

# **Online Banking Services: A Comparative Study of Islamic and Conventional Banks of Pakistan**

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## **Abstract**

*This comparative study aims to provide a better understanding of how online banking services between Islamic and conventional commercial banks are prevailing in Pakistan. This purpose is achieved via one research question which focuses on how the bank's online services can be described. A multiple case study strategy is used, focusing on two banks, one Islamic bank namely Meezan bank and other conventional commercial bank namely Citibank of Pakistan. Data was collected via observation and interaction with the websites, focusing on feedback from the customers using the banking websites. In using these websites for their banking, the findings show that the main benefits included lower costs, efficiency and time saving retention and Islamic banks should concentrate more on professional and technical skills. Websites should have clear and brief information in order to build trust with the customer.*

**Keywords:** Online banking, Islamic banks, conventional banks, Pakistan.

## **Introduction**

Electronic commerce (E-commerce) is simply referred to buying and selling using the Internet; people immediately think of consumer retail purchases from companies such as Amazon. However, e-commerce involves much more than electronically mediated financial transactions between organizations and customers. Many commentators now refer to e-commerce as both financial and informational electronically mediated transactions between an organization and any third-party it deals with, (Chaffey, 2002).

E-Banking may include ATMs, wire transfers, telephone banking, electronic funds transfers and debit cards. The Internet offers the potential for safe, convenient new ways to shop for financial services and conduct banking business, any day, any time. However, safe banking online involves making good choices—decisions that will help you avoid costly surprises or even scams. In Pakistan e-Banking has started taking

of in recent years. E-commerce task force has been formulated and the Banks have expanded their online branch networks. In the past 2-3 years Banks have also launched Internet Banking and the internet banking is now improving with more sophistication and services for corporate banking customers.

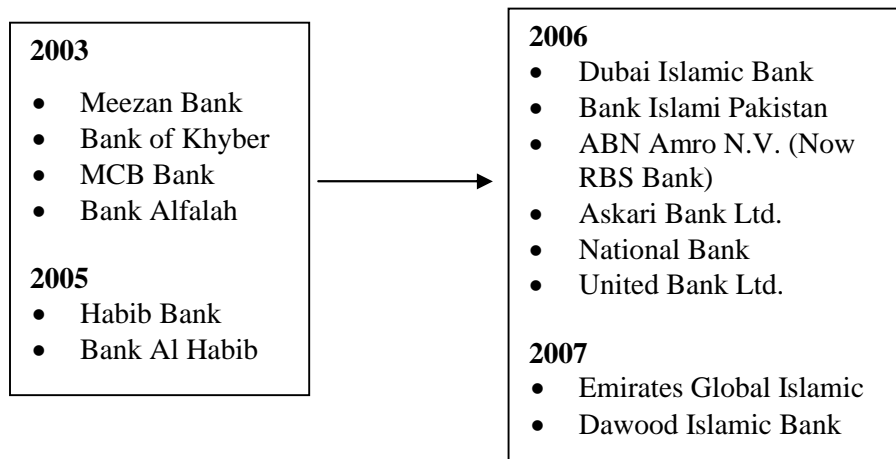
In Pakistan initially the internet banking was launched to provide a limited number of services but in recent years there has been greater understanding and development towards various services being offered by banks through internet banking. Generous funds are allocated to improve e-banking infrastructure HR, Security and application for various components of e-payments.

Financial sector has increased the budget over 200% during the last 5 years, with total spending over US\$300/million/year. With the satisfaction of legal issues of security assurance and easy access, there is increase in usage of internet banking. More than 50% of the total bank branches are online. E-banking infrastructure in Pakistan is growing at a considerable pace and the totals of online network branches are more than 2500. A recent addition in electronic transactions has been allowing clients to access their accounts to do fund transfers and remittances from any ATM, by (Waqas Danish, 2007).

