

EMPLOYEES' PERCEPTIONS OF ELECTRONIC BANKING

IMPLICATIONS

A STUDY IN FIVE BIG GARANTI BANK BRANCHES IN İSTANBUL

Doç. Dr. İbrahim PINAR

Arş. Grv. Dilek DÖNMEZ

İstanbul Üniversitesi - İşletme Fakültesi

İşletme Yönetimi ve Organizasyon Anabilim Dalı

In the banking sector, studies that measured branch employees' perceptions toward the implications of electronic banking were done. Based on these findings, a questionnaire was designed and branch employees were asked to fill out. In this frame, this study aims to present the implications of e-banking and determine the bank branch employees' perceptions towards those through a study in Garanti Bank. Determination of how branch employee perceive e-banking implications will help maintain better performance based on e-banking for the bank branches.

Key Words: Electronic banking, employees, bank branches.

ÇALIŞANLARIN ELEKTRONİK BANKACILIK UYGULAMALARINI ALGILAMALARI İSTANBUL'DAKİ BEŞ BÜYÜK GARANTİ BANKASI ŞUBESİNDE BİR ARAŞTIRMA

Bankacılık sektöründe, şube çalışanlarının elektronik bankacılık uygulamalarını algılamalarını ölçen çalışmalar gerçekleştirilmiştir. Bu çalışmalardan elde edilen bulgulara dayanarak bir anket oluşturulmuş ve şube çalışanlarına uygulanmıştır. Bu bağlamda, bu çalışma elektronik bankacılık uygulamalarını sunmayı ve Garanti Bankası'nda gerçekleştirilen bir çalışma ile şube çalışanlarının elektronik bankacılık uygulamalarına karşı algılarını belirlemeyi amaçlamaktadır. Şube çalışanlarının elektronik bankacılık uygulamalarını nasıl algıladıklarının belirlenmesi, banka şubelerinin elektronik bankacılık uygulamalarına dayalı performanslarının artmasına yardımcı olacaktır.

Anahtar Sözcükler: Elektronik bankacılık, çalışanlar, banka şubeleri.

INTRODUCTION

One of the most recent channels of distribution to be used in the financial services industry is electronic banking, which was introduced in the mid 1990s and is thereafter steadily becoming more important. The term electronic banking refers to the provision of information or services by a bank to its customers, via a computer or television. In its very simplest form, electronic banking (e- banking) can mean the provision of information about the bank and its products via a page on the World Wide Web (WWW). A more developed service is one that provides customers with the opportunity to gain access to their accounts and execute transactions or to buy products online via the internet discussions on the opportunities and threats of the Internet in general, have resulted in both confusion and discouragement among practitioners. In any case, it seems that there should be significant changes in the way the relationship between the organisation and the customer is managed (Lymperopoulos and Chaniotakis, 2004, p: 302).

As a result, the role of branch employees that mainly handle this relationship may change too. Therefore, asking for and analyzing their perceptions is important not just because the perceptions and attitudes of service delivery staff are a key input to a service organisation's identity but also because, in many cases, branch employees are responsible for the promotion of the use of electronic channels to their customers (Van Heerden and Puth, 1995). It has long been noted that perceptions and attitudes can influence behaviour. Therefore, monitoring and determining employee attitudes and perceptions of e-banking to maintain better performance for the bank branches (Pettijohn, Pettijohn and Pettijohn, 2004, p: 11).

In fact, a number of research studies have discussed and examined the perceptions towards implications of electronic channels for financial services (Black and Others, 2001, p:390-398; Mols, 1999, p:295-300; Liao and Cheung, 2002, p:283-295). But these studies generally have tended to focus on customers and bank managers rather than employees. Specific studies on employees' perceptions of e-banking are lacking (Polatoglu and Ekin, 2001, p:156-165; Arasli, Smadi ve Katircioglu, 2005, p:41-56; Kolodinsky, Hogart and Hilgert, 2004, p:238-259; Lymperopoulos and Chaniotakis 2004, p:302-311). In this frame, the aim of the study is to present the implications of e-banking and determine the bank branch employees' perceptions towards those implications through a research .

To this end, the literature related to the implications of e-banking is reviewed and the methodology of the research is described. Then, the

results from a questionnaire administered to 5 bank branch employees are discussed. Finally, the limitations of the study are presented and a general conclusion is drawn.

1. ELECTRONIC BANKING

In the world of banking, the developments in information technology have had an enormous effect in development of more flexible payment methods and more user-friendly banking services. Online banking and other electronic payment systems are new, and the development and diffusion of these technologies by financial institutions is expected to result in a more efficient banking system. This technology offers banks alternative or non-traditional delivery channels through which banking products and services can be delivered to consumers more conveniently and economically without diminishing the existing service levels (Akinci, Aksoy and Atilgan, 2004, p: 212-232).

