bank official in one of NIB's Dublin branches. From conducting the semi-structured interview (Appendix C), this research was informed that all staff with NIB must possess the QFA. It is a requirement that those hired must possess or be working towards such

The interview highlighted that the QFA covers six different modules. It covers subjects surrounding life assurance, mortgages, loans, pensions, savings and investments.

When the interviewee was questioned about how the QFA benefits the customer, they responded by saying time was no longer scarce when dealing with customers. The interview's findings returned the idea that the customer was confident in their dealings with bank staff because they are all trained in the subjects listed above.

Customer relationship management became relevant through the course of the interview. After discussing their thoughts on what CRM was and meant, the researcher decided to bring in how the QFA had any relevance on CRM. When one possesses the QFA, it is a requirement that the individual "maintain a certain amount of hours through CIPD". The CIPD stands for Continuous Individual Personal Development. By completing the CIPD, QFA holders' knowledge of new and upcoming financial products is maintained. The interviewee stated that by bank staff having the most current up to date information regarding financial products, that the customer wants, the customer is then receiving good CRM.

The interviewee was asked about their thoughts surrounding cashless banking and whether it would work or not without cashless banking. The feedback was that it could not. With cashless banking, the customer is entering the bank to receive information and advice. The QFA ensures that staff is fully trained and competent to deliver such advice to the customer. It "is essential" to have the QFA with cashless banking.

With the interview coming to a close, the bank official was asked whether they had anything to add. He stated that NIB still offers all services to the customer, albeit in different locations. As a result, this freed up time for the bank staff and the customer to conduct their business. He was of a view that cashless banking leads to the bank offering the best service in terms of financial advice. Finally, the interviewee concluded that cashless banking is inevitable amongst other banks and that it is the way in which banking should be conducted.

5.13 Analysis of Research Question One

Research question one focuses on the importance of the QFA with cashless banking. As previously mentioned, NIB removed the offering of cash services from their branches. Referring to 5.12, the evidence suggests that the QFA is critical in the successful implementation of cashless banking. The results showed that the QFA qualification allows bank officials to be competent in delivering financial advice. This dissertation has been chosen to see the impact of cashless banking on the customer. By being QFA qualified, customers can be assured that they are receiving advice from those who are fully trained and equipped to do so. The results from the

interview conclude that by having QFA trained staff, customers are receiving a much more professional service

5 14 Review of Research Findings*

Concluding this chapter, it is important that the dissertation highlights the different areas of concern with regards to this research. According to Saunders et al 2009, there are four main areas of interest when it comes to critiquing research findings. These include credibility, transferability, reliability and validity. As mentioned in 2.3, organisational change is the reason for inconsistent outcomes in the research review.

5 14 1 Credibility

Credibility is concerned with the qualitative studies and that the information received and gathered is credible. This research piece conducted one interview with a NIB official and this interview has been noted down. More importantly, the questionnaires were distributed in person and the data collected was harvested by the researcher. As a result, the findings of the questionnaires have been stored.

5 14 2 Transferability

Transferability is where the findings of the research can be transferred to similar situations and the results discovered can be replicated. In order for the results of this dissertation to be transferable, a more in-depth quantitative study needs to take place following the same guidelines as this dissertation.

5 14 3 Reliability

Reliability in research is based on the fact that the results of the research would be repeated time after time. Due to this research taking place three years after the

introduction of cashless banking, and proposed further organisational change planned by NIB, it is likely that certain elements of the research findings will change

5 14 4 Validity

Validity means how well conclusions from the research have been integrated into the findings of any other given particular research piece. Validity is closely linked with reliability. As mentioned in 5 14 3, the findings of this research may not be one hundred per cent reliable or valid due to the current change that is occurring in NIB.

Chapter Six:

Conclusions and Recommendations

6.1 Introduction

This dissertation is focused on the impact of cashless banking on the customer. Much of the literature surrounding cashless banking is focused on alternative methods of payment. There is little or no literature surrounding the implementation of cashless banking in banks, or the impact it has on the customer. Much of the articles surrounding cashless banking are generic and this dissertation has been conducted to show the effect it has *in an Irish context*.

This dissertation addresses areas that have arisen from the critique of the literature. It focuses on how customers reacted to the change of services provided by the bank. It examines the different demands of customers and looks at the information that is sought by the customer. It identifies whether or not customer loyalty is maintained through the change that was introduced. The research finally looks at the role the QFA can play in the successful implementation of cashless banking.