### Year Wise Entry of Islamic Banks

Meezan bank is the first and the largest Islamic bank in Pakistan that is why authors have considered it as a basis for comparison, refer to Fig.-1 given below:

Figure 1.0: Year Wise Entry of Players



Source: *Islamic Banking Sector Review 2003 To 2007 State bank of Pakistan, (2009).*

Recent trends show that most brick and mortar banks are shifting from a product-centric model to a customer-centric model as they develop their new e-banking capabilities. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and worldwide web (www), banks increasingly use Internet as a channel for receiving instructions and delivering their products and services to their customers.

This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication (Reserve bank of India, 2001).

Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its product and services. At an advance level, it involves provision of facilities such as accessing accounts, funds transfer, and buying financial products or services online. This is called "transactional" online banking (Sathye, 1999).

There are two ways to offer Internet banking. First, an existing bank with physical offices can establish a web site and offer Internet banking in addition to its traditional delivery channels. Second, a bank may be established as a branchless, Internet only or virtual bank. Broadly the levels of banking services offered through Internet can be categorized in three types: (i) The Basic Level Services use the banks websites which disseminate information on different products and services offered to customers and members of public in general. It may receive and reply to customers queries through e-mail (ii) In the next level are Simple Transactional Websites which allow customers to submit their instructions, applications for different services, queries on their account balances, etc, but do not permit any fund-based transactions on their accounts (iii) The third level of Internet banking services are offered by Fully Transactional Websites which allow the customers to operate on their accounts for transfer of funds, payment of different bills, subscribing to other products of the bank and to transact purchase and sale of securities, etc. Most of the banks providing Internet banking product and services offer, to a large extent, an identical and standard package of banking services and transactional capabilities (Reserve bank

of India, 2001).

A website plays very significant and key role in Internet banking. Websites should be able to convey all the information for both current customers and potential new customers via the Internet (Jayawardhena & Foley, 2000). If the content of the site fails to pass sufficient information account capabilities, then the site is not fulfilling its objectives.

A well designed website creates an interest in the firm and its offerings, and it should also offer the users opportunities to reconstruct the website in their minds so that it matches their cognitive structures (Gronroos et al., 2000). Therefore, focusing on quality of service is the primary concern of Internet based e-commerce (Griffith & Krampf, 1998). The Internet, if properly utilized, can be a powerful tool to increase overall service offerings and create a higher standard in various industries (Griff & Palmer, 1999).

### **Problem Statement**

So far as a comparative study of online banking services between Islamic and conventional commercial banks of Pakistan is concerned only a little research has been done in developed economies and not representative of developing countries. Thus to gain deeper understanding of the issues in the Pakistani context, this research is conducted.

### **Objectives of the Research**

From the problem as discussed above, the objectives of this study is to provide a better understanding on how online banking service is evolving in Islamic and conventional commercial banks of Pakistan. In order to reach this purpose the research question is stated as below to be addressed.

*RQ: How can customer services within online environment are described?*

### **Importance of the Research**

This research study is unique in terms of organizational sector and country. The study will focus only on the customer's perspective in web based banking services rather than bank's perspective. As the aim is to provide a better understanding on how online banking service is evolving in Islamic and conventional banks of Pakistan.

### **Review of the Related Literature**

#### *Customer Service*

To prosper in today's competitive business environment, companies

must understand that the customer holds the key to success. The customer must be at the very heart of the company's decision making. The customers want many things from the companies, they work with. In the language of customer service, these wants are often referred as needs. Most customers need quality products, quality service and friendly interaction with knowledgeable people who care about them.

Information technology can and is being used to improve customer services, though the use of IT is dependent on the understanding of customer services, marketing and the information orientation of the firm in question. Combining the two concepts – customer service and information technology – one finds that the adoption process is not specifically considered anywhere in the literature. However, it is evident from documented material that there are two possible ways of examining the development of the use of information technology in customer service. First, there is the accepted information technology development path. This is normally defined as:

1. Paperwork/routine activities
2. Middle management operations/internal processes and
3. Strategic purposes

From this perspective, most firms are using information technology in customer service to deal with routine paperwork activities, e.g. accurate billing. Such use either increases the efficiency of activities and/or reduces costs. Information technology is also being utilized in internal management operations, e.g. products, which again leads to increased internal efficiency and/or reduced costs. Finally, in relation to the third stage of information technology development, many companies are aware of the strategic benefits of information technology in customer service, but are having difficulty in actually identifying and managing such applications. (Mols, 2000).

