

Measuring Customers' Preference toward Online Banking in Bangladesh: A Study on Private Commercial Banks (PCBs)

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Abstract

Online banking is the latest delivery channel to be offered by the retail banks in many developing countries like Bangladesh and there is have a significant impact on the market. The aims of the study is to evaluate consumer preference based on the factors such as why they use online banking services, how they consider its facilities, and number of packages by major retail private banks in Bangladesh. Additional insight into to know the consumers' motives behind using the online bank account, to know consumers attitudes toward online banking services, to explore how the account holders' perceive online banking services, to find out factors affecting customer preference toward online banking, to draw relationship between factors and customer preference. By use of a questionnaire in different personal interview, it was found that 25 percent of the customers prefer online banking than traditional banking and 80 percent of them believe it is useful as it saves their time in this study on 39 private commercial banks. It is also found that the service reliability, confidentiality, required service, secured transaction, user friendliness and enjoyment are the most important of the suggested factors in their preference of online banking. Our study concluded that its significance for on time and real time service.

Key Words: *Usefulness, Ease of Use, Convenience, Cost, Time, Service Quality, Security, Confidentiality, Enjoyment, User Friendly, Reliability*

Introduction

By online banking we mean the Any Branch Banking facility. Through which one can enjoy the benefits of being able to access one's bank account from any of the branches and extension counters across the country. Any Branch Banking enables customers to make withdrawals and remittances at any branch of their bank, anywhere in the country.

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The advent of E-Business accompanied with technological innovations and globalization is constantly propelling the businesses organization to redefine their business operations in terms of value chain reengineering and restructuring business models. Likely, the financial sector is metamorphosing under the impact of competitive, regulatory and technological forces. Financial institutions especially the banking sector is currently in a transition phase. The banks have put themselves in the World Wide Web to take advantage of the internet's power and reach, to cope with the accelerating pace of change of business environment. The famous quote by Bill Gates that banking is vital to a healthy economy, but banks themselves are not highlights the crucial nature of the electronic forces that are affecting banks more than any other financial service provider group. This transition of business operations by banks have created new mode of operation called E-Banking. This paper represents the E-Banking phenomenon from its scratch to its future states. . People enjoy a much better experience online. But in Bangladesh online banking has to be developed more to keep up with the global system.

Literature Review

With the emergence of ever renewing technology innovation and telecommunication, we have seen new financial distribution channels increasing rapidly both in the numbers and forms, from ATMs, telephone banking, PC banking to internet banking. (Earring Wood and Story, 1996). Developing alternative distribution channels is not only important in terms of reducing costs and improving competitiveness, but also in terms of financial institution's ability to retain the existing customer case as well as to attract new customers. Sathye (1999) proposed a model for Internet Banking in Australia is significantly influenced by variables of system insecurity, case of use awareness of service and its benefits, reasonable price, availability of infrastructure and resistance to change. The transformation from traditional brick-and-mortar banking to E-Banking has been automatic Teller Machine (ATM) and thus the retail banking industry witnessed significant and extensive change. Formally, E-banking comprises various formats or technologies, including telephone (both land line and cell phone banking, direct bill payment (EFT), and PC or internet banking (Power, 2000). Weitzman, (2000), Lassar, Manolits and Lassar, (2005), Ehou and Chou (2000) identified five basic services associated with online banking: view account balances, and transaction histories, paying bills, transferring funds between accounts, requesting credit card advance, and ordering checks.

Majority of the banks is planning to introduce ICT for integration of banking service and new finance service, which will play a vital role in bringing efficiency in financial sector (Raihan, 2001). The most commonly factors are ease of use, transaction security, convenience and speediness (Wan, Luk and Chow, 2005). Organization theorists and practioners have defined e-banking in various ways. A Survey of Electronic Banking, Electronic Cash and Internet Gaming (2003), has defined electronic banking as "an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick and mortar institution". The following terms all refer to one form or another of electronic banking: personal banking,(pc) virtual banking, on line banking, home Banking, remote electronic banking, and phone banking are the most frequently used designations, (Joris, Claessens, Valentine Dem et.al,2001),on line electronic banking system give everybody the

opportunity for easy access to their banking activities. These banking activities may include; retrieving an account balance, money transfers (Between a user's accounts, from user's account to someone else's account) retrieving an accounting history. Some banks also allow services such as stock market transactions, and the submission of standardized accounting payment files for bank transfer, to third parties, As technology evolves, different kinds of electronic banking system emerge, each bringing a new dimension to the interaction between user and bank.

