



IMPACT OF INFORMATION TECHNOLOGY ON CUSTOMER SATISFACTION:

SPECIAL APPLICATION TO THE POST - CONFLICT BANKING ENVIRONMENT

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Abstract

Post conflict banking environment is exclusive, and furnishes opportunities for bankers to sell their services to the potential customers who have returned to their habitual life. The customers in the post conflict banking environment search for new innovative services to rebuild, and redevelop their buying. because of the experienced gained in the conflict environment, consumers have become more knowledgeable, less naive, and less easily influenced, in addition they have more choices in the market. Bankers who attempt to penetrate their market in to post conflict marketing environment should select the appropriate factor for improving customer satisfaction level. The purpose of the study is to show the impact of the level of information technology and the level of customer satisfaction in the post conflict banking environment. The population of the present study consisted of local bank branches, which have adopted technology for their banking services that have been in operation in the post conflict banking environment, and the customers of those banks. Sample size of bank branches were 50 and the number of customers were 500 selected for the study. Multiple regression analysis, ANOVA, independent sample t-test, chi-square test, were used to test the conceptual model with hypotheses testing procedure. The finding of this study shows that banks are implementing the modern technology at moderate level in the post conflict banking environment. Component of information technology such as ATM, online, mobile technology lead to improve the customer satisfaction. there are implications for practitioners, especially in local private commercial banking sector in the post conflict banking environment ; it is importance to improve the usage of information



technology (ATM, online, mobile technology), because these practices improve their customer satisfaction.

Key word: Information technology, customer satisfaction, post-conflict banking environment.

Introduction

Banking industry strives to succeed by putting the topic of rapid and changing customers' needs to their agenda. This is achieved in form of good customer care and offering attractive services or products that other competitors may not offer. Therefore, customer satisfaction is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Post conflict banking environment is exclusive, and furnishes opportunities for bankers to sell their services to the potential customers who are returned to their habitual life. The customers in the post conflict banking environment search for new innovative services to rebuild, and redevelop their buying. Because of the experienced gained in the conflict environment, consumers have become more knowledgeable, less naïve, and less easily influenced, in addition they have more choices in the market. Bankers who attempt to penetrate their market in to post conflict marketing environment should select the appropriate factor for improving customer satisfaction level.

One of the challenges facing bank managers is how best attract customers in the post conflict banking environment. After the end of the civil war people have returned to their normal life and searching for new in every aspects, at the same time enterprises are moving into the post conflict marketing environments for having opportunity of adding potential customers. To match their solution with the consumers' needs and wants organizations wants to offer better services which facilitate more customer satisfaction than other banks. Most banks are faced with the challenge of delivering effective services which can satisfy their customers. In the effort to deliver effective services, the banking sector undertakes numerous approaches and among them is the use of information technology. Information technology is a medium that has revolutionized banking and everyday operations at the click of a button thus enabling sophisticated product development, better market infrastructure, and implementation of reliable techniques for control of risks and reaching geographically distant and diversified markets. The level of information technology especially the use of ATM, telephone banking and internet banking undertaken by the banking sector do influence and have an impact on customers which the sector directly or indirectly serves in the post conflict banking environment. The level of information technology implemented by the banking sector has links to many outcomes. Banking sectors are attempting to implement new technology as a competitive advantage for customer satisfaction in that





environment. Finding out the influence of the level of technology on the level of customer satisfaction provide more benefit to the banks for creating better strategies, therefore the research problem focused here is that the use of level of IT in banking sector leads to change the customer satisfaction level.

Based on this background the study build to investigate whether there is any relationship between the information technology usages and the customer satisfaction in the post conflict banking environment? A study addressing these issues is relevant and significant. Results can be of interest to bankers aiming at the post conflict bank market.

Statements of the research problems

Whether the use of IT in banks leads to change the customer satisfaction level in the post-conflict banking environment

Does the level of customer satisfaction differ across the level of technology?

Research objectives

1. To examine the level of Information technology usage in the post conflict banking environment.
2. To identify the relationship between the information technology usages and customer satisfaction.
3. To identify the impact of information technology on customer satisfaction
4. To investigate the influence of the level of IT on the level of customer satisfaction.
5. To identify the specific dimension of IT, Which influence more on the level of customer satisfaction

Hypotheses

- H1: There is a positive relationship between information technology and customer satisfaction in the post-conflict marketing environment
- H2: There is a positive impact of information technology on customer satisfaction in the post-conflict marketing environment
- H3: There is a positive association between level of IT usages and the level of customer satisfaction
- H4a: There is a positive impact of ATM on customer satisfaction.
- H4b: There is a positive impact of online banking on customer satisfaction.
- H4c: There is a positive impact of Mobile banking on customer satisfaction



Methodology

The population of the present study consisted of local bank branches, which have adopted technology for their banking services that have been in operation in the post conflict banking environment. The branches of the foreign banks are not included for the study. There are several reasons that banking is the ideal setting in which to disentangle the impact of information technology on customer satisfaction first, retail banks employ multiple channels to serve their customers via different level of technology. These channels range from full-service teller interactions to completely automated self-service channels such as online banking, mobile banking and ATMs. As described above, these channels vary in terms of the level of technology contribution each imposes. Second, banking customers are a diverse group, with varying needs, preferences and experiences. This variability creates a rich environment in which to analyze the impact of operational decisions on consumer behavior. Moreover, the diverse customer base is common to a wide variety of consumer service firms, broadening the relevance of analysis. Finally, banks capture and store a considerable amount of data about their customers.