### **Customer Services on the Internet**

Technology, in particular the Internet, is a key driver of internal changes, (Jayawardhena & Foley, 2000). The Internet is believed to change the way firms interact with their customers and thus the way they initiate, develop and terminate relationships with them (Mols, 2000). Many researchers have pointed out that service quality is one of the key determinants of online retailer's success based primarily on the following two reasons (Griffith and Krampf, 1998; Zeithaml *et al.*, 2000). First, online retailer's service quality greatly influences customer's satisfaction and intention to shop online in the future. For example, one recent report by (Boston Consulting Group, 2002) revealed that 41 percent of

consumers who experienced an online purchasing failure stopped shopping at the sites in question. This report further noted that the dissatisfied customers, on average, spent much less money on online purchasing than the satisfied ones. Next, online retailer's service quality is critical in attracting potential customers. For example, (Yang & Jun, 2002) argued that online retailer's service quality, particularly in terms of online transaction security, personalized services, and accessibility of the web sites, significantly affects Internet non-purchaser's perceived overall service quality and in turn, influences their willingness to shop online.

Financial services web sites can perform a variety of functions ranging from basic information provision to full transactional capability. (Knight *et al.*, 1999) identifies four separate levels of information provision: At the most basic level, an Internet presence merely provides information about the financial institution, with no interaction between the institution and customer other than a possible e-mail link. The next level allows the institution to receive information, such as an electronic loan application. The third level offers the customer the opportunity to share information, such as account balances or transaction details. The highest level identified allows the customer to process information.

(Cox & Dale, 2001) have noted that traditional service quality dimensions, such as competence, courtesy, cleanliness, comfort, and friendliness, are not relevant in the context of online retailing, whereas other factors, such as accessibility, communication, credibility, and appearance, are critical to the success of online businesses. Similarly (Madu, 2002) propose the following 15 dimensions of online service quality based on the relevant literature review: performance, features, structure, aesthetics, reliability, storage capacity, serviceability, security and system integrity, trust, responsiveness, product/service differentiation and customization, web store policies, reputation, assurance, and empathy.

### **Structural design of Customer Services**

The studies have shown that high levels of customer service quality can exert a positive influence on customer satisfaction, (Parasuraman *et al.*, 1988). Unlike the manufacturing product quality that can be readily assessed, service quality is an elusive and abstract construct that poses definition and measurement obstacles. The literature has suggested that service quality is determined by the differences between customer's expectations of service provider's performance and their evaluation of the services they received (Parasuraman *et al.*, 1985, 1988).

(Parasuraman *et al.*, 1985, 1988) have conducted well-known studies to uncover key service quality attributes that significantly

influence the customer's perceptions of overall service quality.

(Parasuraman et al., 1988) later distilled these ten dimensions into five by using a factor analysis. These five dimensions are:

- i). Tangibles
- ii). Reliability
- iii). Responsiveness
- iv). Assurance and
- v). Empathy

In the case of the banking industry, (Johnston, 1995) examined, by using the critical incident technique, banking customer's perceptions about the service quality they received and found 18 service quality attributes. They are:

- Access
- Aesthetics
- Helpfulness
- Availability
- Care
- Cleanliness/tidiness
- Comfort
- Commitment
- Communication
- Competence
- Courtesy
- Flexibility
- Friendliness
- Functionality
- Integrity
- Reliability
- Responsiveness and
- Security

### **Theoretical Framework**

The purpose of the conceptualization is to narrate, the main things that are going to be studied (Mile & Huberman, 1994) in order to collect data and answer the research question, a theoretical framework of the research question, via the literature just reviewed is provided below.

