

# The Determination of User Satisfaction with Personal Internet Banking Services in the Context of Australia

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## ABSTRACT

Based on previous studies a theoretical framework of the determinants of an individual's satisfaction using Personal Internet Banking services is formulated incorporating information system success factors complemented by elements of behavioral and environmental uncertainties (multidimensional trust and perceived risk). Data was collected using an online self-administered questionnaire from a sample of 370 users in Australia and analyzed in order to determine the relationships among factors that have significant causal effects on customer satisfaction. The results confirm the importance of some of the factors reported in previous studies but also reveal unreported significant direct and indirect causal effects on customer satisfaction. Practical conclusions provide new perspectives for Australian banks on keeping customers highly satisfied with online banking services, as the main objective of this study.

## KEYWORDS

Australia, Customer Satisfaction, IS-Success, Multidimensional Trust, Perceived Risk, Personal Internet Banking

## INTRODUCTION

Personal Internet Banking (PIB) is widely used in Australia. According to the reports of Australian Bureau of Statistics (ABS) and Australians Communication and Media Authority (ACMA), conducting financial transactions via the Internet is highly favored among Australian users. ABS, in their 2013 report, indicated that the most popular online activity was paying bills or banking online with 72 percent of the population of personal Internet users in Australia. Similarly, ACMA found that 12.86 million people used online banking or bill paying and 10.44 million bought or sold goods or services online in the six months to May 2013 representing a 10 percent and 9 percent increase, respectively, over the same period in 2012. Roy Morgan's (2013) survey revealed that in an average four-week period, 59 percent (11.2 million) of Australians aged 14 or older used Internet banking. Also, in the 6 months to July 2013, on average 56 percent of the customers at each of the big four banks (NAB, CBA, ANZ, and Westpac) in Australia conducted Internet banking using the institution's website or a smartphone app, while only 31 percent on average used a branch. Norman Morris, industry communications director in the Roy Morgan Research Company believes that by decreasing branch visits in Australia, it is critical for banks to improve their online services in order to keep regular contacts with their customers, meet their demands, gain loyalty, and increase their satisfaction in the online environment.

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These statistical reports confirm that PIB is playing an important role in the daily lives of Australians. However, literature reviewed in this research showed that in the context of Australia there have been very few theoretical studies which have examined the factors that directly affect customer satisfaction with PIB services. Therefore, the purpose of this study is to: (a) develop a new theoretical model which explains the causes for the satisfaction expressed by Australians with PIB; and (b) provide practical advice for Australian banks in order to improve their online services and increase customer satisfaction.

## **RESEARCH DESIGN AND METHODOLOGY**

The study aims to develop theoretical knowledge with practical implications for factors that influence the satisfaction of Personal Internet Banking users in the context of Australia.

A field study method is used because it is an economical and feasible approach for measuring complex variables especially in situations where the independent variables cannot be manipulated and the influence of other variables cannot be controlled. In addition, field studies have been shown to identify strong effects on dependent variables which enhances the statistical significance of the results (Boudreau et al., 2001; Cook & Campbell, 1979). The research is: partly basic and partly applied; partly descriptive but mainly explanatory; cross-sectional in time, and it employs descriptive statistical techniques for data analysis and structural equation modeling (SEM) techniques for the analysis and development of a theoretical model derived from existing theory.

The unit of analysis for the study is an Australian individual who is at least 18 years old and has at least one month of PIB experience. The actual size of the target population of such individuals is unknown but is expected to easily exceed 100,000. Consequently, using precision of 5 percent and a 95 percent confidence level, the minimum sample size for the study was determined to be approximately 400 (<https://edis.ifas.ufl.edu/pd006>). This sample size also ensured the statistical validity of the SEM and other techniques used in the analysis and development of the theoretical model. It was not possible to obtain a sampling frame of all PIB users so, in accordance with Neuman (2006), a purposive (judgmental) sampling method was used, which is appropriate in cases where individuals with particular characteristics are required.

Data was collected using a self-administered questionnaire where items were based on existing measuring instruments. The questionnaire was reviewed by a focus group of five representatives of the target population. Suggested modifications were included in a revised version of the questionnaire which was then administered in a pilot study using a sample of 10 suitable participants. Their responses and comments were noted and any necessary modifications were incorporated into the final version of the questionnaire which was then used in the full study. Questionnaires were distributed online using a survey tool, social media, and the researcher's personal contacts. The process took about one month and produced 421 responses.

## **RELATED LITERATURE**

### **An Overview of Previous Studies**

In order to design a theoretical model, a comprehensive review of more than 60 PIB studies from different countries was conducted considering their applied theoretical frameworks and model variables. Based on this overview, it was identified that in terms of addressing the satisfaction of individual users, DeLone & McLean's (2003) Information System Success model provides a sound theoretical basis for this research because:

1. Despite the strengths and popularity of DeLone & McLean's (2003) theory in the field of information systems and e-commerce, its utilization in PIB studies in Australia has been neglected;

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