The term smart cards, stored-value cards and electronic money will be used to denote money in the form of "value", whether it is issued in card-based or network-based form. Although there are technical differences the term "smart card" is generally used interchangeably with stored-value card. There are many questions regarding these new payments devices that need to be answered by the designers, issuers, and regulators of these devices.

Although several initiatives have been taken to eliminate paper-based payment transactions, the basic way of handling payments by consumers has not changed. Stored-value cards may help to make the transition from paper-based payments to electronically-based payments more likely as these cards incorporate familiar aspects of using money in a way that could prove to be both convenient and acceptable to the public. As money technology has evolved, methods of payment have also changed, but cash still often remains a preferred method of payment by many people. Over the past few decades various media and industry experts have predicted the demise of cash and the advent of the "cashless" society.

The trend within the banking industry is to replace human tellers with self-service distribution channels. the strength of customer intentions for usage of human tellers within the next two years support the concept that the branch will still play an instrumental rate in the delivery of services to customers in the future. (Greenland,1995; Woodruff, 1995; Thornton and White, 2000). Sathye (1999) proposed a model for Internet Banking Adoption, which argued that the Intention of Internet Banking in Australia is significantly influenced by variables of system insecurity, ease of use awareness of service and its benefits, reasonable price, availability of infrastructure and resistance to change.

The Willis Report (1997 in Sathye, 1999) stated that the technology must be reasonably priced relative to alternatives for customers to adopt. Otherwise the acceptance of the new technology may not be viable from customer's standpoint. Customers today are more conscious of the expenses associated with the banking as they are generally better informed about alternative option. The total costs incurred in using Internet Banking must be minimal or competitive (Joyawardhena and foley, 2000).

It is reported by Howard and Moore (1982) that consumers must be aware of the new brand before adoption. Therefore it is important factor that the boxes have to create awareness on Internet banking to the consumers. Adoption means acceptance and continued use of a product, service and idea. Customers go through a process of knowledge, persuasion, decision and confirmation before they adopt the product or services.

The greater the awareness level among customers the higher will be internet banking adoption. Beside awareness, the service provided by the banks should be perceived to be innovative with high quality and user friendliness to meet an individual's expectation. Cooper (1997) reported that ease of use of innovation product or service as one of the three

important characteristics for adoption from the customer's perspective. This is related to user friendliness and ease of navigation as well as simple institutions to use the service.

E-banking is the waves of the future. It provides enormous benefits to consumers in terms of ease and cost of transactions, either through internet, telephone or other electronic delivery channels (Nsouli and Schaechter, 2002). E-banking development would lead to two classes of surviving banks, which are very large banks and small niche ones (Dewan and Seismanm, 2002). Through the E-banking, smaller banks could compete by offering portals to the services offered by larger banks (Holland and Westwood, 2001) with this development, banks could use E-banking to focus on customer need in order to gain the strongest competitive advantage (Wind, 2001).

Today's world is service oriented in every sector. The financial service sector in Bangladesh is now quite competitive to deal with changing environment. Those who are giving much more services rather than others are giving; he will be well ahead of competition because of getting better competitive advantages. There are 53 different banks working together in Bangladesh. The competition is going up day by day by giving better services and they are trying to develop their own services every now and then. We know electronic banking since 1990. Electronic banking has got tremendous importance in banking sector and banking customer as well. Thus the competitions among them are increasing day by day and so marketing of financial products is now becoming an important concern.

Typically, preference toward online banking depends on the following variables: Usefulness, Ease of Use, Convenience, Cost, Time, Service Quality, Security, Confidentiality, Enjoyment, User Friendly, and Reliability.

Electronic Banking

Electronic Banking or e-banking is transforming the financial services industry through various impossible Innovations. The quantity of cross-border trading and other financial activities is increasing geometrically make possible by technology. It has been made possible by technology, particularly information technology to generate, collect and process information about bank Operation and bank customers efficiently and effectively. It provides the ability to create more effective systems of controls in individual institutions and in the market themselves. Compared to the paper based operation, Electronic Banking Systems, in its most proficient form, offer instant verification and transfer and reduces the flow of costly paper in the record keeping process. Application of technology in banking proved cost effective in reduction of both paper and people.