*RQ: How can customer services within online environment are described?*

Web-based customer service level and nature of customer participation, they should be integrated with website design to be intact and leading to

enhance customers services. (Cai & Jun, 2003) discussed service quality in online retailing. (Joseph, McClure & Joseph, 1999) investigated the influence of technology such as ATM, telephone and Internet, on the delivery of banking services. Their study acknowledged six dimensions of electronic banking customer service. In order to find out how websites could be used for enhancing customer service in Internet banking, the theories of (Cai & Jun, 2003), as well as from (Joseph, McClure & Joseph, 1999) are deemed appropriate for this study, as they are both more recent.

*Trustworthiness* (Cai & Jun, 2003)

- Security
- Trust/risk
- Privacy

*Communication* (Cai & Jun, 2003)

- Communication tools
- Frequently asked questions
- Information updated
- Information understandable

*Convenience/accuracy* (Joseph, McClure & Joseph, 1999)

- Convenient
- Accurate
- Easy to use

*Feedback/complaint management* (Joseph, McClure & Joseph, 1999)

- Feedback service
- Friendly environment
- Complaint management

*Efficiency* (Cai & Jun, 2003)

- Menu options
- Demo
- Exchange rate conversion
- Calculators

*Accessibility* (Joseph, McClure & Joseph, 1999)

- Connectivity
- Special service for disables
- Language options

*Customization* (Joseph, McClure & Joseph, 1999)

- Personalized service

## **Research Methodology**

*Research approach:*

Based on the research question mentioned above, the researchers give a



better understanding of the research area, so it will get thorough information to describe the understanding of the research question. It will use the frame of reference and aim to gain a deeper understanding of this phenomenon instead of analyzing data in the form of numbers statistically. The qualitative approach will be researchers' preference.

*Research strategy:* (Miles & Huberman, 1994) explained how the multiple-cases make it possible to specify how, where, and sometimes also, why a certain phenomena has a specific behavior. They conclude that multiple-case sampling also adds to the validity, precision and the stability of the findings. In order to address the research questions of this study, two case studies will be conducted. By conducting case studies the results can be compared and the study seen as more convincing. This enables us to compare the results from each case in a cross-case analysis. Using a multiple-case study it can also make our findings more strong and possibly make it easier to notice possible similarities and/or differences.

*Data Collection Instruments:*

Within the scope of the research, authors will use email, voice chat via internet, and observation (interaction with website) as sources of data collection. They will also use documentation as a mean to supplement evidence from other sources. For example, such data are available mainly in form of the bank information material (annual reports, articles, brochures, online information presentation, etc.), and this documentation will provide us with an overall view of the present situation of the banks.

*Sample Selection:* In this study researchers have used multiple cases sampling, because multiple case could add confidence to findings. By looking at the range of similar contrasting cases, one can understand the case findings, grounding it by specifying how and where and, possibly, why it carries on as it does (yin, 1994). Keeping in mind the research questions authors chose websites of two banks working in Pakistan (one advanced commercial bank, and other largest Islamic bank). Both banks are providing the Internet banking services .And the authors selected one customer of each bank using the internet facility.

*Data Analysis Tools:*

The goal of analyzing data is to handle the evidence fairly, to produce convincing logical conclusion and to rule out alternative interpretations. Data analysis involves turning a series of recorded observations into descriptive statements (Yin, 1994). Before the data actually can be analyzed, the researcher carries out a case study, can choose between two general analytical strategies, relying on theoretical propositions or

developing a case description.

Our data analysis will be based on three steps. We will use the within-case analysis and the cross-case analysis stated by (Miles & Huberman, 1994). The data will first be reduced through a within-case analysis where the cases will be compared with the frame of reference. The data will then be further reduced by being displayed through a cross-case analysis where the cases will be compared with one another.

### **Data Collection**

This study will present the empirical data collected from the two case studies. The presentation is divided into sections; it starts with introduction of the Bank, after that, presents the collected data.