Electronic banking (e-banking) technology is one of the these technologies. E-banking technology represent a variety of different services, ranging from the common automatic teller machine (ATM) services and direct deposit to automatic bill payment (ABP), electronic transfer of funds (EFT), and home banking (HB) often referred to as internet banking (IB). Phone banking (PB), credit cards (CCs) and point-of-sale terminals (POS) are the other e-banking technologies (Kolodinsky, Hogart and Hilgert, 2004, p:238-259; Richard, Prefontaine and Sioufi, 2001, p:299-311). Similarly, five basic services associated with e-banking are identified by Chou and Chou (2000). These are;

- view account balances and transaction histories,
- paying bills,
- transferring funds between accounts,
- requesting credit card advances,
- ordering checks.

Given the current and likely future magnitude of e-banking, all over the world, banks must gain a comprehensive understanding of this consumer-based, electronic revolution. Among other things, banks must understand who specifically is adopting and utilizing this new commercial technology and why (Lassar, Manolis and Lassar, 2005, p:176 -199). Ultimately, banks should be in a position to predict who the users of this new technology, understand important user perceptions and how these perceptions interact with new e-banking processes and procedures. Although the reasons behind this electronic phenomenon are many and varied, there are likely consumer and employee perceptions that can be identified and investigated in order to gain such an understanding.

1.1. Literature Review On Implications of Electronic Banking

Implications of e-banking issues becomes an area of interest to some researchers. In a study of retail banks, Daniel and Storey (1997) have found reasons why banks have opted for the e-banking to:

- enhance the organization's reputation for innovation,
- attract new customers.

In other study of e-banking, Kolodinsky, Hogart and Hilgert (2004, p:238-259) mentioned relative two advantages of e-banking. These are; advantage of time for customer and bank.

On the other hand, Bradley and Steward (2003, p: 272-281) mentioned on supply side and reduction of costs, increased customer satisfaction, protection of reputation, competition advantage, market transparency have been cited as implications of e-banking.

The following study of Aladwani (2001, p:213-225), also, mentioned implications of e-banking:

- improving the competitive position,
- improving bank's reputation,
- improving bank's image,
- satisfying customer demand for the service,
- reducing costs.

The presentation of a study, Curaau (2002, p:285-296), has offered the opportunity to identify the implications of e-banking:

- reduction of costs,
- attract young customers,
- increase competitive advantage,
- differentiation of service.

Paswan, Spears, Hasty and Ganesh (2004, p:324-338) mentioned e-banking and offered implications of e-banking like below:

- bank reputation,
- fast and efficient service,
- reduction of costs,
- advantage of time for customers and bank.

Likewise, in the study within the banking industry, Lymperopoulos and Chaniotakis (2004, p:302-311), based on the literature review, identified 8 main implications that measure branch employees' perceptions toward implications of electronic banking. These are;

- cost reduction,
- improve image,
- innovator's advantage,
- queue minimisation,
- increase of sales,
- customer satisfaction,
- service differentiation,

- market transparency.

In the following paragraphs, the Turkish banking sector and Garanti Bank will be explained shortly.

2. THE TURKISH BANKING SECTOR AND GARANTI BANK

The banking sector, a major part of the financial system, is one of the fastest growing sectors in Turkey. At the end of the 1998, commercial banking experienced growth rates of 25 percent which was much higher than the growth in the national economy. The assets of the banks increased by 24 percent and reached the level of USD 117.4 billion representing a significant increase in total investment. Presently, there are over 70 privately and publicly owned banks with over 7370 branches, employing more than 166.000 employees. The Turkish banking sector has not only grown in numerical terms it has also expanded in terms of technology and the technological innovations in Turkey. Until 1987, banking activities in Turkey were mainly conducted in branches. Türkiye İş Bankası, Turkey's largest private bank, laid the foundation for electronic banking in Turkey in 1987 by introducing automatic teller machines (ATM's) to Turkish consumer. By 1998, the number of ATMs in the country reached over 7.400. Alternative banking channels via telephone, PC/terminal/Internet and POS were in place by various banks starting in 1996. In late 1997, telephone banking service had become popular among Turkish consumers since it allows customers to do all their transaction other than cash withdrawal anywhere, although it does not provide visual verification to the customers (Polatoglu and Ekin, 2001, p:156-165).

In 1997, Garanti Bank also joined the competition on the Web. Today, serving around one million customers with non-traditional channels, Garanti makes a turnover of US\$3 billion per month through these channels. The number of IB (internet banking) customers of Garanti Bank went up to 375.000 in October 2001, from 38.000 in 1998 (Akinci, Aksoy and Atilgan, 2004, p:212-232).

Garanti Bank ("Garanti") is the third largest private bank in Turkey with \$29.8 billion asset size as of June 30, 2006. Garanti provides retail, commercial, corporate and private banking services to over 6 million customers. As of August 2006, it operates 462 domestic branches, five foreign branches (in Luxembourg, Malta and Northern Cyprus (3)), four international representative offices (in Moscow, London, Dusseldorf and Shanghai), 1,320 ATMs, a call center and an internet bank utilizing its state-of-the-art technology and focusing in customer satisfaction. Garanti was established as a privately owned commercial bank in Ankara in 1946. In 1983, Doğuş