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Customer Loyalty In an Internet banking Context

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Abstract

The importance of Internet in banking increases as more people use Internet as their main channel in contacts with their bank. This poses both possibilities and threats to the bank and having loyal customers become more important. To enhance our understanding of customer loyalty in an Internet banking context we have made interviews and constructed a questionnaire, based on a theoretical ground consisting of loyalty and some concepts related to loyalty. The respondent rate was low, but we still mean that we can outline some tendencies on customer loyalty through this material.

During this research we have come to the conclusion that a deep understanding of the concepts constructing loyalty and cross-analyses of these, are inevitable for the understanding of how loyalty develops. We have found differences in attitudes and behaviour among customers depending on what communication channels they use, and the interviewed bank is also convinced that Internet should be used as a complementary channel to branch banking. Most customers are as a whole quite satisfied with their bank and intend to stay with it, but we have also found spurious customers that consider leaving despite feeling satisfied and recommending their bank to friends.

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1 Introduction

1.1 Background

The way people use banks (definition 1, page 6) and their services have changed. A few years ago, almost all service encounters were in the form of personal meetings between a service provider and a customer. Today banking on the Internet, with no interpersonal contact between the service provider and the customer, have for many people become the most important way to interact with their bank. The first Swedish Internet bank (definition 2, page 6) was launched in 1996 and the number of customers who use Internet bank services increases for each year. During 2004 customers using Internet bank services for private matters increased by 12 percent to 5,3 million and for 40 percent of the Swedish population Internet was the main channel for contacts with the bank. (www.bankforeningen.se)

The extension of Internet banking has lead to possibilities for the banks as well as for the customers. According to a survey done by Svenskt Kvalitetsindex (www.bankforeningen.se) the competition between banks has risen during the last ten years. Even if in Sweden the four largest banks have a great power, the number of new actors offering financial services in the banking market is increasing. Internet makes it possible for the customer to turn to banks that are not even physically in the country. Perhaps the competition will rise even more since the monopoly for banks on deposits from the public came to an end at the first of July 2004. (www.konsumentbankbyran.se)

A survey by KPMG, one of the global professional services firms, (www.kpmg.se) states that 83 percent of the Swedish bank customers are content with their banks but about 12 percent of the customers' answers that they are going to change banks during the next year. The most important aspect when a customer chooses a bank, according to KPMG, is that the bank can offer a well-developed and user-friendly Internet bank. Also important are low fees and competitive interest rates.

In this study, we have chosen to look at the bank as an actor providing financial services in the consumer market for private customers, using Internet as the main channel.

1.2 Problem presentation

Internet makes distances shrink. When providing services on the Internet a bank doesn't need to establish branches all over the country to reach its customers. This together with the automation given by the Internet could be advantageous from the bank's point of view. Banks offering Internet services that are to a high extent technologically automated will probably need fewer employees. This makes it easier for small and midsize banks to compete for customers even if they have small organisations and few branches. (Peterson; Balasubramanian and Bronnenberg, 1997)

At the same time Internet also increases the distance between the customer and the bank since the customer cannot see or speak to the bank personnel. The contact between the bank and the customer becomes more impersonal, which might make it easier for customers to switch to another bank.

The Internet also increases the transparency, offering the customer a possibility to get a total view over different banks available in the market. (Augustson, Bergstedt Sten, 1999) It enables the customer to obtain information on various competing services, which gives the possibility to compare them and then select the one that best meets his or her requirements. (Peterson; Balasubramanian; Bronnenberg, 1997) Today there are several Swedish Internet sites offering information that makes it easy to compare for example interest rates, fees and services available among different actors offering financial services. Even guidelines for those who want to change banks can be found on the Internet.

Although, on the Internet it can be hard for the customer to distinguish between services (i.e. the service function) provided by different providers (Meidan, 1996). Standardised financial services on the Internet function almost in the same way since they are automated. When providing standardised services through the Internet, the bank cannot differentiate the service through the appearance and behaviour of the staff or the branch location. Therefore it is important for banks offering services on the Internet to differentiate themselves from competitors in other ways. This could be done by for example differentiating the relation, in order to achieve a customer's attention and make the relation sustainable. It will be the synergic value in the mutual relation that differ the bank from its competitors.

Here the importance of retaining loyal customers comes into focus. When a customer has “entered the bank“, the process of retention begins. Satisfaction with one service encounter will not be enough (Mittal and Lassar, 1998; Grönroos, 2000), it requires a deeper feeling of commitment and trust for the customer to develop a sense of loyalty and conduct a loyal behaviour. When a relation is established, it is easier for the customer to trust the bank and feel committed to it, which gives the conditions for loyalty to develop. Keeping its customers is essential for the bank because it is expensive to attract new customers (Reichheld and Scheffer, 2000). The goal should be to increase the customer share (i.e. the number of services used by each customer), not the amount of customers.

Using Internet as a channel for banking, will somewhat change the prerequisites of the past. Loyal customers have always been important, but the ways in which customers develop loyalty might be manifested differently when the Internet is involved. Still, fairly little has been written in this domain, but we have found some recent research that will be presented below.

1.2.1 Recent research in the banking area

In a thesis made by Kristina Heinonen (2004), she means that it is time and place that is important for the bank customers of today, not the designed service concepts. She has made research on the perceived value in Internet banking services, and found out that customers value seclusion, structure and overview, and that the Internet is very suitable for these types of services. Customers tend to avoid personal contacts with banking personnel. This is a challenge for the banks and results in greater dynamics in the customer relations because it is easier for customers to compare and change to competitors.

This can be compared to a study made by Karlsson and Klockhoff (2002) who comes to the conclusion that customers do not compare banks to get the best alternative, and even though many customers has thought about changing banks, only a few will actually go ahead and change. The study has a quantitative approach and illustrates customer loyalty in banking today. The conclusion is that the relation between smaller customers and the bank have weakened, while the relation between bigger customers and the bank have strengthened, when using today’s ways of creating customer loyalty. The respondents feel satisfied, but not so strongly that they can be said to be loyal in all situations. This is in line with their (and our)

theoretical framework that points out satisfaction as important factor in creating loyalty, but not as a sole factor.

Christina Nordman (2004) has in her thesis searched for factors that influence customer loyalty in a positive or negative way. She has identified three groups of customers. The devoted customers have an emotional relation to the bank. They wish to keep the relation, they tolerate mistakes, they are not interested in competitors offers and do not focus on price. The second group of customers show constraint-based loyalty, which means that they are passive and afraid of changing banks because it could be difficult or because they do not see any good alternatives. The third group is price-focused and they are active and prepared to thoroughly compare different alternatives. According to Nordman it is the personal contacts with the bank that make the relation deeper and therefore it is good to keep channels for personal interaction as a complement to Internet.

Another quantitative study, made by Einarsson and Sjödin (2002), investigates if customers feel that their relation to the bank has changed after they started using the Internet. They come to the conclusion that their respondents do not experience any differences in the relation to their bank after they started to use the services via Internet instead of branch banking.

After going through market statistics, theories about loyalty and recent research, some questions arise. Will the increasing use of Internet banking in combination with luring offerings from new competitors make customers defect? Is the Internet an advantage or does it hollow loyalty? Will the increased use of Internet banking make it even more important to increase customer loyalty? Or has banking through the Internet no effect on loyalty? Are the customers who only use the Internet bank less loyal than the customers that combine the services of the Internet and the branch?

1.3 Problem formulation

Does the increased use of Internet, as a channel in banking, affect customer loyalty?

1.4 Purpose

Our overarching purpose is to enhance our understanding of customer loyalty in an Internet banking context.

By analysing the results of a quantitative customer survey we will look for indications of loyalty among Internet bank customers.

1.5 Delimitations

This survey is carried out among customers who use, and have used, Internet bank services for private purposes for more than one year and are represented in the Stockholm area phone book. Interviews are accomplished only with personnel at one Swedish bank. In the theory we have delimited our description of concepts to the ones that we, from interpreting literature in the subject, believe to be the most important in constructing loyalty.

1.6 Disposition

We will continue by describing our methods. We present our theoretical studies, how we decided to perform the investigation and how our questionnaire is made.

Our theoretical base opens with a description of financial services and the Internet. After that we present our theoretical studies and how we perceive the concepts connected to loyalty to be related.

In the following chapter we present the empirical results of the interviews and of our questionnaire combined with analyses/comments.

After that we state our conclusions and present a final discussion.

We also make some recommendations for further research.

Finally we declare some criticism against the paper.

2 Methods

In this chapter we will show our scientific approach and explain how we have carried out our research and why we have chosen to do it this way.

2.1 Scientific approach

Research can either be positivistic or hermeneutic. (Thurén, 1996) Positivism originates from natural science and hermeneutics from human sciences. The hermeneutic approach aims to increase understanding of a phenomenon through interpretation often using qualitative data, while the positivistic approach aims to reach an absolute truth by explaining quantitative phenomena and their relation to each other (Hartman, 1998). The researcher should here be an objective observer, although it is impossible to achieve total objectivity (Holme, Solvang, 1997).

When choosing a method, one should keep in mind that both qualitative and quantitative methods have advantages and disadvantages and one method is not better than the other. (Holme, Solvang, 1997) The choice of method should have its origin in the purpose of the research question. We have chosen a quantitative approach for the greater part of this study, which is based on a questionnaire where all research objects get the same questions and answer alternatives, but we also have a part with personal interviews. In both cases, we as researchers are the ones who to a great extent control what data to collect (ibid). Our type of research could also be made with a qualitative approach to reach a deepened understanding, but that would have been too time consuming. Our aim is instead to make a broad survey on a larger number of people.

We have chosen to work according to the deductive method in our research, which means that we have our starting-point in theories and we draw conclusions through observations. The other way to work is through induction, which starts with observations that later forms a theory (Hartman, 1998). We believe that there is a need to study what has been written in the area of customer loyalty and from this form a theoretical framework. This framework will help us to form the right questions and it will also help us to analyse the collected material. An inductive method would not have shown us what to look for. The collected material would have been very hard to analyse and probably not very useful in this type of research.

2.2 Theoretical studies

After deciding that we wanted to study Internet banking and loyalty we began by studying the broad concept of loyalty. Our tutor provided us with some books and articles, which we went through and made summaries on. Then we browsed for more information and through substantial literature studies we found that some concepts related to loyalty occurred more frequently. We also came to the conclusion that it existed about as many opinions of what constructs loyalty, as there were authors of articles. After these studies we analysed the existing concepts and from this we deduced our own theoretical base by showing how we understand these concepts to be interrelated. As we consider the concept of loyalty to be very complex and difficult to measure, we try to identify and explain it through the concepts that we apprehend constructs loyalty. A thorough review of the theory was essential for us to even know what questions we needed to ask to grasp loyalty.

2.3 Line of action

At first, we began searching for one specific bank, whose customers we could apply our thesis on. We started by searching the web for Swedish banks and found 25 joint-stock companies and 79 detached savings banks. We started surveying the actors on the Swedish banking market by filling in a template made through brainstorming. This template had variables as type of bank, business concept and types of customers, services and channels. We wanted to study a bank that had a general “direction“, and we came up with some criteria for our “ideal bank“ (for our purpose!). The bank should offer a wide spectrum of “traditional“ banking services, it should be directed to all types of customers, and it should have a focus on the Internet as an important channel. In the end we came up with a few banks. Unfortunately, none of them were interested in our survey and we could not get access to their customers. At this state we were invited to participate in a survey made by our tutor, using his questionnaire. We carefully studied the questionnaire and it showed to be useful, since it was outlined much like the one we have made. About half of the questions in the questionnaire corresponded to ours and we decided to use it.

Instead of using customers of one specific bank, we randomly sent questionnaires to five hundred presumable respondents, chosen randomly from the Stockholm area telephone book. This is called a coincidence selection (Denscombe, 2000), and it is mostly used out of convenience, because the selection is easy within reach. To increase the depth in our survey we also decided to make some qualitative interviews with bank managers of one of the big banks, that wish to be anonymous. The interviews were carried out only at one bank, were one of us works, because of our previous difficulties to receive a research object.

2.4 The questionnaire

The empirical part of this paper is based partly on a survey¹ made by Kent Eriksson, our former tutor, and Daniel Nilsson, doctoral student. We have translated their questions into English and modified the questionnaire for it to fit our purpose. The questionnaire has mainly fixed answers and we have graded them from one to seven. The original questionnaire has 89 questions, but we have only used those that were comparable to our questionnaire, which leaves us with 37 questions. During the analyses we have further diminished the number of questions and we have finally used 27 as our empirical material. We started by analysing what information each question would provide us with. To make the analysis easier we also considered what concept from the theory could be related to each question.

2.4.1 Restrictions

To increase the validity of the questionnaire results we have delimited our respondents according to the following limitations: We think that those that have been customers for less than one year would not be interesting to examine in aspects of measuring loyalty. This because we argue that the concept is such that a person can hardly be said to be loyal after too short time, loyalty have to grow during some time. We also mean that customers must primarily carry out basic services on the Internet to be meaningful to examine. Customers that doesn't either inform them selves of account balance, transfer money or pay bills are not seen as active users of the Internet service and are therefore not of any interest in this survey². Those that have not answered all of our questions are also delimited. For analysis of these delimited respondents, see section 2.5.3.

¹ We first constructed our own questionnaire with questions with fixed answer alternatives based on and attached in the theoretical base. The answers of the questions would thereby become easy to interpret.

2.5 Interviews

We have made three half structured interviews with persons working at one bank to grasp their opinions of customer loyalty. The respondents were The Chairman of the Board of Directors, the Chief Information Officer and the Head of business section E-business. We made 26 open questions in advance, but the interviews were more loosely conducted and took between 30 minutes and one hour. The respondents did not all answer every question, instead they replied in those areas that they knew the most. In section 4.1 we have summarised their opinions. The questionnaire is attached in the appendix.