### **Case One: Islamic commercial Bank – Meezan bank Pakistan**

Meezan Bank Limited, a publicly listed company, was incorporated on January 27, 1997 and started operations as an investment bank in August that year. In January, 2002 in an historic initiative, Meezan Bank was granted the nation's first full-fledged commercial banking license as a dedicated Islamic Bank, by the State Bank of Pakistan.

Meezan Bank has clearly established itself as the largest Islamic Bank in Pakistan with a network of 201 branches in 54 cities. The banking sector is showing a significant paradigm shift away from traditional means of business, and is catering to an increasingly astute and demanding financial consumer who is also becoming keenly aware of Islamic Banking. Meezan Bank bears the critical responsibility of leading the way forward in establishing a stable and dynamic Islamic Banking system replete with dynamic and cutting-edge products and services.

During the seven years of its operation as an Islamic commercial bank from 2002 to 2009, offering universal banking services to customers, Meezan Bank has been one of the fastest growing banks in the history of the banking sector. Average growth in deposits has been 55% per annum during this period while the branch network grew from 4 to 166. The bank has established a strong and credible management team comprised of experienced professionals, that have achieved a strong balance sheet with excellent operating profitability and strong ratios, which places the Bank at the top of the industry. The Bank has been assigned a long-term entity rating of A+ and a short-term entity rating of A1+.

The Banks main shareholders are leading financial institutions of the Region namely, Noor Financial Investment Company, Kuwait, a leading investment company based in Kuwait; Pak-Kuwait Investment

Company, a AAA rated financial entity in the country and the Islamic Development Bank of Jeddah. The established position, reputation, strength and stability, of these institutions add significant value to the Bank through Board representation and applied synergies.

Meezan Bank has a strong technology focus. It has invested heavily in state-of-the-art software applications—namely Temenos T-24 and Oracle. It has also recently upgraded its hardware platform and also has a ‘hot’ disaster recovery site in place to cater to any unforeseen eventualities.

By implementing robust and aggressive strategic and tactical initiatives on the side of consumer banking, Meezan Bank aims to fulfill its prime target of providing customers accessibility and convenience, within an atmosphere and culture of dedicated service and recognition of their needs. The Bank has a rapidly growing branch network across all major cities nation-wide. At Meezan Bank, we believe in adding value to our customers’ lives and businesses, through dynamic and competitive products and services that fulfill their needs while conforming completely to the dictates of Shariah. At the same time, we endeavor to deliver competitive risk adjusted returns to our stakeholders (www.meezanbank.com, Accessed on 10<sup>th</sup> Jan, 2010).

### **Customer Service of MBL**

#### *Trustworthiness:*

The first element of theoretical frame work discussed with interviewee was the “trustworthiness”. Customer replied that worries always lie in human mind when you deal with somebody with respect to finances especially when you do not see him face to face. The interviewee was asked about the “security” concerns when dealing with suppliers, dealers or other transactions he made through online service of MBL. He said that he has never such issue as he knew that Meezan bank information transfers are encrypted using 128-bit SSL encryption technology. He further added that encryption is the process of transforming using an algorithm to make it unreadable to anyone except those possesses special knowledge. Interviewee also told that he came to know by bank officials that 128-SSL (Secure Socket Layer) encryption is so secure that a hacker with the time, tool and motivation to attack using the brute force would require a trillion years to break into session.

On asking question about “trust” from interviewee he replied that as he is using online services of Meezan bank frequently from the beginning so he had never such problem. Because the access to personal details and account details are controlled through login process. The facility of changing the password of account frequently is permitted in

website. On suspicion password could be changed and call center help can also be taken in this matter.

The interviewee concern about “privacy” was also asked, he said that Meezan bank guarantee that the emails and cell no’s of customer are not sold and provided to any other party and even Meezan bank itself don’t send emails to its customers until request is made by the customer by registering itself for emails. So he was much satisfied in terms of privacy policy of the bank.

