

CUSTOMERS' SATISFACTION FROM E-BANKING THE CASE OF THE NORTH MACEDONIA

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Abstract

Today's humanity lives in an electronic world surrounded by everything that bears a sign "e-". Hence, as consumers we are faced with e-business, e-marketing, e-learning, e-banking, e-commerce, e-procurement. The electronic age began with the Information Revolution and the advent of the Internet in the second half of the 20th century. The Internet has radically changed the way consumers live, communicate and buy goods and services. Concerning the banking industry, consumers are abandoning the traditional way of using banking services, with physical presence in the bank branches. E-banking, as getting all the banking transactions online, has considerably changed consumer behavior. E-banking has become one of the essential banking services that can, if properly implemented, increase customer satisfaction, and give banks a competitive advantage. Hence, the main idea of this paper is to examine the new consumer behavior related to e-banking. How satisfied consumers are with electronic banking services. What consumers think of e-banking. Data was gathered using a questionnaire that was electronically distributed to consumers. Based on the research, consumers' opinion on e-banking services and what they expect in the future should be determined.

Keywords: *e-banking, e-era, customer satisfaction, bank branches, e-banking services*

JEL Codes: *M31, M37, M39*

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Introduction

We live in an electronic era. With the advent of the Internet many activities, products or services that were available exclusively with physical presence in organizations, markets and institutions are now offered and bought online. This revolutionary trend is followed by banks as well. With the Information revolution, but also as a result of the Covid-19 pandemic, banking is becoming more electronic. Almost all banking transactions are available online to customers. Covid-19 has given a significant boost to the digitalization of banking in North Macedonia. The pandemic has changed the entire world economy and it's impacted most of the businesses in an adverse manner. It caused a transformation in the way people live, interact and make purchase decisions. According to Bello (2010), electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically, without visiting a brick and-mortar institution. E-banking offers multiple benefits both for the financial institutions and for clients. E-bankers offer better customer service, creating opportunities for customers and providing added value. It is an opportunity for banks to leverage their strengths and create an entirely new banking experience. The adoption of E-banking was a necessity that allows banks to improve efficiency and operational effectiveness and to develop stronger and more durable business relationships with customers.

Apart from banks, consumers are also changing. They change their buying habits. 24/7 availability, ease of use, cheaper use, health protection and the like makes e-banking attractive to consumers. The number of consumers that use the E-banking is increasing constantly. The new generation of users has new information habits. (Zlateva, 2020). Today's consumers have technological knowledge. They demand and constantly look for new offers and innovative solutions. (Stavrova et al, 2021).

In this paper, the term electronic banking covers Internet banking (computer, laptop) and mobile banking (mobile phones). Otherwise, according to Maria Anca (2011), "E-banking refers to the use of different types of medium communication, such as the personal computer (PC banking), Internet banking, virtual banking, TV banking, online banking, home banking, remote electronic banking, WAP banking and phone banking".

The purpose of this paper is to examine the degree of consumer satisfaction with the e-banking in North Macedonia. Hence, as important research questions are the following:

- What is the opinion of consumers about the use of electronic banking?
- What are the positive and the negative aspects of electronic banking pointed out by consumers?
- What can consumers expect from electronic banking in future?

Literature Review

E-banking is a new delivery channel of banking services. Lustsik (2004) defines E-banking services as a variety of e-channels for doing banking transactions through Internet, telephone, TV, mobile, and computer. Electronic banking is the application of telecommunication devices to perform banking transactions (Okoro, 2014). E-banking means that the customer is using the Internet to access their bank account and to perform banking transactions (Dixit and Datta, 2010). Recently, E-banking, or the distribution of financial services via electronic systems, has spread among customers due to rapid development of the IT, as well as the increased competition between banks and the pandemic caused by the Covid-19 in 2020. The development of E-banking is a result of an increasing use of personal computers, the refined Internet connections, the wide-spread use of Internet by people at home and work, and the lower prices of services which are offered by the E-banking (Hernando and Nieto, 2007). It is considered to become the favorable, alternative, distribution channel, because it offers financial services with convenience, security, privacy and quality information about financial products, without place or time limits and with better prices (Guerrero et al., 2007).