Research that studied the relationship between two or more variables is also referred to as a co relational study. That is why a correlational research design has been selected in order to find out the appropriate answers of the research questions and to test the hypotheses. The model also suggests this type of design. Here, customer satisfaction is considered as the dependent variable, whereas level of technology considered as independent variable. To gather data on the research questions, the researchers used questionnaire. In order to increase the representativeness of the sample, stratified random sampling method which comes under the probability sampling was employed to selecting the local bank branches in Jaffna district with branch networks two of these are state sector banks and while rest is privately owned banks. According, meaning full strata of the population were identified on the basis of individual banks, each of which considered as stratum, sample of bank branches were drawn from each stratum using simple random sampling, the number of branches was drawn from each stratum was proportionate to the number of branches in the stratum. Sample element consisted of customer related to the unit of analysis, the customers dealing with the respective bank branches were ideal to account for gathering information of bank branches and therefore 10 customers were interviewed form each bank branches. The customers were selected from using 1 in K systematic sampling technique, which is suitable technique to sample the respondents even there is no knowledge about the elements/ composition of the sampling frame work (Malhotra, 2007). Sample size of bank branches were 50 and the number of customers were 500 selected for the study.

Data analysis strategy in this study consists of both descriptive statistical analysis and inferential statistical analysis in addition to test of reliability and validity of the measurement scales. The statistical package for social science (SPSS) was used for data analysis. Multiple





regression analysis, ANOVA, independent sample t-test, chi-square test was used to test the conceptual model with hypotheses testing procedure:

Results and Discussion

According to the results, all the hypotheses were accepted, and the study found that there is moderate level of IT usages in the banking sector in the post conflict banking environment. It was found that level of Technology applied in the Private commercial banking sector in Jaffna district at a moderate level. On a five point scale the Information technology had scale of 3.18 out of five points. This reveals that banks have adopted information technology at a moderate level.

ATM is major component of information technology; it has a mean value of 4.21 out of five points. Application of ATM technology banks in Jaffna district is at high level. Online banking is major component of information technology; it has a mean value of 2.15 out of five points. Online banking service application in private commercial banks in Jaffna district is at a low level. Mobile banking is least component of information technology; it has a mean value of 2.18 out of five points. Mobile banking application in banks in Jaffna district is at very low level. All the components in the IT construct lead to Customer satisfaction in the post conflict banking environment.

Conclusions & Recommendations

The finding of this study shows that banks are implementing the modern technology at moderate level in the post conflict banking environment. Component of information technology such as ATM, Online, Mobile technology lead to improve the customer satisfaction. It was seen that bank wise analysis, level of information technology practices including ATM, Online, Mobile technology among all banks were in a different levels. There are implications for practitioners, especially in local private commercial banking sector in the post conflict banking environment ; it is importance to improve the usage of information technology (ATM, Online, Mobile technology), because these practices improve their customer satisfaction. Automated Teller Machines (ATMs) are the most frequently used electronic distribution channel that allows bank clients to perform their main banking transactions, such as access their bank accounts in order to make cash deposits and withdrawals, as well as purchasing mobile cell phone prepaid credit 24hours a day. Most ATMs are connected to interbank networks, enabling people to withdraw and deposit money from machines. Therefore every bank should be extent ATM machines in place to place wise in the post conflict banking environment. Mobile phone banking representatives are usually trained to do what was traditionally available only at the branch such as loan applications, investment purchases and redemptions, cheque book orders, debit card replacements. Banking services industry, new products and services are offered through the Internet. The banking sector has little choice but to implement some form of internet



technology in order to remain both innovative and on the cutting edge of competitive advantage. ATMs are more powerful channel for customer satisfaction. Therefore Managers should considerate more on ATM delivery and its design. Customer friendly technology such as ATMs, telephone and internet banking as a means to deliver traditional banking services have been an important way to increase retention of customers and market share in recent years. This study was conducted in a banking setting. Although the dimensions identified were really verified in this industry, it would be helpful to replicate this study in other industries. Because the level of IT usage in the other industry for enhancing satisfaction level. Another further research direction is to include more number of relationship underpinnings such as relationship between the demographic variables and customer satisfaction not used this research. Further was limited in bank branches in a one particular

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