2.6 Primary and secondary data

In the theoretical chapter we have used both primary literature like research reports, and secondary literature like books (Hartman, 1998). The empirical material is also mixed as the interviews consist of primary data, while the questionnaire represents secondary material. The answers to the questionnaire are somewhat primary data though, in that way that we receive the raw data material and analyse it ourselves.

2.7 Reliability and validity

The answering frequency of the questionnaire is fairly low; 13.2 percent. After considering our restrictions, the percentage is even lower; 10 percent. Due to this, we do not emphasise our conclusions from this survey to be valid for all customers in the Swedish banking market. Our conclusions will be a sample of the attitudes and behaviours that exists on this market. Numerous opinions can be held towards a questionnaire, simply because it is much more difficult to receive correct answers to questions asked on a paper, compared to an interview situation. For example, we do not know if one respondent interprets a question in the same way as another respondent. We have tried to form our questions as simple as possible, and when interpreting them we have mostly brought together answering alternatives in clusters, so that for example both alternative “1” and “2” becomes “I do not agree” while we interpret “3”, “4” and “5” as “insecure” middle opinions. The disadvantage is that we as inquirers cannot explain or ask for explanations to the questions and answers, never the less we consider it too time consuming to make oral interviews. However, this is a difficulty for most written questionnaires. We believe that our questionnaire measures the characteristics that we

² We disregard customers answering “1” or “2” on a 1 to 7 scale.

want to measure (Hartman, 1998); it is quite simple to answer and does not lead to any big misunderstandings, and so our validity is good.

When it comes to what questions we chose to put, we mean that we can measure aspects of loyalty this way. We have made a thorough theoretical base, as we have read much about the concept of loyalty and related concepts. From our understanding of how loyalty is constructed we have made the questions. We are of the opinion that it is difficult to measure loyalty only by asking if someone is loyal. Instead we ask several questions about usage, experience and opinions, from which we draw conclusions. For example we ask how many times the customer visited the Internet bank last month, which is an indicator of repeat purchase behaviour. The question “The Internet bank facilitates my everyday life” is an example of satisfaction, in the way that that it somewhat measures the discrepancy between expectations and the outcome of using the site. Of course this evaluation is different between respondents, but nevertheless it is an indication of satisfaction, as we believe it.

Of course all people have some preconceived understanding, and in our case we believe to have a lot in common with the respondents, because we are also Internet bank customers. This is important to keep in mind when analysing, and it is almost impossible not being influenced by ones own conceptions. One of us also works at a bank branch, which gives us some other angles of approach.

2.7.1 Who and why

We have a fairly well spread sample of respondents. The youngest and the oldest are not that well represented, but these age groups are probably smaller when it comes to Internet banking. With risk of being prejudiced, younger people has not had time to use banking services many years, and the older do not use the Internet to the same extension.

As for sexes, the population is not perfect but acceptable for this type of research, since it is not our main purpose to study sex differences in Internet banking. We have a good spread in income when it comes to measuring the respondents' wealth. Most of our respondents have at least upper secondary school education, few have only compulsory.

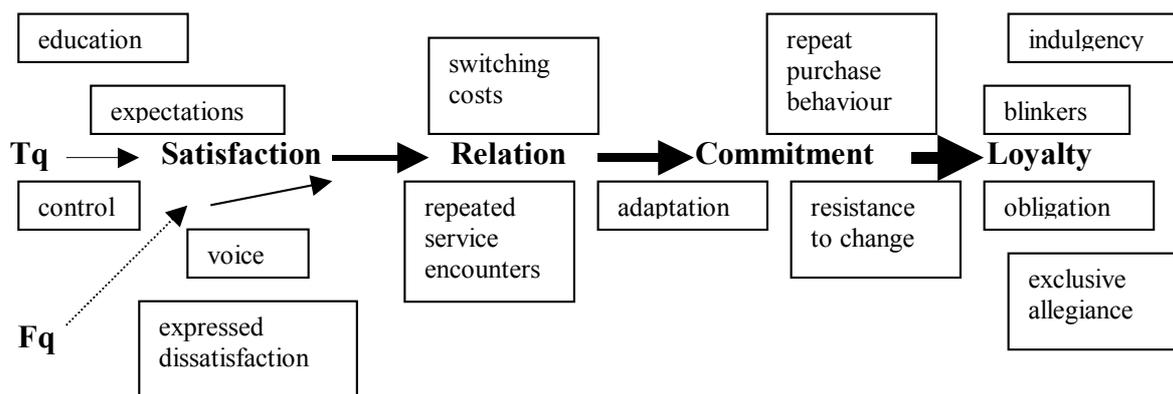
3 Theoretical base

In this chapter we will present a theoretical framework for our study. We want to throw light upon the concept of loyalty by looking at the process of customer loyalty development.

3.1 Introduction

We start this chapter with a description of the characteristics of financial services, followed by an explanation of Internet as a medium for delivering financial services and interacting with customers. After that we introduce the concept of loyalty and illustrate the characteristics of a loyal customer. To make it easier to understand customer loyalty, we describe different stages involved in the development of loyalty, one by one. In reality, these stages are connected with each other and interdependent, and they do not always follow this order. The different concepts we look at are service quality, satisfaction, relationship, commitment and repeat purchase behaviour. Finally we present a broader description of loyalty. Since loyalty is a complex concept that has different meanings for different people in different contexts, we do not provide an exact definition of loyalty, but rather try to give a broader explanation of the concept. Further on, when using the word *service* we intend *Internet bank services*.

Figure 1. The concepts constructing loyalty (our model).



This is how we believe that the concepts can be interrelated, and what factors influences them. Tq and Fq is short for technical and functional quality.

3.2 Financial services

Financial services as well as other services, are characterised by intangibility, inseparability, perish ability and heterogeneity. (Meidan, 1996) They are intangible in comparison to goods, and it is difficult to separate production from consumption since the customer is part in the process of both producing and consuming. The perish ability lies in that the service cannot be stored for use later (Meidan, 1996; Grönroos, 1990). According to Meidan (1996) financial services very seldom can be standardised, thus the term heterogeneity. Meidan (1996) also argues that financial services lack identity. To customers, financial services look alike, and the reason for using one before another is primarily due to convenience of for example branch location.

When offering financial services three types of channels are needed (Peterson; Balasubramanian; Bronnenberg, 1997). These are communication channels for exchanging information between the service provider and the customer, distribution channels for the physical exchange of the service and transaction channels generating the sales activity.

3.3 The Internet

The Internet can be referred to as “a type of global information infrastructure consisting of computer hardware and software that is characterised as both general and open“. (Peterson; Balasubramanian; Bronnenberg, 1997, p 404) In this case general means that Internet was not designed for a specific set of services. Since all specifications required to use the Internet are publicly available, it can also be described as “open“. Further on, “the Internet“ will refer both to the Internet “itself“ and to information and communication technologies (i.e. the systems behind the Internet technology).

The Internet makes it possible to gather, organise, analyse and exchange large amounts of complex information (Peterson; Balasubramanian and Bronnenberg, 1997). This can be done quicker and at a lower cost than before (Augustson, Bergstedt Sten, 1999), since the Internet offers communication options with virtually no variable costs (Peterson; Balasubramanian and Bronnenberg, 1997).

3.4 Financial services and the Internet

Internet is a channel suitable for providing financial services since it enables two-way communication in real-time (Rust and Lemon, 2001) as well as distribution and transaction of financial services at the same time (Peterson; Balasubramanian; Bronnenberg, 1997).

From the banks point of view, Internet offers opportunities to create service processes that demand few internal resources, and therefore lowers the costs (Grönroos, 2000). Since Internet has no restrictions in location or hours of operations it also provides wider availability and a possibility to reach more customers. Real-time adjustments to a bank's offerings are possible, since the information presented on the Internet site can be updated at any time. Although on the Internet, the bank cannot differentiate the character of the branch from those of competitors. Instead it will be important to differentiate the service, concentrating on things like security, design and user friendliness of the Internet bank as well as creating of sustainable personal relationships with their customers. The absence of face-to-face contact might give customers a feeling of uncertainty and risk (Reichheld and Schefter, 2000) and a lot of reassurance might be needed before they will hand over personal details and preferences. Therefore it is important for the bank to show that it deserves the customers trust (Cappelli and Clancy, 1999), by using secure transaction software, provide clear explanations of the level of security and deliver one's promises.

For the customer Internet enhances the possibility to take more part in the process of service production and consumption and to affect the performance of the financial service (Rust and Lemon, 2001). This is because the customer himself/herself to a great extent carries out services on the Internet, instead of the branch personnel (Rust and Lemon, 2001; Grönroos, 2000; Meuter, Ostrom, Roundtree and Bitner, 2000). Since Internet is not constrained by either location or time (Augustson, Bergstedt Sten, 1999), it is possible to make use of a service provided on the Internet from off-site locations at any time. Thereby the customer does not need to travel to the bank to consume a service. Another feature of the Internet is that it increases the transparency because it offers the customer a possibility of getting a total view of banks available in the market (Augustson, Bergstedt Sten, 1999). It enables the customer to obtain information on various competing services, which makes it possible to compare them and then select the one that best meets his or her requirements (Peterson; Balasubramanian; Bronnenberg, 1997). Therefore, creating loyalty among customers might be even more important in online banking than in conventional banking. (Muphy, 2000).

3.5 Loyalty – an overview

“Loyalty is considered a positive evaluation of, or a felt commitment to, an object - that is, a latent mental state - which is reflected in the behaviour towards the object.“ (Mägi, 1999, p 42)

Oliver (1997, p 392) states that loyalty is “a deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour“. Loyalty can also be described as a kind of feeling of responsibility, agreement and obligation (Reichheld, 1996) or as a feeling of passionate support and exclusive allegiance (Braun, 2002).

Loyalty cannot be bought or forced on customers and a person does not automatically become loyal because he or she is satisfied with the services offered by a company (Reichheld, 1993). Becoming loyal is more like a process. A positive apprehension of service quality might lead to satisfaction, but for a relation to develop, interaction between the customer and the bank, rather than just a feeling of satisfaction from the customer’s side, will be required. A continuous dialogue and feedback to the customer’s questions and complaints might lead to a sustained and perhaps strengthened relation. Although personal relationships are not enough to make customers loyal, they are a central part of loyalty.(Grönroos, 2000) The deeper and stickier the relation becomes, the more willing the parties will be to trust each other and in time this might lead to commitment. When a customer feels satisfied by an experience and develops a positive attitude towards a bank, it might hopefully also lead to intentions of re-using its services. Hirschman (1970) means that loyalty is a key factor in the interaction between voice and exit: loyalty is shown to postpone exit and to make voice more effective through the possibility of exit. The loyal customer is more likely to voice complaints instead of just changing supplier, and that’s what differs him or her from the others. According to Stratigos (1999) a customer’s likelihood to use and reuse a service and his or her likelihood to contribute and recommend a company and its services are measures of loyalty.

Acquiring loyal customers is important for all companies because of the future income it provides to have customers that will not change suppliers (Grönroos, 2000; Rust, Zeithaml

and Lemon, 2000). According to Blattberg and Deighton (1996, p 96) the value of loyalty can be estimated as “the total of the discounted lifetime values of the firm’s current and future customers“. It is important to understand the underlying forces that influence the loyalty of customers, such as their attitudes and changing needs, since many more customers change their spending behaviour than defect (Coyles and Gokey, 2002).

Distinctions can be made between psychological and behavioural meanings of loyalty, though most has been written about the latter. The behavioural meaning could be exemplified with repeat purchase. Although Bhatti, Skinkle and Spalding (2001) argue that repeat business is not necessarily a good indicator of loyalty, because a consumer may repeatedly use a bank’s services, while waiting for a competitor to match the price or service. One disadvantage with the repeat behaviour is that it might indicate what Jones and Sasser (1995) call false loyalty. According to Bhatti, Skinkle and Spalding (2001), true customer loyalty is driven by a strong, trusting relationship between the customer and the business.

As seen above, there are many different ways of looking at loyalty. Some see it as only repeat purchase behaviour, some as an obligation, others as the likelihood to give recommendations or as a mental state. The disadvantage with only choosing a behavioural or an attitudinal way of looking at loyalty is that it will not necessarily cover all aspects. Behavioural loyalty can be false, as it need attitude to not be dismissed as spurious, and the attitudinal loyalty is only latent if it is not combined with any action. We therefore think that Mägi (1999) provides us with a good definition of loyalty; that it is a mental state reflected in behaviour.

We believe that it is valuable to have knowledge about the stages involved in building loyalty, and we therefore chose to describe them below.

3.6 Service Quality

The perceived quality of a service encounter has two dimensions; the technological dimension, which refers to *what* is delivered, and the functional dimension, which refers to *how* the service is delivered (Grönroos, 1990). Speed of response, offer updates, site effectiveness and so forth, refers to the technical quality (Rust and Lemon, 2001). Interactive communication, personalisation of the communication and of the service, as well as new forms of customer access refers to the functional aspect of quality. The package given to the customer must contain both technical and functional quality to be competitive. A bank

providing services on the Internet should for example always respond at invitations to interact, such as e-mails, as quickly as possible (at least quickly as the customer considers acceptable) and try to provide useful answers. (Grönroos, 2000) With slow or no responses, interactions will not develop, and thereby the interest of the customer might be lost. The bank can save information on each customer in order to personalize the dialogue and make the customer feel “special“ in the contacts with the bank, and this is the further potential of using the Internet in bank services. According to Mittal and Lassar (1998), in low personal contact services, it is the customer’s apprehension of the technical quality that can lead to satisfaction, while the apprehension of the functional quality (in combination with technical quality) can lead to loyalty. When the perceived total quality of the service process is in accordance with the customer’s expectations, the overall experience of the service is positive (Grönroos, 1990; Parasuraman, Zeithaml and Berry, 1985).

3.6.1. Customer control

When using bank services on the Internet, most of the actual “work“ is carried out by the customer, which can make him or her feel to be more in control. According to Grönroos (1990) the customer’s apprehension of the service quality has a connection with the customer’s apprehension of control, in this case his or her feeling of empowerment in the interaction with the bank. To let the customer feel to be in control of the consumption of a service is a way to make the customer feel more content with the service quality. If the customer has the feeling of control in the service process he or she is also more likely to accept failures in the service process.