The research sets out to investigate

- 1 How important is the QFA in introducing cashless banking?
- 2 How did customers react to cashless banking being introduced?
- 3 Were customers' demands met?
- 4 Were customers well-informed of the change?

5 Was customer loyalty maintained throughout the implementation of cashless banking?

The research was conducted via questionnaires distributed in three NIB branches in the Dublin area. A smaller survey was also carried out in the IFSC to understand if there was a need for cash services amongst professionals. A short semi-structured interview with a bank official was conducted to investigate the importance of QFA accreditation with the implementation of cashless banking. The findings of this dissertation provides new areas of knowledge in the field of cashless banking in Ireland and extends itself to further research which will be discussed in turn in the rest of this chapter.

6.2 Impact on literature

The research questions chosen to be researched by this dissertation arose from the literature surrounding customers and the effect cashless banking had on them. Each question is closely related in subject but warranted exclusive research to be conducted in order to formulate better results.

The generic change reaction model applies to customers' reactions to change. This model stated that there are three sides, supportive, resistant and neutral. The research findings have found that the customers fell into all three sides. Some were supportive to the introduction of the change, some were resistant and for others it had no effect on them whatsoever. Those that were not affected by the change were entering the bank for reasons other than to withdraw cash. This supports the literature that those seeking CRM will be supportive. Flahiff (2009) writes that the customer's resistance can aid the bank's strategy and improve their service offerings.

Customers that would still use cash services if provided by the bank could be deemed as resistant to the change. Through the bank's collaboration with An Post Bank (fig 5.2.6), it is argued that the customer's resistance to cashless banking led to this service being provided. The research findings agree with the literature surrounding the customer's reaction to change.

Customers' demands are an area of interest in the literature. The liquidity preference theory stated that customers had three demands for having cash, for transaction, speculative and precautionary reasons. This part of the literature was not of relevance to the research questions that arose. However, Shy and Tarrka (2002) discovered that customers were aware of the different financial costs of each type of payment. Customers were aware that electronic payments were significantly less expensive. The results of this dissertation show that the majority of NIB customers (fig 5.2.4) would not continue to use cash services if provided. This finding agrees with Shy and Tarrka (2002). The area of information sought by the customer and the communication of change to the customer was examined. The results show (fig 5.6.2) that seventy-eight per cent were happy in how they received the information regarding change. Wang (1998) wrote that by the proper manner of communicating and handling information, companies can continue to grow and prosper while retaining their customer base. The findings of this research conclude that while the communication of the change was effectively managed and distributed, there was still a number of customers unhappy in how they received the information (fig 5.6.2). This in turn could have led to the bank losing a number of customers as shown in fig 5.8.1 and fig 5.8.2. The literature stands up and the findings of this dissertation provide further evidence for academics' pieces. Zeithamal et al (1985) argued that

customer loyalty was maintained through the deliverance of good financial products and services. As banking products are not tangible, it is essential that the bank's staff provide quality services time after time. The findings of this research demonstrated that customer loyalty was maintained even though seventeen per cent of customers are intending to close their account (fig 5.8.2). The reasons for this are supported by the literature in that customers are not happy with the services provided i.e. removal of cash services.

6.3 Limitations of Research

The research conducted for this dissertation took place in Co. Dublin in the Republic of Ireland. The study examined sixty customers across three branches. The results of the questionnaires would be added to greatly if the research was conducted across all branches in the Republic of Ireland. The results may not reflect the whole customer base.

The research conducted on one branch official may not provide sufficient evidence as to the importance of holding a QFA. For the information to be improved, five NIB staff members should have been interviewed on their thoughts of the QFA and cashless banking.

The study of non-NIB customers was conducted in the IFSC. As a result, it was professionals who were surveyed. This causes the information received back from this part of the research to only be relevant to the professional customer segment of the customer base.

The overall dynamics of the research, incorporating the Co Dublin customer base, was not representative of the whole customer base. For more conclusive findings, customers from different social backgrounds should have been targeted in the research.

6.4 Further Limitations of Research

The subject of this dissertation was to understand the effect cashless banking has on the customer. Due to this research being conducted a number of years after its full implementation, the researcher was not able to investigate the usage of cash services before. Customers should have been questioned upon the usage of ATM's before the introduction of cashless banking as the findings from Fig 5.2.3 would have been more relevant.