Customer satisfaction is the major issue for all the businesses that operate in a national economy. Good customer service quality is the main factor that will determine in the future, whether the business will survive or fail (Thompson et al., 2000). Customer satisfaction can be defined as the user's perception which influences their intention to evaluate and use a service. Polatoglu (2001) and other researches, in the banking literature, report that there are two main dimensions affecting customer satisfaction: (a) the quality of services provided by the bank which are "reliability", "security", "functionality", "accuracy" and "speed" (Jamal and Naser, 2003); and (b) the quality of the relationship with the bank. Relationship drivers seem to be even more important and include "responsiveness", "competences", "assurance", "trust", "friendliness", "courtesy", "availability", "commitment", "flexibility", and "communication" (Jamal and Naser, 2003). Contemporary studies on E-banking acknowledge that factors that drive customer satisfaction are security/trust, design, availability, convenience and reliability with availability. Convenience, availability and reliability are the most influential factors of E-banking concerning customer satisfaction. Convenience is a dimension of E-banking that enables customers to access E-banking services anytime and anywhere. Reliability explains the promptness of delivering e-banking service in an accurate way and in line with advertised attributes. E-banking availability is recognized as the ability of users to access banking information and services from the web.

This paper aims to discover whether Macedonian consumers are satisfied with E-banking and what do they most value in the new e-delivery of services.

Methodology

The methodology applied in this paper is descriptive in nature. Research was implemented by gathering secondary and primary data. Secondary data includes the findings of various studies, research papers, reports, journals, expert opinions, blogs and webs. The primary data is gathered with the use of a structured questionnaire as research instrument that contained open and closed questions (Likert scale, semantic differential, multiple choice questions). The questionnaire was electronically distributed to the customers in the period February 15th – March 1st, 2022. 198 customers answered the questions and data was analyzed with Google analytics.

Analysis and discussion

The e-questionnaire consists of two parts. The first part refers to the demographic characteristics of the sample respondents. The demographic characteristics show the respondents profile, from the aspect of their gender, age, education, monthly income and occupation that are important for the usage of e-banking. The second part is research one and it measures the e-banking experience (familiarity) of users. The demographic characteristics of the sample are presented in the Table 1.

Table 1: E-banking users' demographic characteristics

Characteristics		Percentage
Gender	Male	48%
	Female	52%
Age	-25	7%
	26-40	58%
	41+	35%
Education	Elementary	0%
	Secondary	13%
	High	58%
	Master degree	22%
	PhD degree	7%
Monthly income in Euro	-300 €	13%
	300-500€	57%
	500+ €	28%
	No answer	2%
Occupation	Employed	92%
	Unempolyed	3%
	Student	3%
	Retired	2%

Source: Own research

II part: Research data

Table 2: The way of the usage of banking services

How do you use the banking services?					
Internet (computer, laptop)	Mobile banking (phone)	Telephone banking services (SMS)	Personal banker	ATM	Bank branch
53%	90%	19%	3%	45%	27%

Source: Own research

The responses of this question are of particular interest and they show a striking fact that a huge percentage, even 90% of respondents use mobile banking, i.e banking services over the phone. 53% of the respondents use a computer or laptop, and 45% use ATM machines. If we take into account that only 27% of the respondents answered that they use the services of bank branches, it can be concluded that the tendency for consumers is to use e-banking more in future. The development of E-banking is due not only to the information revolution, but also to the 2020 pandemic that put pressure for more intensive use of e-banking. As a consequence of the pandemic, consumers had almost no alternative but to use e-banking.