Categorization of Electronic Banking Services

Electronic facilities given by different bank in Bangladesh

The following Electronic facilities are providing by different Foreign and Private Commercial banks (PCBs) in Bangladesh.

Bank accounts: Savings, Current, FDR, PDS, and Term Deposit Scheme

All these accounts are maintained in electronic way for the sake of customer satisfaction in Bangladesh. People can deposit their money through electronic device and also can withdraw their money such way. These are the common bank accounts, which maintained by the bank customer every now and then and bank is also given high priority or facilities in this regards to their customer.

Special Services

Some Banks render special services to the customers attracting other banks.

Debit Point-of-Sale

An advanced payment system, which enables consumers to use an ATM Card to pay for goods and services, electronically debiting the cardholders account and crediting the account of the merchant.

E-Money

E-money includes electronic debit and credit system, smart card. The smart card has been defined many ways, but is generally defined as “portable data storage device with intelligence (chip memory) and provision for identity and security.”

Cards: Credit/Debit Card

There are two different types of card. One is debit which designate to withdraw own money from the bank in any time. Another one is a credit system, which provided by bank to their customer. Customer can enjoy their credit amount while they are in shopping, withdraw cash etc.

Smart Cards

“Portable data Storage device with intelligence (Chip Memory) and provisions for identity and security” (Barbara A. Good, 1997) In their simplest forms, these cards are small microcomputers-lacking only external power supply, displays and keyboards. In 1974, a French journalist, Roland Moreno, filed his first patent on “an independent electronic object with memory” Moreno focused on the functional aspects of the card, including the use of secret keywords (PINs) for access to the card’s stored data.

Internet Banking/Online Banking

Customers need an Internet access service to handle this type of banking. As an Internet Banking customer, he/she will be given a specific user ID and a confidential/secret or secured password so that they can access to their own account. Here customer can able to see the ledger balances, transfer his money, request something towards bank, etc.

Home Banking

Home banking frees customers of visiting branches and most transactions will be automated to enable them to check their account activities transfer fund and to open L/C sitting in their own desk with the help of a PC and a telephone. For example: HSBC is giving Hexagon facilities to their individual and corporate customer.

Automated Teller Machine (ATM)

Full abbreviation of ATM is “Automated Teller Machine” which acts like a teller point in a bank who takes and gives money over the counter. ATM is same as teller point but it run automatically through identity like card and password. It does not need any slip or Cheque but it is very much based on A/C holder’s ATM card and it’s Password. It has different name such as ATM, 24 hours banking card, money link card, e-cash, ready cash etc. In Bangladesh, some multinationals incepted the ATM booth in Dhaka since 1992-93. The Grind lays Bank was the pioneer in Bangladesh then after Standard

Chartered Bank, American Express Bank, HSBC, Bank Asia and seven others local private banks are the followers.

SMS Banking

SMS Banking allows you to do some banking enquiries on your mobile phone. SMS-Banking is developed to provide transactions related to client's card account via SMS. After having registered the service SMS-Banking, a (mobile Phone) subscriber should send an SMS to 611(say) with a request for appropriate transaction.

Tele Banking

Tele-Banking permit customers to get access into their respective banking information 24 hours a day. Subscribers can update themselves by making a phone call. They can transfer any amount of deposit to other accounts irrespective of location either from home or office.

SWIFT

SWIFT is a bank owned non-profit co-operative based in Belgium servicing the financial community worldwide. SWIFT is a highly secured messaging network enables Banks to send and receive Fund Transfer, L/C related and other free format messages to and from any banks active in the network. Having SWIFT facility, Bank will be able to serve its customers more profitable by providing L/C, Payment and other messages efficiently and with utmost security. Especially it will be of great help for our clients dealing with Imports, Exports and Remittances etc.

Easy Pay Machine

It is a mechanical device which can accepted utilities bill like land phone bills, cell phone bills, Gas bills, WASA-DESA bills etc. The day after tomorrow bank will report to the particular authority to give acknowledgement on behalf of their customer.

Others

There are some other electronic services like TV Banking, Mobile Banking; through cellular phone, Mail Banking etc is practicing ignorable way. But banks are trying hard to develop new products which can be done through electronic device like internet, telephone including cellular and mechanical devices.