3.6.2 Educate and listen to the customer

In order to influence the customer to use self-service technologies like the Internet, it might be necessary to improve the participation skills of customers. The feeling of not knowing what to do or how to do it could have a negative impact on the perceived technical quality of the outcome (Grönroos, 2000). Customers will most likely feel more secure, make fewer mistakes and need less unnecessary attention from employees if they are well informed about how to perform the service. As a result they will probably be more satisfied. Therefore, it is of great importance for the Internet bank to educate the customer and provide required support. It is also likely that the customer is more willing to try new services if he or she feels secure and comfortable. To frequently update information about the customer’s expectations is also important. (Allred and Addams, 2000) This can be done by using market surveys or by simply

taking notice of customer complaints and opinions. By doing this, it will probably be easier for the bank to design services in accordance with the customer's desires.

3.7 Satisfaction

Satisfaction can be described as an "evaluation of the perceived discrepancy between prior expectations ... and the actual performance of the product" (Oliver, 1999, p 34). Satisfaction is closely related to service quality and consists of both a behavioural dimension created by experience, as well as a mental dimension, created by worked up attitudes (Oliver, 1999).

3.7.1 Dissatisfaction

Dissatisfaction among customers using Internet services might occur because of technological failure, which results in a negative perception of the functional quality of the service.

Dissatisfaction might also arise from technology design problems or service design problems. This could include systems being too slow, difficulties for the user to navigate the system or problems to figure out how to log off the service. Internet banks are used to their full advantage only when they are designed with the customer's needs and preferences in mind. Therefore it is important for the bank to, as pointed out before, include the customers in the design of the Internet service. (Meuter, Ostrom, Roundtree and Bitner , 2000) Customers who are dissatisfied with the way the Internet service has been designed often believe that complaining will not result in any changes in the design of the technology and therefore do not complain. (Ibid) By asking customers and finding out what they think about the services offered, the bank has a possibility to correct problems, which could prevent the customer from leaving.

3.7.2 Satisfaction and loyalty

Despite that dissatisfied customers might leave; satisfaction is not an assurance of customer retention. "Even satisfied customers leave for the lure of a competitors offer", Mittal and Lassar (1998, p 178) argue. And it gets even more complex, as Rust and Zahorik (in Mittal and Lassar 1993, p 178) state; "a dissatisfied customer may still continue his/her patronage if he/she expects no better from alternative suppliers" and "a satisfied customer may be willing (or even eager) to patronise alternative suppliers hoping to receive even more satisfying results". Changes in the customers life or changes in the companies offers or in its competitors offers are often more important factors for changing spending patterns than

whether the customer is completely satisfied or not (Coyles and Gokey, 2002). Here it becomes important to create some form of relation between the customer and the bank to be able to provide the customer a superior value.

3.8 Relationship

The meaning of the word “relation“ in this text does not refer to the (broad) lexical definition (Hartman, 1998) referring to such common relations as for example a marital relation or the relation between phenomenon’s, even though all relations on a basic level consists of the same components. The explicative definition that we use is more precise. Relationships are built by repeated service encounters, and it is the temporality that distinguishes the relationship from the isolated transaction (Fournier, 1998; Grönroos, 2000). “[e]ach encounter contributes to the customer’s overall satisfaction and willingness to do business with the organisation in the future“ (Bitner, 1995, p 248). Relationships are to a great extent related to attitudes. The customer’s feeling of being “tied“ to a service provider has to be earned, and it is always the customer, not the bank, who decides when a relationship has developed (Grönroos, 2000). “A relationship has developed when a customer perceives that a mutual way of thinking exists between customer and supplier or service provider.“ (Grönroos, 2000, p 33)

It will cost to invest in a relationship, at least in the initial stage, but the intention is that in the longer run, the relation will reduce the uncertainty and increase trust between parties. This also has as an effect that it will imply a cost to break the relationship. The process of building a new relationship all over again will lead to switching costs. On the Internet, it can be even more important to create relations to reduce uncertainty, because of the greater distance between the customer and the service provider.

3.8.1 The creation of relations

In order to create sustainable relations to customers, service providers should *make* realistic promises, they should *keep* them and they must *enable* the employees to deliver and also have the right service systems. (Bitner, 1995) Each encounter gives the bank an opportunity to exhibit itself for the customer, and a series of positive encounters will build the base on which relations can be formed. The Internet can facilitate these encounters because of the ability to interact with the bank any time although the lack of personal contact with bank personnel

might obstruct the forming of relations. Also, there may sometimes be technological problems that restrain the customer from using the service. This could infect the relation between the parties. Therefore we think it is important both to provide several channels for communication, for example telephone banking as a complementary channel of service, as well as to create stronger relationships, so that a failure doesn't affect the relation in a negative way.

3.9 Commitment

Commitment from the customers side is an attitude of attachment to a brand (in banking it can be difficult to distinguish between the service and the service supplier, because they might be apprehended as one and the same) or the desire to stay in a relationship (Pritchard, Havitz and Howard, 1999). It works both ways though, from customer to supplier and the other way around and is in some way a deepened extension of a relationship. Both parties invest in the relationship and both expect to receive something from this relationship.

When the relation continues, the parties learn about each other and both parties slowly adapt to each other step by step (Fill, 1999). This creates a greater interdependence between them, leading to more commitments, which in turn further decreases the uncertainty and at the same time increases the confidence.

By collecting and processing information about the customer, and providing individual solutions for each customer, the bank can make the customer feel that the bank adjusts to his or her particular needs. This will extend the basis for commitment.

Beatty and Kahle (1988) state that a sense of attitudinal commitment arises first, and this, in combination with repeat purchase behaviour, develops into loyalty. According to Pritchard, Havitz and Howard (1999) commitment can develop into loyalty, with resistance to change as a mediator.

3.9.1 Resistance to change

The foremost outcome of resistance to change is loyalty (Jacoby and Kyner, 1973). A free choice increases the feeling of personal responsibility and when a customer has made a free choice, he is likely to be committed to the product and stay with the decision. There is also a psychological cost for customers to rethink what was known, which makes it more likely that the customer stays with the decision (Pritchard, Havitz and Howard, 1999). The resistance to

change should not be caused by fatigue, though, but of active resistance to switch service provider (Mägi, 1999), otherwise it is not considered “true“ loyalty.

3.10 Repeat purchase behaviour

By re-using services we mean using the Internet bank services frequently instead of just having the services and the possibility to use them. These intentions of re-using are depending on both prior expectations and attitudinal preference. What also influences these intentions is competition. Simply satisfaction will not undoubtedly lead to repeat purchase behaviour, and then to behavioural loyalty, if the competition is hard. It requires a resistance to change for the customer to defy offers from competitors. We think that the Internet service can lead to intensified repeat purchase behaviour because the access is made easier. It is easy to “drop in“ and check the balance on the account or to pay a bill right when it arrives, instead of collecting all bills and pay them all together at the end of the month by for example giro.

3.11 Loyalty

Customer loyalty is an individual behaviour (Neal, 2000), but there are some general characteristics of loyal persons. A loyal person prefers stable long-term relations (Reichheld, 1993). This might have as a result that he or she puts on “blinkers“ against both external pressure in the form of competitors’ offers, as well as internal defects like for example technical problems. Loyalty can therefore, like commitment, be seen as a “resistance to change“ (Laaksonen, 1993). In this meaning, loyalty is only revealed when pressure in the environment tries to change a person’s behaviour (Mägi, 1999). When a customer is loyal, he or she will also become more indulgent towards flaws. The customer stays with a bank for a long time and uses its’ services because of a personal need rather than because of a promotion campaign (Cappelli and Clancy, 1999). Furthermore, a loyal customer who has the bank’s interests at heart complains if he or she finds something unpleasant. (Ibid) This provides management with valuable feedback about the bank’s performance and direction. Un-loyal customers generally don’t voice complaints and objections, since they simply don’t care that much. Characteristic for the loyal customer is the expectation that someone will act or that something will happen that improves the situation. The expectation that the right steps after some time will compensate the flaws is what differentiates loyalty from concepts such as faith and trust. (Hirschman, 1970) All the things that can influence the interactions between the

bank and the customer negatively, such as for example technology problems or too long answering time, will not have as great importance for the customer that is loyal as for the customer that is not.

According to Braum (2002) customers can't be bribed into loyalty. But there are things the bank can do to influence the customer towards loyalty. The bank should try to engage customers so they become passionate, not just about the bank's services, but also about the whole business. This can be done by getting customers involved, making them feel that they are part of the service process as well as treating them with respect. The dialogue with the customer should be personalised. One example of important personalisation is to use the individual's name in all communications. It is also important in the feedback process to appoint an advocacy "czar" to whom the customers can turn with questions, complaints and suggestions. Customers are more likely to communicate when they know whom to address. By asking the customer for feedback the bank will make its customers feel that their views are valued.

3.11.1 Behavioural and attitudinal loyalty

Loyalty can be explained as a mixture of both attitude and behaviour (Pritchard, Havitz and Howard, 1999). Attitudinal loyalty derives from commitment and is motivated by absolute dedication to a brand or in this case, a bank. The behavioural meaning on the other hand could be exemplified with repeat purchase. Although Bhatti, Skinkle and Spalding (2001) argue that repeat business is not necessarily a good indicator of loyalty. A customer may repeatedly use a bank's services, yet still he might just be waiting for a competitor to match the price or service. This type of behaviour is based on the current circumstances. The repeat behaviour might indicate what Jones and Sasser (1995) call false loyalty. False loyalty can be created from for example government regulation that limit competition or high switching costs that exceed the benefits of switching to another bank. This spurious loyalty can be exemplified by "convenience loyalists" (Neal, 2000). The customer sticks to a bank only because of pragmatic reasons. The problem with this is that one single flaw in the service encounter can make the customer switch. According to Bhatti, Skinkle and Spalding, (2001) true customer loyalty is driven by a strong, trusting relationship between the customer and the business. Unfortunately, customers who are attitudinally loyal constitute a relatively small proportion of total customers.

To distinguish between the different types of loyalty, Mägi (1999, p. 140) suggests the following figure.

Figure 2.

	Attitude:	
	Low	High
Repeat behaviour: Low	Not loyal	Latent loyal
High	Spuriously loyal	Loyal

A customer can fall into four different categories. The loyal customer is a customer who has a high degree of repeated benevolent behaviour in connection with a high (positive) relative attitude towards the bank. A customer showing the same degree of benevolent behaviour, but a low relative attitude towards the bank is spuriously loyal due to spontaneity or impulse, and thus is not “truly“ loyal. A customer showing low degrees of repeat benevolent behaviour, but high degrees of (positive) attitude, will be classified as latent loyal. The customer showing low degrees of both parameters is not considered loyal at all. (Mägi, 1999)

In order to obtain customer loyalty a company needs to deliver superior value for its customers (Jones and Sasser, 1995; Reichheld, 1996) and also put efforts into engaging its customers more deeply with the business (Braum, 2002). Important is to treat customers with respect and to get them involved. When people are not engaged they do not care and have no reason to feel loyal. One way to get people involved is to ask for feedback. This will make them feel that their views are valued (Braum, 2002).

3.12 Summary

In this chapter we have described different stages involved in the development of loyalty. These stages are connected with each other and interdependent, and they do not always follow a certain order. For an Internet bank it might be difficult to build customer loyalty. First, the technical and functional service quality could be more vulnerable because of the nature of the Internet, which is highly dependent on technical solutions. The higher risk of failures in the service process might in turn lead to higher probability of unsatisfied customers. The lack of personal interactions also makes it more difficult to create relations, which might lead to a

higher degree of customer “escapes“. Although, if the parties get to trust and adapt to each other there is a chance for commitment to arise, and a base for loyalty to develop.

In this chapter we have come up with the following conclusions;

- When delivering bank services on the Internet service quality might be even more important as a base for loyalty to develop, since there is low personal contact.
- A customer’s satisfaction or expressed dissatisfaction is an indispensable ingredient in the creation of relations.
- If a relation exists, this will improve the possibility that commitment arises.
- If there are tendencies of commitment as well as repeat purchase behaviour, in combination with resistance to change, customers are likely to become loyal.

4 Empirical Results and Analysis

In the first section we present the results of the interviews on the basis of the different concepts that were discussed in the theory part. At the end of this part we make a summary where we point out what we believe is of certain interest for this study. The interviews were conducted to give a deeper dimension to the survey by increasing our understanding of customer loyalty from the banks point of view.

After that we present the questionnaire. Thereafter we pick out some interesting questions for a deeper cross analysis. Finally we make a summary of the analyses.

4.1 Interviews

It is important to keep in mind that the following text is the answers that three key employees at one bank want to mediate to us. The answers should not be interpreted as objective facts, since this is the picture they wish to give us. We have not been given any numbers from their own surveys.

4.1.1 Loyalty

All three respondents think that customer loyalty is very important for the bank. It is important from an economic perspective, as it is cheaper to retain old customers than aiming for new ones, and it enhances the possibility for cross selling. Although the Chief Information Officer thinks that the concept of customer loyalty is obsolete since "...the customer does not apprehend himself/herself as loyal or not loyal." The customer is not looking for an emotional relationship but sees the price, quality and performance as important factors when choosing where to buy. Loyalty is not a good word, instead "partnership" is more correct, says the Chairman of the Board of Directors. He also means that cooperation between a bank and a company is somewhat like a marriage, "for better or worse". According to the respondents customer loyalty is when a customer buys from a bank or uses a banks services several times. At least the customer turns to the company first. As long as his/her needs are fulfilled the customer turns to the same company. Although there is also the apprehension that a company should not necessarily always aim at customer loyalty since today's customers tend to shop around anyway, and this is accepted. The customer that is more engaged and has more

knowledge, requires more and sets higher demands on the bank when he or she needs economic support, which is an opportunity for the bank

The loyalty of the employees is a condition for customer loyalty to develop. It is described as an ever-ongoing circle of human and market capital, nourished by positive effects from the other. The employee has to stand for the brand, otherwise he or she is not considered loyal and this shines through to the customer.