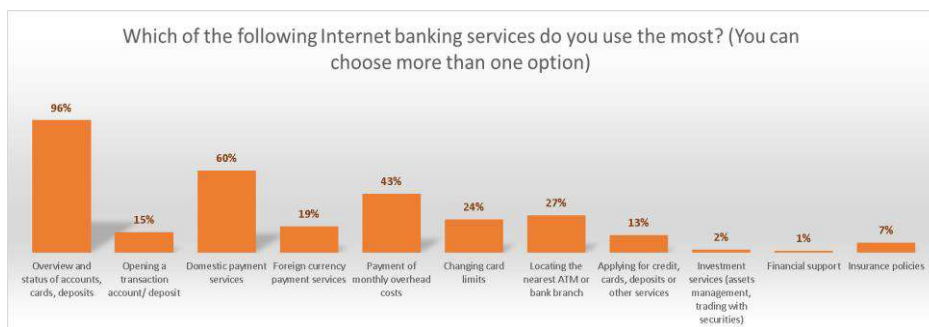
Table 3: Familiarity with E-banking services

How well do you know the E-banking services offered by your bank?				
Don't know enough about e-banking services	Know the basic e-banking services	Familiar with some of the e-banking services	Know almost everything about the e-banking services	Know all the e-banking services
6	91	42	39	20
3%	46%	21%	20%	10%

Source: Own research

Having in mind the answers to the first question, the results of this question for the familiarity with the electronic banking services by the consumers are expected. Namely, 97% of the respondents understand, better or worse, the banking services offered online. Only 3% of respondents are not well acquainted with electronic banking services. This data shows that consumers are technologically educated and savvy and can easily use banks' online services. If this question is compared to the demographic structure of the respondents, it can be concluded that most of the users is a young population of 26-40 years who has completed high education, master or PhD degree.

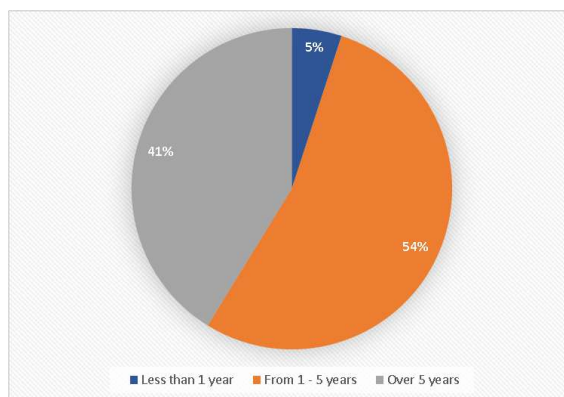
Table 4: Type of E-banking services that is used most



Source: Own research

When asked about the type of E-banking services most used by consumers, 96% answered that they often use e-banking services of informative character such as overview and checking the status of their accounts, cards and deposits. 60% of the respondents use it for domestic payment services, and 43% for payment of overhead costs. Very small, almost insignificant part of the respondents use the e-banking to apply for loans, financial support, insurance policies, investment services. The problem is that not all banks offer these services through mobile banking that is most used by consumers. If banks offer these services, they need to better inform consumers and provide appropriate training.

Chart 1: The period of usage of E-banking



Source: Own research

According to the data in the chart, a large number of respondents (95%) have been using E-banking for a long time, from one to over 5 years. Only 5% of respondents have been using E-banking for less than a year. It seems that consumers not only use E-banking services for a long period of time, but also they use them very often. 80% of the respondents use E-banking services either daily or once/ several times a week. These percentages

indicate the fact that the selected sample pays great attention to electronic banking. The frequency of using E-banking is shown in the following table.