Banks have developed EBS for three main reasons:

- To protect and increase market share
- To reduce operating cost by substituting physical capital and technology for labor
- To generate new revenue

E- banking allow banks to expand their markets for traditional deposit taking and credit extension activities, and to offer new products and services or strengthen their competitive position in offering existing payment services. In addition, electronic banking could reduce operating costs for banks. More broadly, the continued development of electronic banking and electronic money may contribute to improving the efficiency of the banking and payment system and to reducing the cost of retail transactions nationally and internationally. Although many financial instrument and systems are now considered as "Electronic Banking" came into the terminology of the financial world in the late 1980s, with the possibility of

emergence of true electronic money. All sorts of back-office information management technology and financial services using electronic devices can be included into the term “E-Banking”.

Structure of electronic banking

E-banking is a general term referring to various computer-based technologies for delivering banking services. Electronic banking systems can be divided into two categories by the functional characteristics, viz. back-office electronic banking, and electronic financial instruments or front-office electronic services. Back-office electronic banking provides information management services, and quick fund transfer facilities both for traditional banking and financial instruments and electronic financial instruments. Since inception of primary forms of electronic banking it has been passed through a comprehensive evolution process. Electronic banking services can be grouped into three generations of evolution.

Table-1: Generation of Electronic Banking

Generation of Electronic Banking	
First generation	Ledger Cash management Head office MIS Cash dispensers
Second generation	Transaction Processing [offline] ACHs Generation of information for Record keeping Fund transfer Telephone bill payment POS systems Check verification ATMs Authorization
Third generation	On-line transaction processing Centralized processing at Country level Internet banking Inter bank transaction Processing Automatic Fund Transfers On-line Banking Home Banking electronic Direct Deposit Check Truncation Lock Box Check Truncation Electronic Fund Transfer Internet Banking

Source: Raihan, Ananya. 1998

E-Banking Opportunity and Challenges

Consumers are always eager for services they can access from a single entry point. Denny (2000) observes, awareness of competition has motivated banks to move aggressively in seeking alliances and establishing joint ventures to maintain their claim to this part of the E-Commerce infrastructure. Like there are alliances in the ATM network, Group Network, Money Transfer Network etc. This is also creating segmentation of networks where the customers of this networks sometimes unable to access to others' network. Seitz and Stickel (1998) note that consumer behavior in banking changed partly as a result of changes in the amount of spare time available to individuals. Mobility, independence of time and place, and flexibility has become key words in consumer banking.

Timmers (2000) supports this view, highlighting the key features of the Internet – such as 24 hour availability, almost immediate access, and the absence of physical borders. Indeed, the Internet has been one of the key drivers in promoting E-Commerce in the banking sector (Jeevan, 2000). The opportunities for banks in the Internet arena are varied (Stamoulis, 2000). Despite this plethora of opportunities, threats to the e-banks abound. One major threat to banks is the “Internet only” virtual banks. With US\$ 2 million, one can set up a fully-functional, Internet Only bank and provide payment services on the Internet.

Demand for those services influences also the usage rates of Internet banks. For example in 2002 in USA, 81867 private individuals submitted electronic tax declarations 79727 of them did it through Internet banks and 2140 through tax board's own home page. (20.3% of declarations were submitted electronically). This is increasing the benefits of Internet banks for the consumers and is a win-win situation for the banks and service providers.

Regulatory barriers in many countries are on the wane (Sathye, 1998). As the Internet gains momentum, governments are under pressure to reduce the barriers to competitive activity in the financial sector still further, to allow existing banks to remain competitive with their newer rivals (Carew, 1998). It is evident that banks can obtain an advantage by exploiting their existing, E-Commerce-ready infrastructure, through leveraging it on the Internet (Fellenstein and Wood, 2000), but this opportunity must be seen in the context of a highly competitive, rapidly-moving market-place in which new rivals are emerging from many different directions.

Studies including Schultz et al. (2001) suggest that security measures that are inconvenient for users may weaken E-Banking prospect, for example because of lack of user acceptance or outright resistance. Dourish and Redmiles (2002) propose a distinction between theoretical and effective security. Theoretical security concerns the level of security that is technically possible; whereas effective security concerns the level of security achieved in practice, and is typically lower than theoretical security. Several studies including Jih et al. (2005) indicate that user adoption of E-Banking is affected by perceived security. This supports a view of security as crucial to the overall usability of E-Banking systems.