4.1.2 Making Customers Loyal

The bank measures customer loyalty in several ways. One way is through market capital analysis when the bank measures what the customers think about its services, prices, and accessibility, among other things. There are also measures of how many services each customer uses³ and how many customers that use a certain service, as well as customer defection and affiliation rates. Another thing is measures of the customer's apprehension of the bank's trademark. Measurements are made a couple of times per year, and have been made for ten years now.

To create and design the Internet bank, market surveys have been made. The bank has engaged an advertising agency and the services have been both designed with and tested among customers. Customer opinions are continuously asked for in the form of opinion rolls and spontaneous recommendations are just as welcome. There is also continuous competition surveillance.

To promote the Internet bank to branch customers the branches have "Internet education". There is no aim from the bank to focus on the more wealthy customers when it comes to building loyalty, but it is those customers that have the most money in the bank that uses the Internet bank more frequently.

The bank does not have a loyalty program and loyalty is not directly rewarded although all three think that loyalty should be rewarded. There is one kind of award though, were the customer receives better prices on a set of services the more services are used.

³ Average 3.71

4.1.3 Internet and Loyalty

When the bank introduced the possibility of Internet banking in 1997, they received about 15 times more customers than expected.

Advantages for the bank with customers using the Internet bank are that it is cheaper for the bank since cash staff can be accessible to perform other services. Every transaction is also cheaper on the Internet compared to for example ATM withdrawals or checks. Another advantage is that the bank more easily identifies customer needs since the customer through the Internet bank is more in control of performing the services and it gives the bank a possibility to track customer behaviour. The Internet banking customer is also more active and buys more services. Internet banking has been an extra cost to the bank, though, the Chief Information Officer adds. About 30 % of the bank customers use the Internet to pay invoices, and this demonstrates a conversion in banking.

Disadvantages might be that it is more difficult for the bank to supervise the customer by influencing the personal face-to-face relation when the contact becomes more anonymous. It is easier to just push a button and change banks, compared to before when you had a personal relation to “Bertha working at the bank in your village“. The increased customer control decreases the banks ability to control and support the customer, says the marketing officer of the Internet bank.

Advantages for the customer are the accessibility and the convenience. The customer can decide for himself more freely and easier keep an eye on his or her economy. In the future it is planned that the customer should be able to co-browse with an employee when both are connected. Both have the same display and the advisor can guide the customer through the Internet bank without any need of personal face-to-face meeting.

Disadvantages might be technical problems and the feeling of insecurity, although all three assure the security of the Internet bank. There is sometimes an unjust sense of irritation from the customers’ side because their operations on the Internet bank are delayed because of large strains on the Internet bank due to a large customer connection. Many customers do not seem to grasp that thousands of people can be said to be on queue on the Internet bank, while they have no problem to understand that there can be a queue at the branch.

The Internet bank is gradually expanded, but it is not meant to replace other channels like branches. The Internet is one of many different channels and it is up to the customer to choose between them.

4.1.4 Relations

To help creating customer relations to Internet bank customers, the bank sends personalised messages to new customers. The customer should feel that he or she gets special offers just because he or she is an Internet bank customer. The Internet technique should be seen as a technical aid, mainly for standardised services. Larger business, like house loans, should still be made during a personal face-to-face meeting. In the future it is planned that services on the Internet should be accompanied by a possibility to call directly to an employee at the bank when questions arises, for example when the customer need advice. However, this is rather expensive. Personalisation of the Internet bank services are important, and it is at present possible to arrange the start site to see those services that you choose, but all customers does not want to do that.

There are different opinions according to the question whether Internet bank customers more easily changes banks just because of the lack of personal face-to-face contact.

Although the marketing officer of the Internet bank says that there is proof that more Internet bank customers change banks today than “ordinary“ customers did before. This would be because it is easier to shop around and also easier to actually change banks. There is also more competition today in the bank market. There might be difference according to the customer’s age.

The Chief Information Officer mean that Internet bank customers don’t change banks more easily merely because they are Internet customers, instead poor interest or fee conditions, combined with a frequently malfunctioning web site is what makes customers switch.

Scepticism towards the Internet as a channel has often mainly to do with security and some customers see the Internet bank as complicated. There also seems to be a widespread attitude that “things are better the way they have always been“ so “why change behaviour?“

40 % of the bank customers are Internet customers, so the scepticism is not overly wide, though.

4.1.5 Dissatisfaction

If the customer is dissatisfied with the Internet bank there are three main channels provided by the bank for complaints or questions. These are the customer service through telephone or on Internet and the personnel at the office. There is also a place on the bank's Internet site for expressing of ideas or opinions. The bank has a strategy for taking care of customer complaints. Most of the errands are taken care of at the department for customer service but some are sent on to higher levels in the bank. Sometimes there are needs to contact the customer. The answer to the customer must not take too long time.

Customers do not differentiate the Internet bank from the rest of the bank when it comes to defection. Studies have shown that customers that leave the Internet bank leave the bank totally.

4.1.6 Competition

The last 15 years the competition has been very powerful, and an increase in volume is crucial for continued development.

For economic reasons it is important, or at least good, that the bank is the customer's only or primary bank because it lowers the costs for both parties in the long run, although this might be difficult to achieve. It seems to be that the older customers stay, while the younger tend to shop around. Those customers with the most money in the bank are the most active ones, and competing banks, which can make them leave, also more frequently contact them.

Niche banks only competing with interest and fees are not a threat, but the "food banks" might become one in the future. Customers are changing behaviour over time and they tend to want to spread their businesses, and it is easy to just put some more money on the food account card for other use when he or she already has one. Many of the niche banks are not competing on the same market, since they do not have wholesale services. They do not contribute to the social change, since they are not increasing competition.

4.1.7 Summary

All three respondents think that customer loyalty is very important although they all seem to talk about the behavioural type of loyalty. It is the repeat purchase that is easy to measure and

the respondents don't believe that customers feel committed and dedicated to one bank. The apprehension seems to be that customers do "shop around" and are always eager to change banks if the right opportunity comes around. Therefore it might not be worth it to put too much effort in aiming at totally loyal customers, even though it is desirable.

The bank measures customer behaviour in many ways, which is good. The question is; how are the surveys analysed? Is the focus on customer loyalty or just on selling more? To have a loyalty program would perhaps unify the banks work of creating relations. And customer loyalty should be noticed and rewarded. What is also good is that the bank asks and involves customers in the developing of the Internet bank.

The bank seems to put a lot of effort in informing, guiding and educating and the customer about the Internet bank. This decreases the feeling of uncertainty and risk and increases the feeling of customer control. The bank also intends to keep the branches and let Internet be a complementary channel for banking. This is good since different needs can be assimilated and the relations can be deepened through the possibility of face-to-face contact.

Besides keeping the branches and telephone lines as channels for personal contact, the bank also tries to customize the Internet bank. There are possibilities for so called co-browsing as well as possibilities for customers to set their personal mark on the Internet site, something that will probably make the customer feel more secure and satisfied and possibly strengthen the relation. The respondents also see the importance of loyal personnel, but does the bank take any actions towards employee loyalty? And if so, is this implemented throughout the whole organisation? Here it could help with a loyalty program.

At this bank different channels for the customer to express his or her opinions are provided and the bank has a strategy for taking care of customer complaints. To listen to the customer will make him or her feel special and probably increase the satisfaction.

4.2 The Questionnaire

Of 500 sent questionnaires we received 66 answers, which make an answering frequency of 13.2 percent. We have removed those that do not fit in according to our restrictions.

Three respondents have been customers for less than one year, and thirteen has not answered each question and has therefore been removed. We are thus left with 50 respondents. For reduction analysis and delimited respondents, see section 4.3.

The presentation of the answers will be as follows: We begin with the limiting question, and then we show socio-economical factors. From this we go on to behavioural and attitudinal questions, and some questions that are not grouped in any of the above groups. We begin

with a connection to the corresponding concept from the theory chapter, then the presentation of the results and a comment of the answer compared to the theoretical base.

To increase the validity of the questionnaire results we have delimited our respondents according to the following limitation: We think that those that have been customers for too short time is not interesting in aspects of measuring loyalty, because loyalty takes time to develop. To be able to call a customer loyal he or she must have been customer in the bank for a certain period, and here we have chosen one year as a limit. Therefore we have used a control question in the questionnaire; **For how many years have you been a customer in the Internet bank?**

Answers:

Out of 63 answers, three respondents have not been customers for at least one year.

Comment:

This limit can be questioned, and for other types of services other time limits can be suitable. Banking, though, is for many people not something you “do“ every day. And to be able to feel and behave loyal there must have been a continuance in the purchase behavior, and the customer should have been able to experience flaws such as site problems or speed of response.

Further, we have delimited thirteen respondents who have not answered all the questions in the questionnaire.

4.2.1 Socio-economical factors:

1. Age

What ages are our respondents?	Approximate population of Stockholm County ⁴ :
1) 15-25: 5 (10%)	1) (14%)
2) 26-35: 8 (16%)	2) (19%)
3) 36-49: 17 (34%)	3+4) (50%)
4) 50-64: 17 (34%)	
5) >64: 3 (6%)	5) (17%)

⁴ Figures from SCB clustered 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75-84, 85-94, 95+.
<http://www.ssd.scb.se/databaser/makro/Print.asp?Matrix=BE0101A9&timeid=200542019133991&path...>

Comment:

Compared to the population of Stockholm County, in our population respondents over 64 years old have very low representation, while middle aged are quite a bit over represented. The two youngest groups are quite equal to the Stockholm population as a whole, though just a bit underrepresented. As stated in the reduction analysis we believe that the middle-aged are the most active when it comes to banking business, and this is why they are most interested in answering this type of survey. They have loans for houses and education, they are in their working age and they probably have the most money to use. The retired are perhaps not so used to Internet at all and most of them probably use the branch to pay bills and discuss other financial matters.

2. Sex

Are both sexes equally represented?

Answers:	Stockholm county population:
Males: 34 (68%)	(49%)
Females: 16 (32%)	(51%)

Comment:

Both sexes are not equally represented in our study, as stated in the reduction analysis. We believe that men can be more interested in computers and Internet, but also that historically men are the economically responsible in the household, and this is why they to a bigger extent answer these kinds of surveys.

3. Wealth

Answers:

Lower quartile: 12
Upper quartile: 12
(2 has not stated)

Comment:

The economical spread is quite balanced between the richer and the poorer in our study. We have as many in the upper wealth quartile as in the lower, but the bigger part of our sample is in the layer between. This shows that there do not seem to be differences in engagement in banking

business between wealth groups. In the cross analysis a more deepened analysis will be made, to see if any differences can be found.

4. Education

		Stockholm county population ⁵ :
1) Comprehensive School:	3 (6%)	(15,6%)
2) Upper Secondary School:	17 (34%)	(44,8%)
3) University:	29 (58%)	(39,6%)
(1 has not stated)		

Comment:

It seems that the university educated are much more interested in Internet banking, if we only see to the answering frequency. It is very difficult to say anything about this, one cannot draw the immediate conclusion that the higher education, the higher income, and thus more interest in banking on the Internet, because the wealth spread did not show this. And it would also be prejudiced to assume that university educated has more money, because the way society looks today, that isn't the fact. The most feasible explanation when we only look at this figures is that the university educated takes this kind of survey more serious, perhaps because they can relate to their own study time, and perhaps they believe that this is an effective way to express their opinion.

4.2.2 Behavioural questions

Repeat purchase behaviour

2) I use the Internet bank for:

- a) Payment
- b) Buy non-bank goods
- c) (I use) new services that are introduced on the Internet bank.

Payments represent a very basic service of an Internet bank. It also indicates repeat purchase behavior. If many of our respondents are not using this service, there can be questionable if these respondents can be useful in analyzing loyalty behavior.

⁵ Figures from SCB: ages 16-74
<http://www.ssd.scb.se/databaser/makro/Print.asp?Matrix=UF0506A1&timeid=2005420199951&path...>

The question about buying non-bank goods implies that the respondents trust the Internet bank enough to buy other goods through it. Perhaps they believe that it is safer to buy via the banks site than on other sites, and it also implies that they are positively inclined to the Internet bank. When it comes to trying new services, a customer who is engaged in Internet banking and an active user of bank services are more likely to be loyal than a customer who is not. It is not likely that a customer who is not very interested in his or her bank and its services will try a lot of new services when they are introduced. Therefore, a customer using new services has a greater probability of being or becoming loyal.

Results:

I use the Internet bank for:	Never use	Use medium much	Use a lot	Total
Payment	2	3	45	50
Buy non-bank goods	45	5	0	50
New services that are introduced on the Internet bank	27	18	5	50

Comment:

Most of the respondents use the Internet bank a lot to make payments, and they show a repeat purchase behavior. >From our point of view paying is very basic, and perhaps the two customers who never use the Internet bank to make payments instead use it as a way to check the balance on their accounts. They could still be using the same bank for paying their bills if they go to the branches and they could still be loyal by attitude. Or they could have been persuaded to connect to the Internet bank despite of their interest. This question alone does not tell us much about loyalty but it shows that most of our respondents are actually using the Internet bank, not only for checking the accounts. Using the services makes the customer more involved, which is a good base for loyalty.

Compared to payment, question “b” is the total opposite when it comes to usage patterns. Here 45 respondents never use the Internet bank to buy other products. People in our sample use the Internet bank to pay, not to buy other goods. The reason for this could be that some Internet banks do not sell non-bank goods or that the customer does not know that it does. After all, this it not an ordinary bank service and a lot of people never use Internet at all to buy goods.

Over half of our respondents never use new services introduced on the Internet bank. Although, the other half of them try new services medium much or much. To try new services implies a sense of trust towards the bank, and also interest in the bank and its new services. These trying

half of the respondents are possible loyalists in the future. To get customers interested in new services there is probably need for information, good support and user-friendly instructions.

