Customers’ Satisfaction and Electronic Banking in Botswana

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Abstract: The ambition of this research was to find out the relationship between customer satisfaction and electronic banking (e-banking) in Botswana. A combination of convenient and simple random sampling techniques was employed for this research. This study was both quantitative and qualitative in nature. The approach used some of the components of the SERVQUAL components to establish the level of customer satisfaction to e-banking namely empathy, reliability, responsiveness and tangibility. Thirty respondents were conducted to different customers from five commercial and analyzed using SPSS software version 16.0. The results show that respondents were not satisfied with the assurance, tangibles, responsiveness, and reliability of e-banking in Botswana. Commercial banks are encouraged to work on their ambiance conditions to ensure the effectiveness of e-banking in Botswana.

Key terms: Customer Satisfaction and Electronic Banking.

1.0 Introduction

The business environment has experienced rapid changes due to the advent of technological improvements. Today, transactions can be done electronically without any money being physically exchanged between parties involved. Regardless of the security reasons, customers seem to become more satisfied as they are being more interested in shopping and transacting through electronic media. Measuring customer satisfaction is complex as it requires direct, meaningful and objective feedback about clients’ preferences and expectations. In this way, company’s performance may be evaluated in relation to a set of satisfaction dimensions that indicate the strong and the weak points of a business organization. This will provide business managers with a standard measurement that they can use to succeed in surviving by improving their businesses.

In contemporary times, technology has emerged as a strategic resource for achieving efficiency, control of operations, productivity and profitability. In Botswana, the banking industry, like any other business sector, use technology to meet the increasing customer expectations. The industry is experiencing severe technological advances directly affecting customer satisfaction and loyalty (Sharma, 2014). The competitiveness in the banking industry has called for the need to bringing on board electronic banking platform. This is a powerful tool in the development, growth, promotion of innovation and enhancing the competitiveness of banks (Gupta, 2008). E-banking provides various benefits to consumers which include easy access and low cost of transactions, real-time transfer and bill payment either through Internet, telephone or other electronic delivery.

The expansion of e-banking systems throughout the years has significantly driven the Botswana economy closer to a cashless society. The physical payment systems have been succeeded by the use of cards and internet. Electronic payments have given banks the chance of keeping and retaining their own customers as every bank is trying by all means to satisfy their customers. All the banks in Botswana have adopted electronic systems in one way or the other, to enrich service quality to their customers.

However, as banks strive to satisfy their customers, they are also faced with some challenges with the electronic payment systems. Fraudsters have taken advantage of the use of technology to defraud customers usually through card skimming. Sometimes due to system failure, payment ends up not being made on time causing a resurgence of long queues especially month ends and festival seasons. Customers have started evaluating the banks based on the convenience and comfort it provides to them. Despite these challenges, e-banking has become an important channel to sell the products and services and is perceived to be a necessity in order to stay profitable in successful, (Christopher, Mike, Visit and Amy, 2006). Hence, banks need to keep abreast with technological advancements as well as adoptive of the competition in the ever-changing industry.
2.0 Theoretical literature review

2.1 Conceptual Framework

According to Hallowell (2000), electronic banking is the use of internet and telecommunication network to deliver a wide range of value-added products and services to bank customers through the use of a system that allows individuals to perform banking activities at home or from their offices over the internet. In the same context, the Indian Department of Financial Institutions (2009) observe is as the use of electronic means to transfer funds directly from one account to another, rather than by check or cash. Online banking allows customers to perform all routine transactions, such as account transfers, balance inquiries; bill payments and some even offer loan applications. Customers can access account information at any time, day or night, and this can be done anywhere. In other words, e-banking means is a banking system that uses satellite-based computerized devices for ensuring promptness and accuracy in banking transactions.