Online Banking

Banks are considering online banking as a powerful “value added” tool to attract and retain new customers while helping to eliminate costly and slow paper handling and teller

interactions in an increasingly competitive banking environment. Online banking (Internet banking) is a term used for performing transactions, payments etc. over the internet through a bank's secure website. This is very useful especially outside banking hours. In most cases a web browser such as Internet explorer or Netscape Navigator is utilized and any normal internet connection is suitable. No special software or hardware is usually needed.

Table-2: Advantages & Disadvantages of Online Banking

Advantages	Disadvantages
Convenience, High transaction speed, Efficient, and Much more effective	Start-up may take time, Learning curve effect, Bank site changes, Matter regarding trust.

Any Branch Banking:

“Any branch banking” is the service where an account is accessible from any branch of a particular bank. Now, it is widely known as On-line banking in Bangladesh.

Virtual Banks

Virtual banks are banks without bricks; from the customer perspective, they exist entirely on the Internet, where they offer the same range of services and adhere to same rules and regulations of central banks.

Factors to be considered in Virtual Banking

- The routine banking transaction was becoming both costly and time consuming. The banks resorted to computerization to cut cost and time overheads in handling routine transactions
- The introduction of automated teller machine (ATM) impart flexibility to bank customers and gave further boost to virtual banking
- The introduction of credit cards and debit cards helps both the consumers and retailers to be free from cash handling

Remittance (Electronic Way)

Today's fast changing electronic banking channels have massively improved the flow of remittance across the world. In Bangladesh, Banks have grown up relations with many international financial agencies, or intermediaries to master the inflow of remittance into the country from the expatriates working in foreign countries. A few such operators working in Bangladesh are: Western Union Money Transfer, Money Gram, Xpress Money.

Call Center

Call center is a streamlined customer interface and offers a range of banking services through its call center agents. Customers are now getting improved services at a reduced cost in an exciting manner. Available services at call center are:

Account related services: Balance inquiry, transaction inquiry, duplicate statement, cheque book request, ATM/Debit card hot listing, and loan outstanding etc.

Product Information: Deposit accounts, Personal loan, Savings and current accounts, Debit card, Rates and tariff Inquiry, exchange rates, lending rates, deposit rates, tariff etc.

Other Services: Complaints handling, account opening procedure, Bank Information, change request etc.

Problem Statement

To gain a clear understanding about customer preference toward online banking of Bangladesh (Dependent Variable) as a function of Eleven (11) Independent Variables: Enjoy the service, Meet Requirements, Competitive price, Convenient service, Confidentiality maintained, User friendly, Usefulness, Easy to use the software, On time service, Reliable service, Secured transaction.

Hypotheses Development and Conceptual Framework

Research Hypotheses

RQ₁: Is it possible to identify the customers' preference toward online banking in Bangladesh?

H₁: Yes, it is possible to measure the customers' preference toward online banking in Bangladesh.

RQ₂: Is the current online banking service quality provided by the private commercial banks (PVC) sufficient for good customers' preference?

H₂: The current service quality provided by the private commercial banks (PVC) is sufficient for good customers' perception.

RQ₃: Can customers' preference toward online banking in Bangladesh be build through Enjoy the service, Meet Requirements, Competitive price, Convenient service, Confidentiality maintained, User friendly, Usefulness, Easy to use the software, On time service, Reliable service, Secured transaction?

H₃: customers' preference toward online banking in Bangladesh be build through Enjoy the service, Meet Requirements, Competitive price, Convenient service, Confidentiality maintained, User freindly, Usefulness, Easy to use the software, On time service, Reliable service, Secured transaction.

RQ₄: Does online banking customers' preference lead to increase usage?

H₄: Online banking customers' preference leads to increase usage of online banking.

Conceptual Framework

The conceptual framework from the earlier sections can be expressed symbolically as:

$$C_p = f(Mr, Ts, Us, St, C_s, Cm, Uf, Ps, Rs, Es, Se_1)$$

Where, C_p = Customers' Preference toward online banking. Uf = User friendly

C_p = Competitive price

M_r = Meet Requirements	R_s = Reliable service
T_s = On time service	E_s = Easy to use the software
U_s = Usefulness	S_s = Enjoy the service
S_t = Secured transaction	
C_s = Convenient service	
C_m = Confidentiality maintained	

Problem Definition

Management Decision Problem	Whether the current market situation is preferential for the organization.
Marketing Decision Problem	To determine the factors that will Influence customer preference level toward online banking.