Engagement and personalization

To have a high customer share, that is, that the customer puts many of its businesses in one bank, is important for banks. When a customer chooses to bring together his or her banking business with one bank, this could be an indication towards loyalty. It could also be “forced” upon the customer in order to receive better interest or other better conditions.

A satisfied customer is likely to use the same bank for more than one service instead of spreading his or her business. This question shows if the customer is satisfied with the Internet as a channel for banking, and it also shows indications of repeat purchase behavior and customer share.

To actively use extra functions that the Internet bank provides shows that the customer is engaged in his or her business, and that the site is (at least) relatively user friendly. This engagement is important in building loyal customers, and the possibility to work with ones business site can make customers feel more in control of the service.

Making changes in the Internet site could show tendencies of engagement and interest. It increases the likelihood that the customer will feel to be in control and therefore be even more satisfied since the site becomes adjusted to the customers needs. This possibility might be an important factor if the bank wants to tie the customer to the bank.

Also the question about saving giro digits shows the customers possibility of feeling personal with the bank. To save all recurring information saves time and leads to fewer mistakes in the service encounter.

Results:

	Do not agree	Agree some	Agree a lot	Total
I have brought together my bank affairs in the Internet bank	7	19	24	50
I make more bank affairs because of the Internet bank	26	13	11	50
I have on several occasions used the Internet bank’s possibilities to make calculations about lending costs, my retirement fund, etc	32	15	3	50
I have made changes to my site in the Internet bank in order to easily see the information I wish.	38	10	2	50
I have saved giro digits in the Internet bank.	8	5	37	50

Comment:

Almost half of the respondents have brought together their bank affairs in the Internet bank, and thereby show a good possibility of becoming loyal. It could also be of convenience though, and then these customers would instead be spuriously loyal. But even if the customer is spuriously loyal, having all ones banking business in the same bank increases the involvement and it will probably be harder and more uncomfortable to change banks.

Half of the respondents do not make more bank affairs because of the Internet bank, but some customers seem to be willing to do more bank affairs with Internet as a channel. This is something the banks should have in mind and take advantage of when advertising their services and making offers. The repeat purchase behavior here does not automatically imply loyalty, because nothing is said about the respondents' attitude towards the bank and its services. It is a good base for loyalty to develop though, but a good offer from another bank may as well make the customer change banks, still making a lot of business at the new Internet bank. Perhaps the repeat purchase behavior could increase the customer's engagement and thereby, if the customer is satisfied with the service, lead to involvement and commitment.

About two thirds of the respondents have not made any calculations, and only three respondents use these functions a lot. Perhaps this quite small sample of respondents does not have much loans or retirement funds, or they are simply not that interested. The most feasible explanation is that those who have loans and other bigger services are interested and do make calculations, while our respondents do not use these services much. The reason could also be that most customers still prefer turn to the bank personnel when it comes to using more complicated services.

Even more respondents (three out of four) than on the question above do not personalize their Internet bank site. This could be due to a feeling of fatigue, a lack of interest. Either customers do not bother to make these changes, or perhaps worse, they do not know that they can do it, or they do not know how to do it. This possibility of personalizing the site to make the overview easier and to quicker see the personal information can enhance the feeling of customer control and satisfaction. To be able to see interesting information without having to make a lot of clicks could lead to a feeling of service quality, which is one of the very bases for loyalty to develop. The feeling of not knowing how to do it can make the customer feel out of control. But the fact that more than half of the respondents do not personalize their Internet bank could mean that most of the customers only use the Internet bank to do what they have to do; pay bills and see

their accounts. Today many services are automated and perhaps the customers do not use the Internet bank so much that they see a need for personalizing their sites. If the bank manages to encourage their customers to personalize their site more, it might lead to more loyal customers. Compared to the two above questions, the greater part of the respondents has saved their giro digits in the Internet bank. The mere function of being able to save information instead of having to type it every time shows good service quality. Although eight respondents do not use this function, perhaps because of lack of trust in the security of the Internet bank, or they are not the ones in the household paying the bills. This is about the most commonly used service; paying bills, and therefore it is likely that it engages many customers. This is not necessarily a sign of dedicated engagement since in many Internet banks the digit is saved automatically ones you have registered it.

4.2.3 Attitudinal questions

Technical and functional quality

The user friendliness of the Internet bank is an example of functional quality. Many things can be thought of here, for example that it is easy to see coming payments or historic payments. The technical quality here is that there exists a function where the customer can browse for coming payments, and the functional part is that this is easy to find and use.

The next question could be seen as an extension of the above one, as it concerns new functions. It is important to have a user-friendly site, and it is important to keep it that way when introducing new functions. Otherwise when the bank improves technical quality, the functional quality falls behind, with low customer satisfaction as a possible result.

A condition for a customer to start using an Internet bank (as well as a branch) is that the customer trusts the service provider and the technical systems behind it. If there is a relation between the customer and the bank it is easier for the customer to trust that the bank carries out the transactions the right way.

The same will apply to this question as to the above, with the difference that this is even more important. The security in the Internet bank does not only apply to transactions carried out the right way, but that no one else than the account holder should be able to log in or make transactions. This is probably the most important of all factors when using an Internet bank.

Low speed of connection is an example of technical quality, which can either be a design problem in the Internet bank, or it can be caused by the customer's own Internet connection or computer hardware. Even if an Internet bank is perfect in all other areas, low speed can infect the customers believed service quality in a negative way, making the customer dissatisfied.

Understanding of how to use functions in the Internet bank is a question about functional loyalty. It is of basic importance that the customer finds it easy to log on, but also that he or she feels that the bank is safe. If a customer finds it difficult to log on, he or she is quite likely to change banks, or to not use the Internet bank at all. The bank must enable the customer to easily and safe use the services, and this can be done by inviting customers to the branch showing them how to log on, or to have easy instructions at the web site.

The next question also concerns functional loyalty, like the above. While the above question is very basic, this is more complex. When a customer searches for information, either it is before log in or on his or her personal site, it could in the long run make the customer annoyed not to find relevant information. This is also quite easy to compare between banks on the Internet, since much information is present before log in.

Results:

	Do not agree	Agree some	Agree a lot	Total
The Internet bank is easy to use.	1	14	35	50
The new functions of the Internet bank are often easy to use.	3	23	24	50
I trust that the Internet bank carries out my transactions the right way.	1	7	42	50
I trust the security in the Internet bank.	1	14	35	50
Low speed of connection limits my use of the Internet bank.	31	18	1	50
When I started using the Internet bank I quickly understood how to log on	1	9	40	50
When I started using the Internet bank I quickly learned how to find relevant information	2	24	24	50

Comment:

More than two thirds of the respondents think that the Internet bank is easy to use. Although, one third think it is only medium easy, and this could imply that banking as a service is rather complicated, and that many believe that it is good that banking on the Internet is possible, though somewhat complicated. The general opinion seems to be that the Internet bank is easy to use and thus hold high functional service quality.

Three respondents, compared to one on the previous question do not agree that the new functions are easy to use. The rest of the population is divided in the group that fully agrees and the one that agrees some. Here it could be that when introducing new functions the bank does not focus enough on making them user friendly or does not provide enough instructions how to use them. This could be a problem of the new function; the bank does not know beforehand what the customers will think of the new function, and it takes some time before they can amend to customer needs. Here it will be valuable to design the function together with customers, or to ask for customer opinions afterwards. Since customers seem to be willing to learn and to test, the bank should take the opportunity to involve the customers into new development. This in turn might increase the commitment.

A great majority do trust that the Internet bank carries out transactions the right way, and this could be due to good relations with the bank or be due to repeat purchase. The more times the transactions have been carried out rightly, the bigger the belief of the customer that it will be carried out right the next time. It is important that the bank appreciates the customers' trust and really tries to minimize failures and flaws.

It is probably easier for the bank to guarantee that transactions are carried out the right way, than to guarantee over all Internet security, although the importance is the opposite. There are also fewer customers that fully trust the security in the Internet bank than the transaction performance. Despite that 14 respondents only trust the security medium much, they are Internet bank customers, and this can point towards a feeling of commitment, or even loyalty, towards the bank. It is likely that these customers believe that the bank will act if something happens due to a security flaw, and that the bank will compensate for any inconvenience.

A majority, almost two out of three, does not have speed problems, while as many as one in three do feel that this limit their use of the Internet bank a bit. If this problem is outside the banks reach, it can be very hard for the bank to improve itself in this area. Fortunately, if this problem is due to the customer's computer, it is likely to be the same with every Internet bank used, and perhaps not a reason for the customer to change banks. For customers who are already loyal this should not be a big problem, but the bank should not focus on increasing the speed of connection in order to rise loyalty among customers since this is something the banks cannot always control.

Only one respondent does not agree that it was easy to understand how to log on, while most of them (four of five) agree a lot. This is good for the bank, and it is essential in building loyalty, that the basics work out well.

About half of the respondents agree a lot to that it is easy to find relevant information, and the other half agrees some. Compared to the question above, there are many more who find it easy to log on than who find it easy to find relevant information. There should be easy both to log on and to find relevant information, and this is something that should be improved by the bank. Bad perceived functional service quality would prevent loyalty from developing. By using small customer surveys banks could ask for the customers' opinion in order to make the Internet site easily navigated.

Satisfaction

The question about facilitating everyday life indicates customer satisfaction. Many people believe that using an Internet bank will facilitate their banking business, and it will be the evaluation of the perceived discrepancy between the expectations and the outcome that shows the degree of satisfaction. Internet banking should be quick and easy, carried out at home or at work, not forcing the customer to go to a branch or make the business at a certain point of time. The next question is about satisfaction, but in our study the customers' answers can also be interpreted as an indication on loyalty. It is a very simple question, but never the less hard to interpret. It is mainly interesting in combination with other customer opinion, but in itself it gives a hint of the attitude of the customer.

Results:

	Do not agree	Agree some	Agree a lot	Total
The Internet bank facilitates my everyday life	1	8	41	50
To sum up, I'm satisfied with the Internet bank.	1	15	34	50

Comment:

A majority of our respondents do think that their Internet bank facilitates their everyday life, which probably means that the Internet bank is an important part of their lives. Something that is affecting the customers' everyday life is so important that there is potential for loyalty if the customer is satisfied. One does not agree at all, and eight agree some. This could be because of

very high expectations that weren't fulfilled, or be due to for example low service quality. The reason could also be that these customers do not use the Internet bank very often.

While one respondent does not agree at all to be satisfied, two thirds agree a lot and one third agree some. Never the less, those that agree a lot could be in the range from just satisfied to loyal. If he or she is satisfied, a flaw, a good offer from a competitor, or a slow or not useful response from an employee could have as a result that the customer leaves the bank. If the customer instead is in the other end of the scale, he or she is not only satisfied, but also loyal. This customer has put up blinkers against competing offers or flaws, and is likely to stay with the bank, if the relation is handled well by the bank and not deteriorating. This question is interesting to cross compare with some other questions to easier try to find out if there is just satisfaction here, or if many customers show something more, either in behavior or attitude. It is only in comparison these questions can throw light on the incidence of loyalty.

4.2.4 Other questions

Commitment

This question concerns commitment and engagement in the bank. This customer is likely to be satisfied, and more, because he or she is recommending the bank, not just using it by habit. There is a high potential for these customers to be or become loyal, because there is an action combined with this attitude of approval.

Result:

	Do not agree	Agree some	Agree a lot	Total
I recommend my friends and family to connect to the Internet bank	6	26	18	50

Comment:

Half of the respondents agree, and as many as 18 agree a lot. These are customers that are likely to have used the bank for a while and experienced good functional and technical quality and they are almost certainly satisfied. The fact that they actually go and recommend the bank points towards commitment and loyalty, because they stand up for their opinion. Six respondents do not recommend the Internet bank, and in this case we do not know if this means that they actually do not like the bank, or if they are just indifferent.

Switching bank

This is a problem of service quality, and of fatigue. The customer is staying only because he or she believes it will be difficult to change banks, not because of a loyal attitude towards the bank he or she is currently using. It is important for the bank to convince these customers that their Internet bank is offering superior value, compared to other banks, and to try to establish a relation to the customer, to overcome this possibly leaving customer.

Result:

	Do not agree	Agree some	Agree a lot	Total
I am not eager to switch banks because it would be difficult to learn how the new Internet bank works	38	11	1	50

Comment:

Quite alarming here is that about one out of five agree to this statement. According to this question, spurious loyalty seems to be a quite common phenomenon, and there could just be a question of time before these customer leaves. It is important for the bank to discover this and try to act, in order not only to keep these customers, but also to make them feel committed towards the bank.

Customer control and learning

This shows if the customers feel that it is easy to understand and use existing and new functions. It also implies engagement and interest from the customer, which is important to create loyalty. The feeling of learning and knowing how to do increases the feeling of control and satisfaction.

This question is comparable to the above. Perhaps this shows more engagement from the customer, and more ability to become in control of the service process, leading to greater satisfaction if everything works out right. It is important that the site is well designed so that the perceived functional and technical quality is good.

	Do not agree	Agree some	Agree a lot	Total
I constantly learn more about the functions of the Internet bank	10	33	7	50
I learn about the functions of the Internet bank primarily by testing by myself	6	16	28	50

Comment:

The biggest part of the respondents does agree medium much on this question. Ten do not agree, which can mean that these customers think that they already know the Internet bank very well, which implies that they are quite active customers. It can also mean that the functions are not difficult to understand and that the customers are already satisfied the way things are. The same can be said about the seven that constantly learn more about the functions; either they think it is a bit difficult and they learn step by step, or they are very engaged and all the time tries to learn more to get more out of the Internet bank. Here it is important for the bank to educate and give good information to the customers, so that the interested customers can make the biggest use of their bank. More than half of the customers seem to be willing to learn, which implies potential for customer control and satisfaction if the bank encourages the learning. According to this it should not be a problem to develop the Internet bank with new services. A user friendly Internet bank is important, as well as good instructions of how to use both existing and new services.