Table 5: The frequency of using E-banking

How often do you use E- banking?			
Daily	Once or more times a week	Once or more times a month	Once or more times a year
75	84	38	1
38%	42%	19%	1%

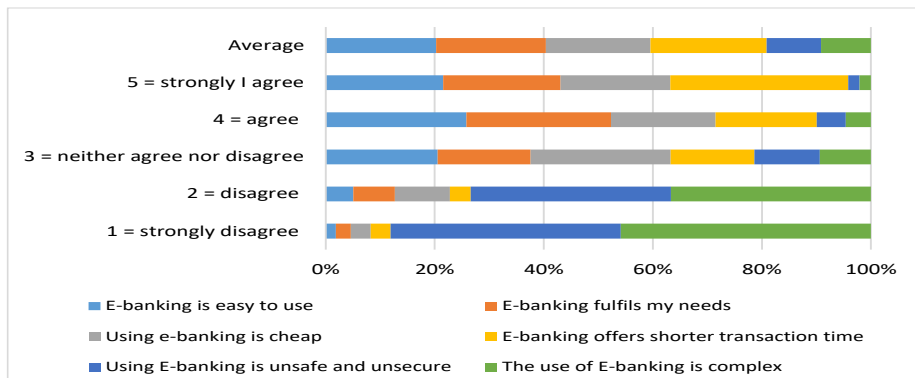
Source: Own research

Table 6: Customer satisfaction of using E-banking

How satisfied are you with the internet banking offered by your bank?				
Extremely dissatisfied	Dissatisfied	Neither dissatisfied nor satisfied	Satisfied	Extremely satisfied
0	6	24	111	57
0%	3%	12%	56%	29%

85% of the respondents are satisfied or extremely satisfied with the use of E-banking services. This percentage should be a signal to banks to invest in E-banking in future. Consumers are satisfied at the moment, but their needs and desires are sophisticated and need to be met in future as well. Only satisfied customers can keep the banks alive.

Chart 2: Customer attitudes on the using of E-banking

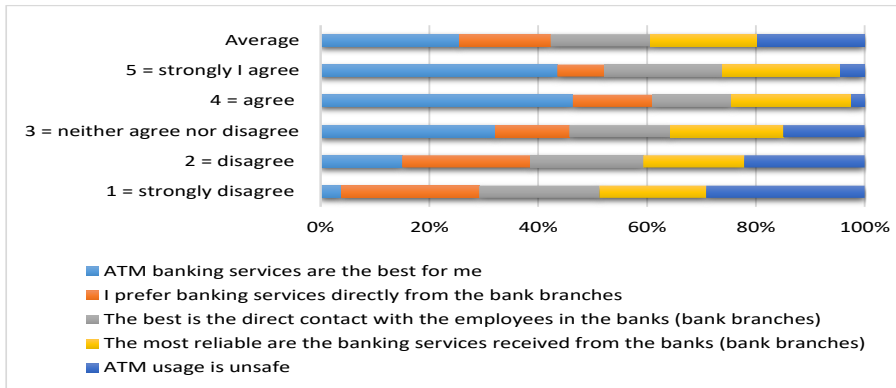


Source: Own research

The summarized answers from this Likert scale show that a large number of respondents (79%) do not consider e-banking to be complex or difficult for use. Almost a same high percentage of respondents (75%) believe that the use of e-banking is safe and secure. This speaks of a great confidence that respondents have in the use of e-banking services. The percentages of respondents are high who think that e-banking is easy to use,

that it requires shorter transaction time, that it is cheap and meets the needs of users. The Likert scale shows a positive attitude of the users for e-banking in Macedonia.