However, encyclopedia.com also noted that e-banking could be offered in two main ways. Firstly, whereby an existing bank with physical offices is establishing an online site and provides e-banking services to its customers in addition to the regular channel. Secondly, e-banks can exist only on the internet, allowing users to work with a virtual bank. These online banks have a potential to reduce operating costs, offer higher deposit rates and waive many fees normally charged by a physical bank. In the view of Munir (2015), e-banking may be distinguished by four different ways of banking business electronically.

- **Personal Computer (PC) banking** denotes the use of a personal computer to access bank services through the banks’ intranet proprietary software system.
- **Telephone-banking** service is provided by phone or mobile telephone. With this facility, customers can perform all bank transactions as guided by the option of services.
- **Internet banking** would free both bankers and customers of the need for proprietary software to carry on with their online banking transactions. This makes the financial service characterized by individuality, independence of time and place and flexibility.
- **Mobile banking** a very recent innovation of e-banking services. It is a wireless internet application of banking-sometimes called *m-banking*. With the combination of internet and mobile phone, a new service (mobile data service) is thus enabled, and the first such wireless internet commercial transaction was performed by the banking industry.

This infusion of information technology advances into commercial activities has given rise to the provision of services via electronic devices, desisting banks from dispense of paperwork, which is alleged for the inconvenience of demanding the physical presence of customers. To enjoy the benefits of electronic services, banks embraced electronic method in their operations. Oluyemī (2001) as observed by Munir (2015) also listed some electronic banking services to include automated teller machine (ATM), card systems, Internet banking and online banking.

2.2 Empirical literature review

2.2.1 The effectiveness of e-banking

The birth of e-banking has been extraordinary especially immediately after the consolidation exercise of the banking system. Christopher et al. (2006) observed that banks should establish a global reach and be competitive at the international level. The emergence of e-banking had made many banks adopt innovative IT strategies in competitive markets. Rafiu (2007)’s finding suggests that if banks fail to respond to the advent of e-banking in the market, they are likely to lose their customers. In the same vein, costs associated with the offering e-banking services are far much below on the costs of maintaining branch banking. Again, e-banking
also creates opportunities for small banks to compete with other larger banks in the global financial sector (Agboola, 2006).

Customers who are increasingly raising the stake of expectations for quality products and customers service can quickly find it at a click of the mouse. Gupta (2008) advocates that, through e-banking, banks and customers could engage in dialogue and learn from each other. In the opinion of Mohammed and Siba (2009), with e-banking, bank-customer relationship is reinforced as customers can now access the balance and transactions on their account and perform other banking services such as transfer of funds from one account to the other, carry out transactions with other bank customers. The study provides evidence that, electronic banking has helped to increase customer’s satisfaction especially the corporate ones. John and Rotimi (2014) endorses that, there is a significant improvement in general banking services as a result of the introduction of electronic banking. They also posit that, the level of profit made by banks can be attributed partly to the introduction of electronic banking. Electronic banking has help to increase banks market share. To benefit from the service facility, Ovia (2005), Mahdi and Zhila (2008) and Gonzaliz (2008) have revealed that, at least half of the banks in Africa now offer one form of online banking service or the other. These studies were also endorsed by Ayo (2006) who infers that even non-banking organizations now have online presence.

2.2.2 Customer satisfaction

Kotler and Armstrong (2014) defined customer satisfaction as the extent to which a product’s perceived performance matches a buyer’s expectations. Thus the level of satisfaction is directly associated with the product’s performance. Outstanding marketing companies would go out of their way to keep key customers satisfied. Empirical studies infer that high levels of customers’ satisfaction lead to greater customer loyalty, resulting to repeated sales and better company performance. Some customers would become evangelist, who would spread the word about their good experience to others. Customer satisfaction is the center of the marketing concept, focusing on the necessity to satisfying customer needs in order to generating customer loyalty. In general, customer satisfaction measures customers’ response in the context of the state of fulfilment, and customer adjudication of the fulfilled state, (Munir, 2015).