Compared to the above question, the respondents to a great extent learn by testing by themselves. This question does not show whether the respondents think this is a good thing, or if they would have liked to have someone to teach them. But the testing is a good thing anyway since this enables the customer to be more familiar with the Internet site. The more the customers knows and feels familiar, the more tolerant will they probably be to flaws, so a great part of test-willing customers is good for loyalty. If customers prefer to try functions by themselves it is very important that the bank enables the customers to conduct the self-service the right way. Many customers nowadays are probably quite used to exercising both the Internet and Internet banks, and this show also in the respondents' answers. Some banks have the possibility to invite customers to the branch and show how the Internet bank works. In Internet banking most services are carried out by the customer himself, so the six respondents that do not agree to this question have less probability of becoming loyal.

4.2.5 Cross analyses

In this part we try to make deeper analyses by comparing the answers of different questions in the questionnaire.

The first cross-analyzed question is about usage patterns; what kind of persons use what channels and how often. There are also comparisons to some other questions.

1. Usage Patterns

1.1 Respondents that visited a branch more than or equal to four times last year: 14

Of those 14 frequent branch visitors, eight visited the Internet bank at least four times per month, and six less than four times.

Those frequent branch visitors and non-active Internet users are:

Age: 24, 28, 42, 47, 58, 67

Sex: Male: 4; Female: 2

Wealth: Lower quartile: 2; Upper quartile: 2

Education: Comprehensive school: 4; Upper Secondary school: 2

Two respondents have thought about changing banks, four has not.

One does not trust that the Internet bank carries out transactions correctly, one shows medium trust, and four show full trust.

One does not trust the security of the Internet bank, two show medium trust, and three full trust.

One stays with the bank because of difficulties of learning how another Internet bank works, while one agrees some and four do not agree.

One does not agree to that the Internet bank is easy to use, three agree some and two think it is easy to use.

One is not satisfied with the Internet bank, one is medium satisfied and four are satisfied.

Comment:

Both when it comes to age, sex and wealth the spread on this question is comparable to our sample as a whole. Only the education of this group is striking; no one has university education, and most of them have only comprehensive education.

1.2 Respondents that visited a branch less than three times last year: 36

Of those 36, 17 visited the Internet bank four times or more per month, while 19 visited the Internet bank less than four times per month.

Those active Internet bank users and non-frequent branch visitors are:

Age: 15-25: 2; 26-35: 2; 36-49: 4; 50-64: 8; >65: 1

Sex: Male: 12; Female: 5

Wealth: Lower quartile: 5; Upper quartile: 4

Education: Comprehensive school: 1; Upper Secondary school: 7; University:8 (one did not answer)

Two respondents have thought about changing banks, fifteen has not.

Two show medium trust in that the Internet bank carries out transactions correctly, and fifteen show full trust.

Four show medium trust in the security of the Internet bank, and thirteen show full trust.

No one stays with the bank because of difficulties of learning how another Internet bank works, while three agrees some and fourteen do not agree.

No one disagrees that the Internet bank is easy to use, two agree some and fifteen think it is easy to use.

No one is dissatisfied with the Internet bank, four are medium satisfied and thirteen are satisfied.

Comment:

The respondents in the group using Internet more than branches are mostly middle-aged upper secondary school educated, and there are no differences in sex or wealth compared to our total sample worth mentioning.

1.3 Respondents that visited branches at least four times per year and Internet at least four times per month: 8

Those who are active bank-users in both channels are:

Age: 15-25: 1; 26-35: 2; 36-49: 3; 50-64: 2; >65: 0

Sex: Male: 8; Female: 0

Wealth: Lower quartile: 1; Upper quartile: 1

Education: Comprehensive school: 0; Upper Secondary school: 3; University: 5

None of the respondents have thought about changing banks.

All eight respondents show full trust in that the Internet bank carries out transactions correctly.

Two shows medium trust in the security of the Internet bank, and six show full trust.

No one stays with the bank because of difficulties of learning how another Internet bank works, while two agrees some and six do not agree.

No one disagrees that the Internet bank is easy to use, one agrees some and seven think it is easy to use.

No one is unsatisfied with the Internet bank, two are medium satisfied and six are satisfied.

Comment:

Ages in this group are fairly equally spread, except that there are no respondents over 64 years old. Neither income nor education differs from our total sample, but a big difference is that all of these respondents are male.

2. Customers who have thought of switching banks

Forty-one respondents have not thought about switching banks, while nine has.

These nine respondents are:

Age: 15-25: 0 ; 26-35: 2 ; 36-49: 3 ; 50-64: 1 ; >65: 3

Sex: Male: 9; Female: 0

Wealth: Lower quartile: 1; Upper quartile: 2

Education: Comprehensive school: 1; Upper Secondary school: 4; University: 4

Of these nine, three would not recommend friends and family connecting to the Internet bank, three gives medium recommendations and three would give recommendations.

One of these nine respondents is not satisfied with the bank, five are medium satisfied and three are totally satisfied.

The three respondents that have thought about switching banks and recommend connecting to the Internet bank are all also medium or fully satisfied with the bank.

Five of the nine respondents have no experience of other banks or mediators web sites, while two have medium experience and two have much experience.

Comment:

Almost one in five of our respondents have thought about changing banks, which we think is a quite high number, compared to KPMG;s survey. Still only one of those thinking of changing bank is unsatisfied with the bank and only three would not recommend their bank to

friends and family. A majority of them have no experience of other banks or mediators either. All of these nine respondents are men, and four of them are over 60 years old. This is a good example of spuriously loyal customers. Both on an attitudinal and a behavioural question they seem loyal if we only see to these answers, but in this cross analysis it comes to light that they can be in the process of changing banks. It is interesting to see that a customer does not have to be dissatisfied to change banks. Therefore it is of great importance for the banks to not only minimize flaws and defaults and listen to the customers, but also to create superior value for the customers and try to tie them with relations.

3. Understanding and learning

Twenty-two respondents agree a lot to the following two questions:

When I started using the Internet bank I quickly understood how to log on.

When I started using the Internet bank I quickly learned how to find relevant information.

Age: 15-25: 5; 26-35: 3; 36-49: 8; 50-64: 6; >65: 0

Sex: Male: 11; Female: 11

Wealth: Lower quartile: 7; Upper quartile: 4 (2 did not answer)

Education: Comprehensive school: 2; Upper Secondary school: 8; University: 12

We compare to these respondents answers on the following questions;

I am not eager to switch banks because it would be difficult to learn how the new Internet bank works.

Disagree: 16

Agree some: 6

Totally agree: 0

I recommend my friends and family to connect to the Internet bank.

Disagree: 2

Agree some: 10

Totally agree: 10

To sum up, I'm satisfied with the Internet bank.

Disagree: 0

Agree some: 5
Totally agree: 17

I constantly learn more about the functions of the Internet bank.

Disagree: 4
Agree some: 14
Totally agree: 4

Comment:

Using and understanding an Internet bank compared to visiting a branch require some technical skills. We can see here that no older respondent agrees a lot to these two questions, probably because they are not used to computers or Internet simply because of their age. Many middle-aged customers seem to be familiar with Internet, though. Important here is that there are as many females as males that agree, and many more low incomers than high.

4. Attitudinal and behavioural loyalty

We have looked at the respondents that answer in a positive way to a couple of attitudinal questions and compared their answers on some behavioural questions.

The attitudinal questions are:

- The Internet bank facilitates my everyday life.*
- The Internet bank is easy to use.*
- The new functions of the Internet bank are often easy to use.*
- I trust that the Internet bank carries out my transactions the right way.*
- I trust the security in the Internet bank.*
- I recommend my friends and family to connect to the Internet bank.*
- To sum up, I'm satisfied with the Internet bank.*

Eight respondents agree a lot to these questions, and they answer on the behavioural questions as follows:

I have brought together my bank affairs in the Internet bank.

Disagree: 1
Agree some: 1

Totally agree: 6

I make more bank affairs because of the Internet bank.

Disagree: 3

Agree some: 1

Totally agree: 4

I have on several occasions used the Internet bank's possibilities to make calculations about lending costs, my retirement fund, etc

Disagree: 3

Agree some: 3

Totally agree: 2

I have made changes to my site in the Internet bank in order to easily see the information I wish.

Disagree: 6

Agree some: 2

Totally agree: 0

I have saved giro digits in the Internet bank.

Disagree: 1

Agree some: 0

Totally agree: 7

Comment:

The positive answers on seven attitudinal questions have been compared to answers on six behavioural questions. In only two questions there is a high correlation between total agreement on attitude and behaviour, two questions are ambiguous and one shows no correlation. These eight respondents have brought together their bank affairs in the Internet bank and they have saved giro digits. They have not made changes to their site in the Internet bank in order to easily see the information they wish. A positive attitude does not automatically imply a positive behaviour.

4.2.6 Summary

Although our sample is quite small, there appears to be some differences in socio-economical factors such as age, education and sex when we look at the cross analysis. We can see that the active branch visitor and non-active Internet user is low educated, male or female, and can be found in all ages and income levels. He or she thinks that the Internet bank is not totally easy to use and seems to be quite skeptic towards the Internet bank. The customer that uses the Internet bank more than the branch is middle-aged and has higher education than the branch user. On other points, there is nothing that differ this group from our total sample.

We have not found any evidence proving what the interview respondents suggest; that wealthier customers are active Internet users. Notable is that the greater part of the active Internet users answer in a positive way to all the questions compared and they seem to be favorably disposed to the Internet bank over all. The branch users were more spread in their answers.

The customer that uses both channels much are all male, but in other ways they are spread like our sample. Here the positive answers are even more noticeable than for the only-Internet using customer. None has thought about changing banks, no one stays because of difficulties in learning how a new Internet bank works, no one disagrees to that the Internet bank is easy to use, no one is unsatisfied and all eight respondents show full trust that the Internet bank carries out transactions correctly. The only question where these respondents are divided is about their trust in the security of the Internet bank.

Although the branch using respondents are only six, while the Internet using are 17 and those using both channels are eight, there is a visible difference in their comments of the questions. The respondents using both channels are more positive in all answers and those using mostly branches are more spread between negative, medium and positive answers. The combination of using both branches and Internet seems to give the customer a good combination of personal contact, customer control and involvement. The customers using Internet actively are probably more positive towards Internet banking because they are more familiar with the Internet bank.

Of those who have thought of changing banks, all are men; and the highest age group is the most represented. Noticeable is that most of them would recommend friends and family to connect to the Internet bank and most of them are medium or totally satisfied. When we compared some attitudinal questions with behavioral, we found out that there is no high

correlation between total agreement on attitude and behavior. None of the older respondents agree a lot to the two questions concerning log on and relevant information. There is no difference between the sexes on these questions; as many females as males agree to quickly understand and learn about the Internet bank. Distinct for this question is also that there are many more low incomers than high.

Customers that show repeat purchase behavior seem to be more satisfied. The more they use the more familiar they get with the service and the more satisfied they will become as long as there are no problems.

Less than half of the respondents personalize their Internet bank. This could perhaps be due to a feeling of fatigue or due to lack of information about the possibility. Over half of our respondents never use new services introduced on the Internet bank. Although, more than half of the respondents seem to be willing to learn and they learn mostly by testing by themselves. This should be a good thing because it enables the customers to get more familiar with the Internet site, which in turn probably makes them more tolerant to flaws.

4.3 Reduction analysis

When we compare our population to the population of Stockholm, it is obvious that when it comes to sex, our population is not as representative as we hoped. The Stockholm area has a slight overweight of women; 51% versus 49%. In our sample women consist of only 32%. There can be reason to question this result, while it is more common to have a bigger reduction among men (Trost, 2002). We think that it is possible that banking is a task more often performed by men in a household, mainly because of habit. Men have historically been seen as the family supporter, while women have taken care of the house, and it is possible that this imbalance is somewhat still preserved. It is also possible when it comes to Internet banking that men are more interested to keep up with the latest technical solutions and services, and finds it more “fun“ to use the Internet to buy funds and place money.

When it comes to age spread, the two youngest groups, consisting of persons younger than 36 years old, are fairly well represented in comparison with the Stockholm population. 15 to 25 years old constitute 10% and 26 to 35 years old constitute 16%, while the corresponding

numbers for Stockholm is, respectively, 14% and 19%. The group of middle aged is somewhat over represented though. In our study they represent 68% of the population, while the corresponding number for Stockholm is 50%. Probably, these respondents are the most active when it comes to banking. They are ranging from 36 to 64 and they are starting to form families, buy houses or bigger apartments, and mortgaging on these while working. They are in an age when they have money, compared to the younger, and they are making the most of it during this stages. People over 64 have perhaps already paid their houses, and are more focused on savings and pensions. In this study it is worth commenting that banking on the Internet is perhaps not that well practised by people over 64. This will probably change when those that are now middle-aged grow older together with the Internet. In our survey 65 year olds and older constitutes 6%, and in Stockholm they are 17%.

Comprehensive school educated are in our study 6%, while they in Stockholm constitute about 16% of the population. It is difficult to explain this, but one reason could be that it is the older respondents that only have compulsory school education, and that they don't use the Internet bank very much, as argued above. This seems to be the most feasible explanation here. Upper secondary educated are in our sample 34%, while they are more in Stockholm; about 45%. The opposite goes for university educated; in our survey they constitute as many as 58%, and in Stockholm they are 40%. A possible explanation of the deviation here is that university educated are more willing to answer this type of questionnaire, made by university students. They could have a feeling of recollection and wanting to be helpful. Or they are just more concerned and interested in banking on the Internet. Also, they perhaps to a bigger extent have a computer at home or a job where they can use one, which is a prerequisite for Internet banking.

Except for the above discussions about which groups that answer and does not answer, one problem with any research topic is what kind of people that responds. It is quite obvious that a person must have some interest in the subject to bother to answer and send the questionnaire back. It will probably show that our respondents are quite active and have interest in Internet banking. Those not interested will probably not answer. This in itself is in this case interesting. 86.8 percent of our chosen population are not interested enough to answer, and perhaps this says something about customer loyalty in the Internet banking market. By only looking at (over represented) respondents compared to the Stockholm population, we can see

that the active interested Internet banking customer is a middle-aged man with university education.