Problem Variables

Dependant Variable

Find out customer preference toward online banking.

Independent Variables

- | | |
|--------------------|--------------------|
| 1. Usefulness, | 7. Security |
| 2. Ease of Use | 8. Confidentiality |
| 3. Convenience | 9. Enjoyment |
| 4. Cost | 10. User Friendly |
| 5. Time | 11. Reliability |
| 6. Service Quality | |

Methodology

This study is descriptive type. A survey was conducted to find out the customer preference level toward online banking. Data will be collected through survey method. Primary data is collected through questionnaire and the secondary sources are website, brochure of companies, various reports, and other published materials. Target population is account holders, living in Dhaka City, have willingness to access in online banking. Sampling frame is list of the account holders of private commercial banks in Bangladesh. The population will be divided into three categories;

- i) People who have corporate account
- ii) People who are students have bank account
- iii) People who have general accounts.

Judgmental sampling technique has been used to collect data. Sample Size was not more than 30 respondents. 7 points likert scale, structured multiple choice questions and some dichotomous structured questions used to collect primary data.

Data Collection

The literature review provided a basis for developing the questionnaire used in a survey of 30 respondents. These 30 respondents are selected judgmentally from sampling frame. A questionnaire was mailed to each of the respondents. I went for the face-to-face interview later on as the response rate in mail questionnaire was too little (20%). Among 30 respondents we could collect information from 26 respondents on which 4 questionnaire were considered as non-response due to incomplete answering. Finally, this study was analyzed based on the information collected from 20 online clients (Sample size). They are the account holders IFIC, Dutch-Bangla Bank, Eastern Bank, NCC Bank.

Data Analysis

Multiple Regression Analysis:

The purpose of this analysis was to measure the relative influence of each independent variable on the dependent variable. The regression model used is as follows:

$$Y (\text{Customers' Preference}) = b_0 + b_1Mr + b_2Ts + b_3Us + b_4St + b_5C_S + b_6Uf + b_7Ps + b_8Rs + b_9Es + b_{10}Se + b_{11}Cm + e_i$$

Where,

Y = Customers' Preference

Mr = Meet Requirements

T_s = on time service

Us = Useful ness

St = Secured transaction

C_S = Convenient service

Cm = Confidentiality maintained

Uf = User friendly

Cp = Competitive price

Rs = Reliable service

Es = Easy to use the software

Se = Enjoy the service

e_i = Error

The relative significance of each of the independent variable on the dependent variable was measured from the associated coefficient.

Results and Findings

Regression Analysis

Regression analysis is a procedure for analyzing the associative relationships between a metric dependent variable and one or more independent variables. Through regression analysis we can determine whether the independent variables explain a significant variation in the dependent variable. We can predict the values of the dependent variable from the independent variable. For conducting regression analysis the dependent and independent variables are required to be metric.

Table 3: coefficients: Dependent Variable- Customers' Preference

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			
		B	Std. Error				Beta	Zero-order	Partial	Part
1	(Constant)	-	5.644		-.486	.635				
	Meet Requirements	1	.378	.248	.299	1.521	.151	.491	.377	.165
	On time service	2	.725	.414	.749	2.494	.026	.663	.555	.271
	Usefulness	3	-.400	.255	-.494	-1.571	.138	.557	-.387	-.171
	Secured transaction	4	.209	.596	.171	.350	.731	-.005	.093	.038
	Convenient service	5	-.815	.620	-.457	-	.210	.068	-.331	-.143
	Confidentiality maintained	6	.278	.369	.213	.752	.465	.144	.197	.082
	User friendly	7	.135	.309	.121	.438	.668	.668	.116	.048
	Competitive price	8	-.138	.219	-.128	-.631	.538	.452	-.166	-.069
	Reliable service	9	.397	.294	.764	1.349	.019	.583	.339	.147
	Easy to use the software	10	.120	.262	.115	.458	.654	.635	.121	.050
	Enjoy the service	11	.462	.374	.373	1.236	.237	.350	.314	.134
a. Dependent Variable: Preferability										

