

Chapter 17

Customer Attitudes towards Internet Banking and Social Media on Internet Banking in the UK

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ABSTRACT

Internet banking, a cost saving and productive service delivery channel, has become a new focus of banks along with developments in information and communication technology (ICT). The advancements of ICT may help improve customer satisfaction and influence customer attitudes towards Internet banking, especially on the issue of security. This chapter investigates the attitudes of customers in the UK towards Internet banking by conducting 25 in-depth interviews with various documents to supplement our analysis. Results indicate that security is the most important factor affecting Internet banking adoption in the UK. Furthermore, motivated by the growing importance of social media, this chapter also discusses the role of social media on Internet banking and provides some suggestions on how banks can leverage social media to enhance the adoption rate of Internet banking. The detailed results along with discussions, implications, and limitation are discussed at the end of this chapter.

INTRODUCTION

In recent years the market has seen a growth of new technologies within the service industry (Durkin, Jennings, Mulholland, & Worthington, 2008). One of the service industries involved is the banking sector, where Internet banking as

a service delivery channel is becoming more popular on account of the low cost per transaction and a wider reach for the customer base (Shah & Siddiqui, 2006). Moreover, the development in commercial banking has brought rapid changes in which technological development is the main driver (Akinci, Aksoy, & Atilgan, 2004; Liao &

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Cheung, 2002). These technological advancements are mainly information and communication technologies (ICTs).

The proliferation of the Internet opens new doors for banks and gives them the ability to respond to heightened customer expectation (Poon, 2007) and to improve customer services. In fact, banking is a business that is information-intensive and has traditionally been strongly dependent on information and communication technologies (Shih & Fang, 2004). The benefits for this sector are substantial. The nature of the Internet as a channel for banking service delivery has more advantages than other channels due to its interactive power (Shah & Siddiqui, 2006). In fact, the advantages of ICT and new technologies are both for the bank sector itself and their customers. These advancements along with the emergence of Web 2.0 technologies and these new channels of communication offer new opportunities for customer relationship management (Hajli, 2012a, 2012b). In fact, e-banking offers the industry an opportunity to have a deeper understanding of customers (Shah & Siddiqui, 2006). The developments in ICTs have significant influence in the banking industry (Akinici et al., 2004), which is now more related to customer demand, forcing banks to provide their services online (Southard & Siau, 2004). These developments are a competitive tool for the banking industry to improve customer satisfaction. Therefore, customer satisfaction plays a key role in developing e-banking (Casaló, Flavián, & Guinalú, 2008).

Internet banking offers a wide variety of benefits for banks and consumers, from cost saving to improving customer satisfaction (Suh & Han, 2003) and is an important tool in the highly competitive banking industry (Yang, Cheng, & Luo, 2009). An earlier study by APACS – the UK payment association – indicated that Internet banking in the UK has increased by 174% from 6.2 million customers in 2001 to 17.0 million in 2006 (Alsajjan & Dennis, 2010). In addition, BT's (British Telecom) most recent survey shows that 68% of

the UK Internet adult users used internet banking in the past 12 months, suggesting the significance of Internet banking in the UK. Although Internet banking provides different positive effects on a bank's strategy (e.g. cost reduction), the adoption of Internet banking and the extent to which customers adopt these systems is still the main factor that affects intention to use for Internet banking. The consideration of the Internet banking adoption has become one of important issues for bankers and policy makers who plan to promote Internet banking (Shih & Fang, 2004). Most of existing work examined the benefits and economic advantages of Internet banking from the bank's perspective. It should be noted, however, that very few studies investigate the value proposition from the bank customers' perspective (Durkin et al., 2008). Understanding customer perception towards Internet banking is essential because it can help researchers and practitioners better understand why adoption of Internet banking is not keeping pace with development in this area. Therefore, the first objective of this research is to investigate the current situation of customer perception towards Internet banking in the UK with the goal of providing a comprehensive understanding of British Internet banking. The first question motivating this research is: What is the perception of customers about Internet banking in the UK?

Inspired by the power of social media to engage customers in online communities, many organizations have launched their social media sites such as Facebook fans pages, Twitter accounts, or YouTube channels to immerse into customers' interest and provide immediate responses for profit making (Andriole, 2010; Culnan, McHugh, & Zubillaga, 2010). Particularly in the banking industry, some giant banks such as Citibank, Bank of America, and ING Direct have demonstrated active presence in social media, oriented toward building rapport with customers and providing interactive online service support via Web 2.0 tools and channels. According to e-Marketer's the latest report (2014),

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