One must also consider the way we chose to conduct the survey. It was finally sent out by normal mail to randomly chosen persons in the Stockholm area phone book. This means that persons who chose not to have their telephone number in the book were not reached. It is also more and more common that younger persons chose to only have a mobile phone and no stationary phone, and these persons were not reached either. Another thing to keep in mind is that the composition of inhabitants of Stockholm is not representative for the whole country of Sweden.

4.3.1 Delimited respondents

Sixteen respondents have been cut out due to our pre set limitations. These were aged 30, 33, 39, 41, 46, 47, 47, 54, 55, 56, 59, 59, 63, 67, 72 and 73. Thirteen were men and three women. Four had upper secondary school education; eleven had university education and one did not state education. Five were in the upper wealth quartile and one in the lower wealth quartile.

The questions not answered were:

How many times during the last month did you visit the Internet bank?

I use the Internet bank for: Payment/to pay

I have on several occasions used the Internet bank's possibilities to make calculations about lending costs, my retirement fund, etc.

I have saved giro digits in the Internet bank.

I learn about the functions of the Internet bank primarily by testing by myself.

The Internet bank is easy to use.

The new functions of the Internet bank are often easy to use.

Low speed of connection limits my use of the Internet bank.

I use the Internet bank to: Buy non-bank goods using the bank site / buy

5 Conclusions

After analysing the questionnaire in accordance with the theory, we have come to the following conclusions:

- Most customers seem to be content with and trusting their Internet bank.
- Customers using both branches and Internet equally seem to be most satisfied and positive towards the bank.
- The feeling of satisfaction seems to be connected to repeat purchase behavior.
- Most customers are willing to learn and to test.
- Customers do not seem eager to customize or try new services.
- Internet bank customers do show indications of loyalty.

It appears that the increased use of Internet banking does affect loyalty, even though it is difficult to draw any specific conclusions from this survey about *how* it affects loyalty. Obvious is that customer loyalty is still existing and still important in banking. We do not emphasize to enlarge these results to any bigger population, but we draw the conclusions from this that our way of conducting the study is interesting and meaningful when it comes to measuring loyalty. It will be difficult to say anything more precise from these findings concerning customer loyalty, but in a study with more respondents this type of cross analysis would probably be a good way of discovering loyal behavior and tendencies. We believe that understanding of concepts that are closely connected to the concept of loyalty is important for understanding loyalty itself.

6 Discussion

After having read about loyalty and the concepts constructing it, we were quite sure to find differences between different groups in the population. Perhaps that older people show loyalty towards the bank, but that this could turn out to be spurious loyalty caused by fatigue. Or that the younger would not show as much loyalty as the older, partly because of their lower experience of banking due to their age, but also because their greater probability of mobility in the market and their experience of Internet using. This turned out to be almost impossible to prove. Instead we have been able to outline some tendencies from our research.

Since Internet bank customers appears to be involved and engaged, we believe that they do have the potential of becoming loyal, but it will perhaps call for more engagement from the banks side to get there. It might be easy for the customer to shop around among other Internet banks, but since banking has to do with the customers' private economy, the claim for confidence and security is very important; you know what you have but not what you get. It is therefore a big step to change banks.

On the Internet it might be even more important than in conventional banking to create relations to reduce uncertainty, because of the greater distance between the customer and the service provider. Before, when customers were visiting the branch, loyalty developed in the interaction between customer and personnel, while today, when using Internet banks, loyalty is more likely to derive from things as user-friendly sites *combined* with personal contact when the customer needs it. Before it was difficult to break a personal relationship, now it is the way that the Internet bank site works that can give superior value to the customer and this will also be what differentiates Internet banks from each other. The one that is perceived to give superior value on most levels will be the one that the customer stays with.

After looking at our questions and answers one by one, we are convinced that there is a need to compare questions with each other in order to draw conclusions on loyalty. Looking at a question such as whether a customer would recommend the Internet bank to friends and family might result in a belief that this customer is totally satisfied with his or her bank and perhaps even feel committed to it. When comparing with, for example, if the customer has thought about changing banks, this first conclusion could be interpreted differently. If the

customer has thought of changing banks, but still recommends the bank, it is time to question the commitment and reevaluate if this customer is instead spuriously loyal.

As we see it, our way of conducting this survey has pointed out some conclusions about customer loyalty, but yet another kind of survey would probably give other conclusions. A qualitative deep interview research will of course differ compared to a quantitative one. But our opinion is that whether making a qualitative or quantitative research, recognising of the different concepts connected to loyalty is important to understand customer loyalty.

7 Recommendations for further research

Since relations between Internet banks and their customers are complex, we think that for the future it would be interesting to examine an Internet bank's relations to its customers from a deeper perspective. What do Swedish banks do to create relations to their Internet bank customers? How well does a bank's apprehensions of service quality correspond to its customer's apprehension of service quality? For these purposes we recommend a qualitative study among bank personnel as well as among Internet bank customers. With a qualitative study it would be possible to expound a deeper understanding of the subject.

It would also be interesting to do a quantitative study of customer loyalty among Internet bank customers with a greater selection of customers. Does customer loyalty differ in cities compared to on the countryside? Here it would be interesting to use the chi-square method for analyzing to see if the results are statistically significant.

8 Critical scrutiny of the paper

In this part we make a judgment of the quality of this paper.

We have tried to declare our methods and our way of conducting this study as systematically as possible, to make the reliability easier.

Loyalty is a very complex concept that is difficult to measure. Therefore we have chosen to explain loyalty and the process of becoming loyal through a description of the different concepts that we believe are constructing loyalty. Our theory is based on our interpretation of what we have read about loyalty and is therefore also influenced by our pre-understanding. We do not claim this to be the only way to describe or measure loyalty.

If we had chosen to study the same problem with another method and understanding, we would probably have reached another result. Our own experiences and understanding and our way of interpreting the theory affects our interpretation of both the interviews and the questionnaire. The fact that we as researchers control the collection and the interpretation of data could perhaps imply that we only let through the information that verifies our prejudices.

Objections can be stated against the deductive method, in that way that if we say that satisfaction is a prerequisite for loyalty, and we find out from answers that a customer is satisfied, this will not in our case unambiguously mean that this customer is loyal. There is need to correlate two or more questions to come around the possibility that our customer is spuriously loyal.

We believe that it could have been valuable to have some more “negative” questions concerning defection in the questionnaire. In this study it is not possible to see any obvious indications of customers thinking about defection. The concept of loyalty is very complex and it is difficult to separate loyal tendencies from spurious convenience loyalty. Negative questions could have been compared to questions indicating loyalty to find tendencies of spuriously loyalty.

We do believe that the questions we chose to put can lead to enhanced understanding of customer loyalty, but since the answering frequency in our survey is very low, our answers

can not be generalised in any way. We believe that we have been able to measure both behavioural and attitudinal aspects of loyalty through our questions, which are measuring for example repeat purchase behaviour, engagement and the apprehension of service quality. We also do believe that it is meaningful, if not even inevitable, to make cross analyses of questions in order to find indications of loyalty *and* to avoid that the answers points out spuriously loyal customers. We have therefore made some cross analyses in the end, but we believe that it would be deceiving to make more, when we have so few answers.

It is also important to keep in mind that the respondents of the questionnaire have different Internet banks. We do not know what type of banks they have or how many respondents that have a certain type of Internet bank. Since the questionnaire was conducted in 2002 the differences between Internet banks were probably even greater than they are today. This will also affect the outcome of the questionnaire since customers having a well-developed Internet bank may be compared to customers having a simpler Internet bank, which gives them different prerequisites for answering the questions. Also traditionally different banks have different customers as targets. Some banks are aiming mostly for the wealthier customers and some banks are more commonly used in the countryside. There are also banks that are used mainly by customers connected to a certain company, or customers using certain services. What type of customers the bank has will have affects on customer loyalty. Customers using a bank connected to a certain company for example will perhaps hold on to this bank because of convenience even if they are not satisfied. They may feel that there is no alternative good enough to make them change. Respondents may also have more than one Internet bank and this could also affect their way of answering the questions.

When it comes to the interviews with the bank, it is important to keep in mind that we can only mediate their view of loyalty creation, Internet using, dissatisfaction and competition in the banking market. Since we made the interviews before we had the results of the questionnaire, we have not been able to question their apprehension of, for example, how customers react. The picture they supply can either be showing how they understand customer loyalty, or how they want us to understand it from their point of view.

8.1 Reduction

Except for the above discussions about which groups that answer and does not answer, one problem with any research topic is what kind of people that responds. It is quite obvious that a person must have some interest in the subject to bother to answer and send the questionnaire back. It is probably the case that our respondents are quite active and have interest in Internet banking. Those not interested will probably not answer. This in itself is in this case interesting; 86.8 percent of our chosen population are not interested and engaged enough to answer, and perhaps this says something about customer loyalty in the Internet banking market. Banking may not be considered that interesting, and especially when the questionnaire is not sent out by a bank, but by academics. If the respondents had received these questions from their own bank, they could have had a greater incitement to answer, because then their answers might have been taken into consideration and made their bank better for them.

A way of receiving more answers could have been to offer some kind of reward, for example sending a lotto coupon to presumable respondents, but we did not have the resources to pay for such an expense.

One must also consider the way we chose to conduct the survey. It was finally sent out by normal mail to randomly chosen persons in the Stockholm area phone book. This means that some of the persons that have received our survey may not even use an Internet bank and these persons will certainly not answer. Also, persons who chose not to have their telephone number in the book were not reached. It is more and more common that younger persons chose to only have a mobile phone and no stationary phone, and these persons were not reached either. Another thing to keep in mind is that the composition of inhabitants of Stockholm is not representative for the whole country of Sweden.

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Appendix

Questionnaire

Restriction question: For how many years have you been a customer in the Internet bank?

1) How many times during the last month did you visit the Internet bank?

1b) To sum up, I'm satisfied with the Internet bank. *compared to*

Less than four visits last month:

More than or equal to four visits last month:

2) I use the Internet bank for:

Payment

3) I use the Internet bank to:

Buy non-bank goods

4) New services that are introduced on the Internet bank.

5) I have brought together my bank affairs in the Internet bank.

6) I make more bank affairs because of the Internet bank.

7) I have on several occasions used the Internet bank's possibilities to make calculations about lending costs, my retirement fund, etc.

8) I have made changes to my site in the Internet bank in order to easily see the information I wish.

9) I have saved giro digits in the Internet bank.

10) I constantly learn more about the functions of the Internet bank.

11) I learn about the functions of the Internet bank primarily by testing by myself.

12) The Internet bank facilitates my everyday life.

13) The Internet bank is easy to use.

14) The new functions of the Internet bank are often easy to use.

15) I trust that the Internet bank carries out my transactions the right way.

16) I trust the security in the Internet bank.

17) Low speed of connection limits my use of the Internet bank.

18) I recommend my friends and family to connect to the Internet bank.

19) I am not eager to switch banks because it would be difficult to learn how the new Internet bank works.

20) When I started using the Internet bank I quickly understood how to log on.

21) When I started using the Internet bank I quickly learned how to find relevant information.

22) To sum up, I'm satisfied with the Internet bank.

Socio-economical factors:

1. Age
2. Sex
3. Wealth
4. Education

Interview questions

1. Hur definierar du kundlojalitet?
2. Är kundlojalitet viktigt? Varför?
3. Är de anställdas lojalitet viktig? Varför?
4. Är det viktigt att XX är kundens primära/enda bank?
5. Hur mäter banken kundlojalitet?
6. Belönas lojalitet?
7. Vad gör banken för att bygga kundrelationer?
8. Hur tror du att relationsbyggande och lojalitet påverkas av övergången från personlig service till Internetbank?
9. Hur har Internetbanken fått sin utformning? (Har man t ex använt sig av kundundersökningar?)
10. Vilka är bankens fördelar med att kunden använder Internetbanken?
11. Nackdelar?
12. Vilka är kundens fördelar respektive nackdelar med att använda Internetbanken?
13. Vilka kanaler tillhandahåller banken för att kunden ska kunna framföra missnöje med Internetbanken?

14. Hur bemöter banken detta? Finns det någon strategi för att bemöta kunders missnöje med Internetbanken?
15. Kan dagens Internetbank fylla kundens alla behov av banktjänster? Om inte, är detta ett mål?
16. Vill man att kunden ska göra alla sina bankaffärer via Internet?
17. Hur gör banken för att värva nya kunder till Internetbanken?
18. Hur ofta gör banken marknadsundersökningar som ligger till grund för utveckling av Internetbanken?
19. Vad har XX's Internetbank att erbjuda som inte andra bankers Internetbank har?
20. Behöver Internetbanken "personaliseras"?
21. Varför tror du att många kunder fortfarande är skeptiska till Internetbanken?
22. Satsar banken mest på att behålla befintliga kunder eller på att locka nya kunder?
23. Är det lika viktigt att alla kunder är lojala eller är det bara de mer lönsamma kunderna banken inriktar sig på?
24. Hotas XX av nischbankernas konkurrens?
25. Hur bemöter banken den ökade konkurrensen?
26. Använder du själv Internetbanken?

Interviews

Styrelseordföranden

1. Hur definierar du kundlojalitet?

Lojalitet = partnerskap. Att man i första hand har samma partner, så länge partnern tillgodoser behoven.

2. Är kundlojalitet viktigt? Varför?

Mycket viktigt! Ett äkta banksamarbete, dvs. mellan bank och företag, är lite som ett äktenskap, man har varandra "for better or worse".

3. Är de anställdas lojalitet viktig? Varför?

Självklart lika viktigt som kundlojalitet.

4. Är det viktigt att XX är kundens primära/enda bank?

Det är viktigt att ha hela kunden om det är möjligt. Att vi är den primära banken och kundens enda bank är billigare på lång sikt.

5. Hur mäter banken kundlojalitet?

Mäts genom ”antal produkter per kund”, 4 är snitt.