Findings

From the regression coefficient table, we can see that factor 2 has the largest coefficient (0.725) and which is somewhat significant (significance level is 0.026). The coefficient represents the impact of one unit change in a predictor on the dependent metric variable. Thus we can say that 1 unit change in factor 2 will be responsible for 73% change in the dependent variable.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.914 ^a	.835	.705		.48791

Table 4: MODEL SUMMARY

- Predictors: (Constant), Enjoy the service, Meet Requirements, Competitive price, Convenient service, Confidentiality maintained, User friendly, Usefulness, Easy to use the software, On time service, Reliable service, Secured transaction.
- Dependent Variable: Customers' Preference.

Findings

The value of *multiple regressions* (R) is 0.914, which measures the strength of association between the dependent variable and independent variables. The coefficient of determination (R square) of the model is 0.835, which means that the 84% of the variation in dependent variable (Customers' preference) is accounted by the variation in the independent variables (Eleven factors). In other words, our multiple regression models have been able to explain 84% of the total variance in customers' preference.

Limitations & Caveats

- We have taken only eleven attributes
- Unavailability of the standard to measure the customers' preference about the online banking in Bangladesh
- Insufficient sources of reliable data regarding online banking.
- The samples will be collected from Dhaka city and will not be collected from any part of the country.
- Non-probability sampling techniques have been applied in sampling process.
- Sample size does not represent the actual population.
- Research conducted in limited time span.

Recommendations

As for the existing private commercial banks of Bangladesh, the online bankers should increase their ability to provide on time service and they should have some technical expertise as well. From our analysis we have seen that clients are very much concerned about the trustworthiness from the online banking. So, the banks should focus on security and safety to influence their preference level. People are not also conscious about the advantages of the technology. The users actual requirements must be fulfilled which would increase their perceived value. People are not also conscious about the advantages of the technology. Some multinational banks are already introduced marketing activities over their targeted customers for specialized electronic products, which is found very effective. Branches provide convenience to the customer paying utility bills and mobile bills. But the branches are located on the bases of bank's preference rather customers' convenience. The bankers should come up people with a variety of highly motivated products, which can solve the people's problem because our analysis shows a lot of people, want to enjoy this service and modernize their lifestyle. Most of the banks use a competitive pricing policy to attract and retain customers, some banks use mark-up pricing strategy and some use brand -based pricing policy. Match authentication technology to the risk profile of the business process usually the cost as well as security of password, one-time password, and handheld token and digital certificate is lower than the cost and security of smart card and biometrics. Online banks should also maintain the confidentiality of the information because people do not want their cash deposit, fund transfer and balance query are disclosed anyway and these are their most important assets. Online banks should also increase their abilities to provide more accurate

information to its clients. The clients are not very price sensitive. So, accurate information means a lot for them because their future courses of action totally depends on this information. Some user make comment on user friendly software if they find any difficulty to use software they are preference toward online banking can be turn down. People of different ages are showed different interest toward online banking. Here the students, young corporate personnel's interests are higher than others. The growth of electronic banking users increasing is a significant manner. However, last 10 years it has got tremendous importance over the bank customer and hopefully it will increase day by day after nurture the product by the professional bankers. Better quality services to the clients should be ensured to become competitive in the market. Moreover, effective motivational tools can be used to find a potential market from them.

Conclusion

This report has found several factors behind customer preference for using online banking services. It is far less costly to keep existing customers than to win new ones. Banks providing online banking services should always keep on improving so as to achieve a greater profitability. It can be concluded that although financial product marketing of PCBs (Private Commercial Banks) in Bangladesh is in an early stage, it has a good potential for development, as banks are now aware of its importance. The brand preference of the customer, existing network, physical existence, security and safety, supplier bargaining power, substitute product of non-banking sectors has made the way thorny. However, newcomer with innovative idea and strategy definitely can make position in this sector. The analysis of the evolution and present status of Internet penetration is a major factor for the growth of Online Banking. These can be achieved by knowing the market well and understanding the current trend-online banking, tele-banking, product differentiation attributes, etc. Hence, changing environment is creating a changing demand for marketing strategies and by developing an effective marketing strategy banks can retain market shares and profitability as well as competitive advantages.

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