Toor , Hunain, Hussain, Ali & Shahid (2016) concluded that customer satisfaction is imperative for the incessant survival of any organization around the world. Results of the study have revealed that there is a momentous relationship between service quality dimensions and customer satisfaction in E-banking, emphasizing on reliability, responsiveness, and assurance among the five dimensions. The results show that banks have succeeded in attaining significant customer satisfaction by improving their electronic services, facilitating electronic transactions, improving processing performance and enhancing the specifications of electronic services, AlHaliq & AlMuhirat. (2016).

3.0 Methodology

A descriptive research design was considered appropriate to address the relationship between customer satisfaction and e-banking in Botswana. Data was collected through a structured questionnaire with both closed and open-ended questions. Following the view by Muchingami (2017), since a questionnaire approach is prone to group assessment, some respondents were personally interviewed to seek an objective opinion. The banking sector in Botswana is made up of eleven commercial banks, and only six banks were considered for the target sample. Among the selected banks, thirty customers were issued with questionnaires. That is six customers were randomly selected from each of the five visited banks. For personal interviews, each bank contributed one customer having an aggregate of thirty-six respondents.

Service quality (SERVQUAL) components for measuring service quality were adopted to reflect customer satisfaction on e-banking. Primarily the SERVQUAL model was developed for service and retail businesses, and its objective is to know how customers of a business rate the services offered to them (Parasuraman,
Zeithaml, and Berry., 1988). A five-point Likert Scale was implemented, where the respondents were asked to indicate the extent to which they agree/disagree with various statements. The scale ranges from 1-5, where if a respondent strongly disagrees (1) Disagree (2), neutral (3) agree (4) strongly disagree (5). A pilot study was also carried out to check the feasibility of the data collection instrument. Data analysis and presentation was conducted using Statistical Package for Social Sciences (SPSS) version16.0 in conjunction with Microsoft Excel 2010.

4.0 Data Analysis

Demographic analysis: The sample shows that out of 30 randomly selected bank customers, 70% of respondents less were than 25 years, 23% are aged between 25 to 35 years, and 7% are aged between 35-45 years, no respondents of above 45 years were encountered on the survey day. It was fortunate that there was gender equality, where 50% were males and 50% females. Based on the given sample biography, both male and female citizens do not have access to e-banking in Botswana.

However, to address the main objective of this research, SERVQUAL model variables were used analyzed customer satisfaction on e-banking as follows:

**Empathy:** The ability of e-banking facility to understand consumers’ thoughts, feelings, and condition from customers’ point of view. This helps customers to behave independently in a more compassionate manner. Table 1 shows how respondents, react to whether banks consider the element of empathy in proving e-banking to their customers.

<table>
<thead>
<tr>
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<th>Frequency</th>
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<tbody>
<tr>
<td>Valid</td>
<td></td>
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</tr>
<tr>
<td>Strongly agree</td>
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<td>16.7</td>
<td>16.7</td>
<td>16.7</td>
</tr>
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<td>Agree</td>
<td>20</td>
<td>66.6</td>
<td>66.6</td>
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</tr>
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<td>0</td>
<td>0</td>
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<td>Total</td>
<td>30</td>
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Source: *Primary data, 2018*

The results in Table 1 above, shows above 66% of the respondents do agree with the notion that banks consider empathy in providing e-banking to their customers. Only 3 out of 30 respondents, constituting 10% of the overall sample strongly disagree with the service providers in Botswana.

**Responsiveness:** This shows the bank’s preparedness to provide prompt assistance to their clients. Table 2 is a reflection of the responses customers gave in terms of the bank’s responsiveness to provide services to customers.

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<tr>
<td>Valid</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
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<tr>
<td>Agree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
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<tr>
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<td>33.3</td>
<td>33.3</td>
<td>66.7</td>
</tr>
<tr>
<td>Strongly disagree</td>
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<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
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Source: *Primary data, 2018*
The results on the responsiveness of e-banking on customers satisfaction present that 16.7% agree, 4 of them strongly agree, and 3.3% was neutral about the services’ responsiveness. For those who disagree and strongly disagree with e-banking’s responsiveness, 33.3% were not pleased with the facility. The inefficiency of the system seems to be the contributing factor, as sometimes the network will be down. Network problems are so visible during month ends when most people will be in need of the facility and festival periods when Batswana would want to travel to their beloved villages.