The final limitation of this research is concerning the usage of internet banking and satisfaction levels. With the removal of cash services, alternative methods of banking should be in place for the customer. NIB has an award winning banking app and internet banking website. Customers' satisfaction levels were not queried in this research. If this was questioned, it may have significantly added to the research conducted. It could have provided a further insight into how customers perceive alternative methods to cashless banking.

6.5 Possible Areas for Further Research

One striking element that has arisen through the course of this research is that there are no representatives of the 18-24 age category. It is suggested that if further research is to be conducted, this is one area that could be examined. Cashless

banking may have played a role in this group not visiting the bank. If this proves to be the case, the bank is losing customers from the beginning. Therefore the topic of the effect of cashless banking on the younger customer should be the focus of future dissertations.

As this dissertation was being completed throughout the summer of 2012, further news came to the forefront with regards NIB and cashless banking. The bank intends to close the majority of its branches down and focus on tele-banking. This researcher believes this is as a direct result of the introduction of cashless banking three years previous. Therefore, a potential future topic is to investigate the effect the closure of NIB branches has on its customer base.

6.6 Recommendations.

From analysis of the research, this dissertation is an adversary that NIB implemented cashless banking with it having minimal effect on its customers. In fact, the majority of customers surveyed was behind the implementation of cashless banking and would not like a shift of services back to cash services. When directing the research to non-NIB customers, they too were in favour of cashless banking as they rarely visited their branch solely for cash service purposes. In accordance with this, the following recommendations are being made by this dissertation.

6.6.1 Recommendation One

The first recommendation of this dissertation for banks shifting from cash services to more tailored customer relations management offerings is to provide an alternative place where customers can deposit and withdraw cash. NIB in collaboration with An

Post Bank provided this alternative and Fig 5 2 6 shows that it is used by those wishing to continue to use cash services. It is important to have these services in place because they satisfy the needs of the customer, whether business or personal, and allows the bank to retain customers. By having an alternative place for these services to be conducted, the introduction of cashless banking is having a minimal effect on customers because they can still access the same features as before but just in a different place.

6.6 2 Recommendation Two

The second recommendation of this dissertation is that all staff working in a cashless bank should be QFA accredited. From the interview with the branch official and its findings in section 5 12, it is important for this to be in place. For the bank to deliver an excellent CRM offering, the QFA plays a pivotal part. With all members of staff trained in the most up to date market products, the bank can ensure that the impact of cashless banking has a positive impact on the customer. This is because the customer is visiting the bank to receive professional advice and the QFA is designed in order to provide such advice.

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Appendices:

Appendix A

Questionnaire for NIB Customers

Gender M F

Age 18-24 25-30 31-40 41-50 51-65
66-99

How long have you been a NIB customer? (Years)

0-5 5-10 10-20 20+

Have you got an account with a different financial institution?

Yes No

Why do you have a NIB account?

Salary paid into Savings Account

Mobile Banking Loans

Mortgage Investment

Credit Card Business Account

Before the introduction of cashless banking, were you a regular user of cash services?

Yes No

How regularly would you withdraw from an ATM? (Weekly)

1-2 3-5 6+

If cash services were available still would you use them?

Yes No

Are you aware of NIB's partnership with An Post Bank to facilitate customers who wish to continue to avail of cash services?

Yes No

Do you use An Post Bank's cash services with your NIB account?

Yes No

Do you use internet banking?

Yes No

How regularly would you use internet banking? (Weekly)

1-2 3-5 6+

Why do you use internet banking?

-

-

Have you been in a NIB branch since the removal of cash services?

Yes No

Would you be in attendance more than 10 times a year?

Yes No

How has the removal of cash services affected your experience with NIB?

No affect Small affect Large affect

If answered large affect, could you explain why?

How did you receive the information regarding the introduction of cashless banking?

NIB website Email

In Branch Advertisement

Form? _____

Other _____

Were you satisfied with how you were informed?

Yes No

If no, which channel of communication would you prefer?

Are you aware of further planned change within NIB?

Yes No

What change may this be?

How were you made aware of this change?

In the last three years, have you removed services from NIB?

Yes No

In the last three years, have you joined NIB?

Yes No

Do you intend to close your NIB account altogether?

Yes No

If yes, why?

Would you recommend NIB to others?

Yes No

Thank you for taking part in this questionnaire

Appendix B

Questionnaire for non-NIB customers

Do you visit your bank to solely withdraw cash?