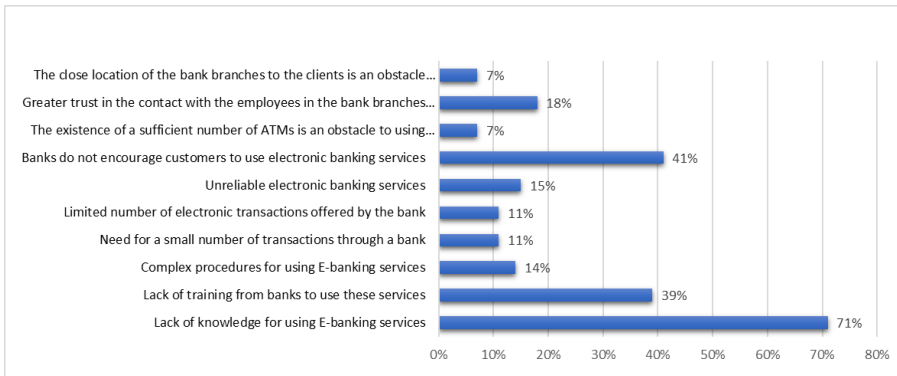
Chart 3: Customer attitudes on the using of banking services



Source: Own research

The summarized answers from the second Likert scale show that a large number of respondents (on average 75%) do not agree that they receive better banking services from personal contacts with bank employees (bank branches), nor from ATMs. Although respondents believe that ATMs are a safe way to use services, they still trust online services more. These data confirm the trend of Macedonian consumers for more intensive use of electronic banking services.

Chart 4: Obstacles for the use of E-banking

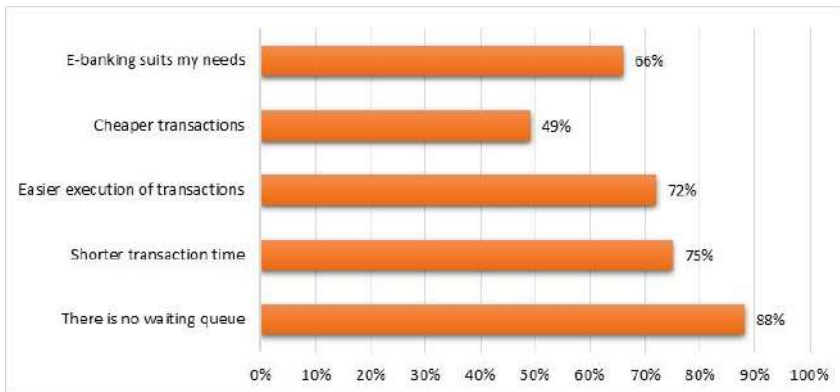


Source: Own research

Regarding the question on the barriers to using e-banking, most respondents (71%) believe that lack of knowledge about e-banking services is the biggest obstacle. Many respondents cited the lack of training by banks as an obstacle, as well as the fact that banks do not encourage users to make greater use of e-banking. Related to this question is the following one about the reasons for using e-banking services. The most important reasons

for using e-banking services are that: there is no waiting queue (88%), shorter transaction time (75%) and easier execution of transactions (72%). Consumers believe that the use of e-banking services is not very cheap, which is probably due to the obligation to pay some fee for the use of mobile banking services.

Chart 5: Reasons for the use of E-banking



Source: Own research

When asked whether they would change anything in e-banking services, the respondents stated the following:

- Expansion of the services offered by the bank through mobile banking,
- Cancellation of the monthly fee for E-banking,
- More information on E-banking services,
- More training for the usage of E-banking,
- Add voice banking for elderly people and
- Shorter and understandable procedures

Also, 88% of respondents believe that the banks must digitalize more in future and offer new technological products.

Conclusion

Macedonian consumers have been using E-banking for a very long time and very often. Especially interesting is the fact that a large number of respondents mostly use mobile banking, i.e., around 90%. Consumers are satisfied with the e-services offered by banks, but expect greater digitalization of banks in the future, and more diverse and wider offer of services. Research data show that consumers are increasingly oriented towards e-banking, which is a stark reality that will expand in the future. Banks are faced with information technology, but also with the Covid 19 pandemic of 2020, as well as fierce

competition from banking and non-banking institutions. That is why they must take care of every consumer. Every client counts. According to Bill Gates, “the world needs banking, but it doesn’t need banks”. Hence, banks really need to struggle for their place in the global digital financial world.

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