**Tangibility:** This addresses the availability of physical facilities, equipment, and appearance of personnel that facilitate e-banking in Botswana. Table 3 shows the results of the survey carried out.

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<tr>
<td>Valid</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
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<tr>
<td>Agree</td>
<td>5</td>
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<tr>
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<td>76.7</td>
</tr>
<tr>
<td>Strongly disagree</td>
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<td>23.3</td>
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<td>100</td>
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<tr>
<td>Total</td>
<td>30</td>
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<td>100</td>
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Source: *Primary data, 2018*

The data in Table 3 above indicate that a total of 30 respondents were conducted to give their respective perceptions towards the tangibility of e-banking. That is, do bank have physical facilities to ease e-banking. From the survey carried out, generally, 46.6% of the bank customers did not agree with the physicality of e-banking. Six out of the thirty respondents were neutral, 16.7% agreed, and the other 16.7% strongly disagree with this characteristic of the facility in Botswana. This might be contributed to lack of modern building structures and accessibility of facilities such as ATM in Botswana.

**Reliability:** This shows the ability of e-banking to perform the promised service dependably and accurately. Reliability is reflected in Table 4 as follows:

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<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>6</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>26.6</td>
<td>26.6</td>
<td>46.6</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>6.7</td>
<td>6.7</td>
<td>53.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>33.3</td>
<td>33.3</td>
<td>86.6</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>13.4</td>
<td>13.4</td>
<td>100</td>
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<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
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Source: *Primary data, 2018*

Normally reliability is the first criterion for validity. From the analysis above, 26% of the respondents agreed that e-banking is reliable in offering bank services. However, e-banking’s reliability did not go well with close to 50% of the customers as reflected by 6.7% who was neutral, 33.4% disagreed and 13.4% strongly disagree.

5.0 Findings

The analysis on customer satisfaction and e-banking services in Botswana was done using the SERVQUAL components by Parasuraman. et al., 1988. It has been reflected that e-banking is being offered with empathy in Botswana However, the majority of the respondents were not happy with the assurance, tangibles, responsiveness, and reliability of e-banking in Botswana. The result in table 2, 3, and 4 respectively show that the level of customer satisfaction and perception towards commercial banks’ tangibles, responsiveness,
reliability, and assurance was poor in Botswana. It was, therefore, recommended that commercial banks need to
revive their infrastructure to adapt to competing for environment constantly. They also need to provide services
which are reliable in order to meet customers’ expectations. The staff should be adequately trained, putting
more emphasis on-the-job training so that they will able to deal with customers from different backgrounds.

Customer’s needs and expectations should also be foreseen so that proper measures are put in place. Commercial
banks should also improve on their tangible cues especially their physical structures. Modern
facilities which are e-banking compatible are needed immediately to be in tandem with the global banking
environment. Employees need to be trained to be well articulated with e-banking facility which aid to deliver
quality services to customers. Commercial banks must ensure that there are consistent internet services to
eliminate service disruption and reduce unnecessary queuing in the banking hall to access services that can be
provided on e-banking. Some of the major advantages of e-banking are that it is quite convenient as customers
can easily pay their bills and transfer funds between accounts. In the same vein, customers would be able to
keep their accounts safe by monitoring all the transactions and account balance all the time.

It is recommended that banks should make sure that customers use e-banking to ease pressure in the banking
halls and reduce cost both on the customer and the bank’s perspective. Banks should also ensure 24-hour
internet connectivity and should conduct periodic marketing research studies on customer satisfaction to ensure
high service standards and remain competent in the global banking environment. The suggestion is that further
research studies should focus on the ambiance conditions on e-banking. The rationale being that, for e-banking
to be effective there is need for proper infrastructure to support the service.

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