Yes No

Do you use internet banking at least once a week?

Yes No

Could you manage without cash services in your bank?

Yes No

Thank you for taking part in this questionnaire

Appendix C: Findings from NIB Customers

	M	F						
Gender	34	26						
	18-24	25-30	31-40	41-50	51-65	66-99		
Age	0	11	19	16	13	1		
	0-5	5-10	10-20	20+				
How long have you been a NIB customer?	4	9	16	31				
	yes		no					
Different Account with another bank?	48	12						
	1	2	3	4	5	6	7	8
Primary reason for holding account						36	24	
			Yes		No			
Were you a regular user of cash services?			40	20				

	1-2	3-5	6+
On a weekly basis, how many withdrawals are made from ATM	10	32	18

	Yes	No
Would you still use cash if available?	18	42

	Yes	No
Awareness of An Post?	52	8

	Yes	No
Do you use them?	19	41

	Yes	No
Internet Banking?	60	0

	1-2	3-5	6+
How regularly?	19	28	13

	Yes	No
Have you visited NIB since removal of cash services?	60	

	Yes	No
>10times?	21	39

No	Small	Large
----	-------	-------

Removal effect? 24 17 19

1 2 3 4 5

**How did you receive info regarding
change?**

18 12 14 16

Yes No

Were you satisfied with how you received info? 47 13

1 2 3

**If no, what channel would you have preferred from
above?**

7 6

Yes No

Are you aware of further change? 37 23

closure of

If so, what? Name change branches

1 2 3 4 5

How were you informed from above? 9 10 18

Yes No

Have you removed services from Nib 7 53

Yes No

In last 3 years have you joined NIB 4

Yes No

Do you intend to close

account with NIB? 10 50

Yes No

Would you recommend NIB? 50 10

Findings from non-NIB customers

Question One Yes = 4 No= 36

Question Two Yes = 40 No= 0

Question Three Yes = 40 No= 0

Appendix D Transcript of Interview

Interview with Branch Official

Q To begin, do you possess the QFA?

A Yes, it is a requirement for all staff working in NIB to possess or work towards it

Q What is the QFA?

A QFA stands for qualified financial advisor Working in retail banking it is a necessity to have because it means that the holder is qualified in giving different advice on different financial subjects

Q What does it cover then?

A It covers Life Assurance, Pensions, Savings & Investments, Mortgages and Loans

Q With the introduction of cashless banking, how does the QFA help the customer?

A With the removal of cash handling from NIB, the customer is now coming to the branch to receive financial advice Whether it be advise about different investment schemes we offer or if the customer is having difficulties meeting mortgage repayments, the QFA ensures that staff are trained in different areas that arise

Q How does this benefit the customer?

A When the customer enters the branch today, they are seeking financial information or advice They are not here to withdraw cash Those wishing to withdraw cash can do so through an Post bank As a result, staff now have more time to meet customers

who actively need help. They receive the advice in a more personal manner and do not feel rushed. Customers always leave satisfied.

Q Was this not the case before?

A Don't get me wrong, customer satisfaction has always been first. But with the new method of banking introduced, we deliver a stronger customer relations management.

Q Interesting you should mention CRM. What do you feel about it?

A CRM is very important since we shifted from cash banking. It is about having a good relationship with your customer and offering tailored financial services to each one's needs. If we didn't have a strong CRM ethic, the idea of cashless banking would not succeed because the customer would not feel satisfied with how they receive information.

Q What role does the QFA play in this?

A With the QFA, we must maintain a certain amount of hours each year through CIPD. This lets us know of the most up-to-date products that are on the market. /by us knowing the best products available, we are ensuring the customer receives the best advice, it itself is good CRM.

Q Could Cashless banking work without the QFA?

A Honestly, no, it could not. The QFA trains staff to have a high level of knowledge and competence. With CB, customers seek advice. The QFA insures that the customer is speaking with someone who is qualified. It is essential to have the QFA.

Q Thank you for taking the time to answer my questions, would you like to mention anything about CB or the QFA?

A It has been a pleasure Just to let you know, all staff in this branch have the QFA By possessing this, we can deliver an optimum service to our customers While other banks may still offer cash, NIB provided those who continue to use it an alternative method We believe that cashless banking leads to the customer receiving the best financial information and frees up time for the customer AIB have recently introduced a number of cashless banks and it is only a matter of time before all banks are cashless I believe it is the way forward for the banking system as a whole