6. Belönas lojalitet?

Inte genom något lojalitetsprogram, vi är dåliga på att belöna lojalitet.

7. Vad gör banken för att bygga kundrelationer?

Vänligt bemötande och professionell personal är viktigt. Standardiserade tjänster på Internet. Det finns också möjlighet till personliga telefonsamtal, men det är dyrt för banken.

8. Hur tror du att relationsbyggande och lojalitet påverkas av övergången från personlig service till Internetbank?

Tekniken är endast ett hjälpmedel, när det gäller stora affärer behövs det fortfarande personliga möten.

9. Hur har Internetbanken fått sin utformning? (Har man t ex använt sig av kundundersökningar?)

Svaras på av en annan person på banken.

10. Vilka är bankens fördelar med att kunden använder Internetbanken?

Fördelen med att kunden använder Internetbanken är ömsesidig för kund och bank. Det är både enkelt och billigt. Att ta ut pengar i en automat kostar 5 kronor, att betala med kort i en affär kostar 50 öre och att betala via Internetbanken kostar 10 öre.

11. Nackdelar?

Det finns en risk i att den personliga relationen avtar. Detta kan leda till minskad lojalitet. Det blir lättare att byta bank, bytet är bara en knapptryckning bort. ”Det är inte längre så att man går in på banken i byn och träffar ”Ada” som jobbar på banken, och där alla känner varandra. Då var det svårare att bryta relationen och byta bank.

12. Vilka är kundens fördelar respektive nackdelar med att använda Internetbanken?

Det är bekvämt för kunden och innebär en ökad tillgänglighet. Riskerna är inte kundens, utan att banken råkar ut för hackers, vilket banken får betala för.

13. Vilka kanaler tillhandahåller banken för att kunden ska kunna framföra missnöje med Internetbanken?

Hänvisar till person som är ansvarig för Internet banken.

14. Hur bemöter banken detta? Finns det någon strategi för att bemöta kunders missnöje med Internetbanken?

se ovan

15. Kan dagens Internetbank fylla kundens alla behov av banktjänster? Om inte, är detta ett mål?

Målet är att Internet banken ska fylla så många behov som är bekvämt för kunden och som dessutom är ekonomiskt försvarbart. Internetbanken byggs ut successivt, och man tänker inte lägga ner en massa kontor, direkt.

16. Vill man att kunden ska göra alla sina bankaffärer via Internet?

Hänvisar till svaret på fråga 15.

21. Varför tror du att många kunder fortfarande är skeptiska till Internetbanken?

”Varför ska man ändra sitt beteende?”

24. Hotas XX av nischbankernas konkurrens?

Tror inte att de kommer att ha så stor framgång. Nischbankerna satsar på sparande och deltar inte i kreditgivning. De bidrar inte till samhällsutvecklingen. Demografiskt ung/gammal

25. Hur bemöter banken den ökade konkurrensen?

De senaste 15 åren har den varit mycket kraftfull. Yngre människor ”shoppar runt” och lojaliteten luckras upp. Men kunder blir lojalare ju äldre de blir. Volymökning är A och O för en fortsatt [bra] utveckling.

26. Använder du själv Internetbanken?

Nej.

Ansvarig för Internetbanken

1. Hur definierar du kundlojalitet?

Det var självklart förr, idag kan vi inte eftersträva det, vi måste acceptera att kunden ”shoppar runt”. Det viktiga att eftersträva är att kunden alltid frågar banken först när det gäller något. Och det är positivt för kunderna att de får vad de behöver och vet det.

2. Är kundlojalitet viktigt? Varför?

Kunden är van att få det den behöver och om detta är positivt uppfattat hos kunden, så struntar han eller hon i de andra bankerna, det blir enklare så för kunden.

3. Är de anställdas lojalitet viktig? Varför?

Ja, men på ett annat sätt än kundlojalitet. Medarbetarna är de som står bakom varumärket, och gör de inte det är de inte lojala. De anställda kan inte sälja bra om de inte är lojala.

4. Är det viktigt att XX är kundens primära/enda bank?

Det är eftersträvansvärt, men svårt. De äldre stannar men de yngre shoppar runt. Kunder blir mer och mer upplysta, de kräver mer p g a större utbud och de behöver stöd i ekonomin, vilket är en möjlighet för banken. Det ställer högre krav på banken.

5. Hur mäter banken kundlojalitet?

Man mäter värderingar gentemot varumärket, varje månad. Lån, sparande, vardagstjänster mäts i kundnöjdhetstest. Hur många som lämnar banken och hur många som ansluter sig. Man undersöker varför man avslutar (byter) bank. Avslutar man Internettjänsten så lämnar man hela banken. Varför ska man avsluta Internettjänsten men vara kvar i banken?

6. Belönas lojalitet?

Nej, men det borde vara så.

7. Vad gör banken för att bygga kundrelationer?

På kontoren är det viktigt med personliga möten för att skapa kundrelationer. På Internet använder man sig av personliga meddelanden, erbjudanden från externa företag och kundnöjdhetsmätningar. Det ger kunden ett mervärde; ”detta erbjuds jag som Internetbankskund”.

8. Hur tror du att relationsbyggande och lojalitet påverkas av övergången från personlig service till Internetbank?

Konkurrensen ökar och fler byter bank. Det blir enklare att byta bank när man inte har den personliga kontakten. Det är också enklare att se erbjudanden från andra.

9. Hur har Internetbanken fått sin utformning? (Har man t ex använt sig av kundundersökningar?)

Internetbanken har utformats i samarbete med kunder, man har testat tjänsterna på kunder och låtit dem utvärdera Internetbanken. Man har även tagit hjälp av reklambyråer för att testa vad som säljer. Detta skedde under 1996 (när man startade).

10. Vilka är bankens fördelar med att kunden använder Internetbanken?

Kunden behöver inte komma in till banken, utan banken kan se ändå vad kunden behöver. 30% av kunderna använder Internetbanken för att betala räkningar. Detta är en förvandling av bankverksamheten. De mest nöjda kunderna är de som använder Internetbanken. Kunderna tycker att det är positivt att "ha koll".

11. Nackdelar?

Internet är mindre bindande. Banken kan inte längre kontrollera vad kunden gör och kundens ökade makt ger banken sämre kontroll. Banken blir mer ett stöd för kunden. Banken arbetar för att kunderna ska använda banken "på rätt sätt"; man vill att fler ska använda hela banken. För att bilda relationer arbetar banken med bland annat interaktiv rådgivning och bilder på rådgivarna.

12. Vilka är kundens fördelar respektive nackdelar med att använda Internetbanken?

De enkla sakerna utför man på Internet, medan man kommer in till kontoret för sådant som rådgivning, och då kunderna utför enkla saker själv så får personalen mer tid över för kunderna som behöver rådgivning på kontoret. Telefonkontakt mellan kund och bank där kunden får råd gör att det utvecklas en relation även på Internet. "Co-browsing" innebär att en rådgivare klickar åt kunden. Tekniska problem, till exempel att det är kö, att det tar tid både på Internet och i verkligheten.

13. Vilka kanaler tillhandahåller banken för att kunden ska kunna framföra missnöje med Internetbanken?

Kunden kan vända sig till kundtjänst via mejl eller till sin personliga bankman. Det finns även en skidébank för synpunkter.

14. Hur bemöter banken detta? Finns det någon strategi för att bemöta kunders missnöje med Internetbanken?

Man bemöter via mejl eller telefon. Per telefon finns en linje med ett automatiskt svarsmeddelande och där kan man under en begränsad tid lämna meddelande. Detta gäller "standardmissnöjen", ovanligare kommentarer går vidare. Man har en generell koll på hur många som ringt eller mejlat men man loggar ej hur många som har hört av sig angående det ena eller det andra. Ibland tar man även kontakt med kunden.

15. Kan dagens Internetbank fylla kundens alla behov av banktjänster? Om inte, är detta ett mål?

På privatsidan kan den det, men ej på företagssidan. Men utvecklingen går vidare och målsättningen är att erbjuda "fullt sortiment" även via Internet.

16. Vill man att kunden ska göra alla sina bankaffärer via Internet?

Se svar på fråga 15.

17. Hur gör banken för att värva nya kunder till Internetbanken?

Bankkontoren som säljer in Internettjänsten ska veta mycket om den och får gå internutbildning. Man bearbetar i stort sett bara de som redan är bankens egna kunder.

18. Hur ofta gör banken marknadsundersökningar som ligger till grund för utveckling av Internetbanken?

Man får in spontana förslag från befintliga kunder och man tillämpar konkurrentbevakning. Banken använder sig även av marknadskapitalmätningar.

19. Vad har XX's Internetbank att erbjuda som inte andra bankers Internetbank har?

”Min sida” där man kan kommunicera med banken, det är enkelt och rent.

20. Behöver Internetbanken ”personaliseras”?

Ja. Viktigt att möjligheten finns. Banken har t ex ”Internet Ung” som man utformat utifrån kundundersökningar. Man kan t ex välja bort aktiehandel men istället välja att kunna se mycket fondinformation.

21. Varför tror du att många kunder fortfarande är skeptiska till Internetbanken?

På grund av att de är skeptiska till säkerheten och de tycker att det är krångligt. ”Det går bra som det är”.

22. Satsar banken mest på att behålla befintliga kunder eller på att locka nya kunder?

Behålla befintliga kunder.

23. Är det lika viktigt att alla kunder är lojala eller är det bara de mer lönsamma kunderna banken inriktar sig på?

Det är viktigt att alla är nöjda för missnöje sprider sig lätt.

24. Hotas XX av nischbankernas konkurrens?

Ja. De med mest pengar använder Internetbanken, de är mest aktiva, om de blir kontaktade av andra banker kan de lämna banken.

25. Hur bemöter banken den ökade konkurrensen?

Genom att försöka presentera helheten och genom att vara fysiskt närvarande.

26. Använder du själv Internetbanken?

Ja.

Informationsansvarig på banken

1. Hur definierar du kundlojalitet?

Gillar inte uttrycket. Kunderna upplever sig inte som lojala eller inte lojala, det är ett företagsinternt förlegat begrepp där lojal kund avser flerköpskund. Kunden letar inte efter en relation, de har ingen känsla för banken, utan ser om de får ett bra värde för pengarna.

2. Är kundlojalitet viktigt? Varför?

Ja jätteviktigt ur ett ekonomiskt perspektiv. Hellre behålla de gamla kunderna än skaffa nya.

3. Är de anställdas lojalitet viktig? Varför?

Ja, det är som en positiv cirkel, av humankapital och marknadskapital. De påverkar och påverkas av varandra. Lojalitet bland de anställda skapar en känsla av trivsel även för kunden.

4. Är det viktigt att XX är kundens primära/enda bank?

Ja. Nischbankerna är ett hot över tid, kunderna ändrar sitt beteende. Kunden vill sprida sina affärer. Man har ICA-kort, fler pengar på kort, till exempel matpengar. Gör banken för lite? Man ska ha bra villkor, bästa villkor för kund! Och andra förmåner och tjänster. Internetbanken är som en prenumeration på en tidning. 1,2 miljoner kunder är anslutna. Många företag vill lansera sig på Internetbanken, den växer...

5. Hur mäter banken kundlojalitet?

Man mäter marknadskapitalet. Man lyssnar på åsikter från kunder ett par gånger per år. Man har gjort det i 10 år nu. Man mäter hur många som har en tjänst, hur många som har två och så vidare. Snittet är 3,71 tjänster per kund. Och man frågar kunderna vad de tycker om tillgänglighet, priser mm.

6. Belönas lojalitet?

Ja. Fler affärer/tjänster ger ett bättre pris för kunden. Det är ett nytt koncept, och det SKA finnas.

8. Hur tror du att relationsbyggande och lojalitet påverkas av övergången från personlig service till Internetbank?

Det är en utmaning! Nöjdheten ligger mycket i det personliga mötet. Internet är ett utforskat område. Ingen vet exakt hur man skapar relationer via elektronisk medier. Kunderna byter inte bank mer på grund av att de är Internetkunder. Om Internet ger dåliga villkor och/eller ligger nere, då byter kunden. Det är inte lätt att skapa personlig kontakt. Priser och kvalitet blir mer enkla att jämföra och man kan få en mer objektiv jämförelse. Det finns en trend mot rationalitet.

10. Vilka är bankens fördelar med att kunden använder Internetbanken?

Det är billigt. Men man har inte stängt kontor. Internet är en extra kostnad. Kunden använder Internet på ett smartare sätt istället för att använda kontor. Detta frigör tid från kassapersonalen så de kan göra annat. På det viset tjänar banken pengar. Internetbankskunder är mer aktiva och de köper mer tjänster, och på det viset tjänar banken också pengar. Nischbankerna är ett hot men inte prismässigt utan de har övertag p g a att kunderna ändrar sitt beteende. Det är t ex naturligt att ha sina pengar i ICA-banken som man har kontakt med i vardagen.

15. Kan dagens Internetbank fylla kundens alla behov av banktjänster? Om inte, är detta ett mål?

Internet är en kompletterande kanal och det är kunden som väljer vilken kanal han eller hon vill använda.

20. Behöver Internetbanken "personaliseras"?

Ja, men alla kunder vill inte ha det så. Det är inte ett mål att alla ska använda Internetbanken. Kontoren måste finnas kvar.

21. Varför tror du att många kunder fortfarande är skeptiska till Internetbanken?

På grund av att de är osäkra på säkerheten. Av 2 miljoner aktiva kunder är det 40% som använder Internetbanken

24. Hotas XX av nischbankernas konkurrens?

Ja, de nya aktörerna är ett större hot än t ex de försäkringsbolag som startat bank.

25. Hur bemöter banken den ökade konkurrensen?

För lite. Det är viktigt att kunderna känner att de har bra villkor. Banken kanske behöver koppla andra typer av förmåner till banktjänsterna, t ex specialerbjudanden om prenumerationer mm till Internetbankskunder. Många företag vill gärna lansera sina produkter/tjänster via Internetbanken.