*Communication:*

On interrogation about “communication” tools the interviewee said that there is a “contact us” option provided on website where required call center numbers and phone numbers of senior bank officials are provided and he is satisfied with it. The interviewee further described that to get more help there is “knowledge and media center” link on website of bank where required services can be searched quickly. Site map link is also given on the site where the user can study the whole services, information regarding to Islamic banking is given for the ease of customer and new users. Interviewee was not satisfied with the link of FAQ’s, not present on the home page but it is presented on the page of e-banking. He said that it must be pasted on the home page of site. Information given on the site is understandable the interviewee answered, due to usage of simple English wording and he also told about an option of Islamic banking glossary where the Arabic language terminologies used in the website are defined in English language for customers and other user who want to take information.

*Convenience/Accuracy:*

On asking the query from the interviewee about the “convenient” of online service of Meezan bank he said, he is comfortable now. The online banking of Meezan bank is easily accessible and much easy to use. There is a link for registration to on line banking. A very simple registration form is available there which asks for personal data and account data and after a user can avail the services, simply user name and password are written into user name and password text boxes. About “accuracy” customer was relaxed because he stated that Meezan online services are much accurate and satisfying because when ever a transaction is made the bank send an sms of balance information on cell phone of customer which means that their system is quite sophisticated .MBL also gives full detail about bank statement and mini bank statement and other transaction of multiple accounts. The customer further added that these details can also be downloaded in different

formats and the customer also said that he use to stay on the top of the money “going in” and “going out”.

*Feedback/ Complaint management:*

Customers view about” feedback” was also inquired. Customer responded that for feedback there is a link of feedback on the page of contact us, which leads to feedback forum where you can get response back from customer service of bank. Similarly “complaint management “link is also present on contact us page where predefined problems are stated which normally a customer could have during use of online service which are much helpful for customers to explain his problem clearly.

The interviewee told about” friendly online environment “of Meezan bank, he stated that the environment of online service is friendly because there is no formality and technicality in the use and in the text provided on website.

*Efficiency:*

When the interviewee was asked about the “efficiency” of MBL online services, he said today every person is in urgency and Meezan bank has solved this problem for his customers. Account details, balance check, and transfer request etc. can be handled by just sitting in the home in front of computer. Further interviewee was asked about “menu option “he said that he feels good with menu option they are arranged deliberately with drop down menus and which are helpful for the customer to access the online services quickly.

The answer of the question interviewee gave about “demo” was negative he said there is no demo on MBL website. The interviewee was also not satisfied with “exchange rate conversion” information, because it was not updated daily even not on weekly bases What about the online “calculator” service of MBL? The interviewee was asked, he replied calculator is available, through which monthly payments of home financing and car financing can be calculated.

*Accessibility:*

Interviewee was asked about the question of “connectivity” of MBL online environment was asked, he said that once he was in Dubai for business trip, he wanted to use the MBL online services and he easily get connected to website. He also told that the site downloading and navigating in the site is much faster due to the usage of Oracle business software.

On asking about another important service which was about the “special services for disables”, the interviewee said that there are no special services for disables in the online environment of MBL and he feels sorry for it. Interviewee answer about the “multi language “option availability was also negative. He said only English language is available on the site.

*Customization:*

The interviewee view was when asked about the “personalized services”, he was happy and stated that when he login in the online service and it welcomes me that gives the feeling of care and privacy.

**Case Two: Conventional commercial bank – Citibank Pakistan**

Citibank is a major international bank, founded in 1812 as the City Bank of New York, later First National City Bank of New York. Citibank is now the consumer banking arm of financial services giant Citigroup, one of the largest companies in the world. As of March 2007, it is the largest bank in the United States by holdings. Citibank has operations in more than 100 countries and territories around the world. More than half of its 1,400 offices are in the United States, mostly in the New York City, Chicago, Miami, and Washington, D.C. metropolitan areas, as well as in California.

In addition to the standard banking transactions, Citibank offers insurance, credit card and investment products. Their online services division is among the most successful in the field, claiming about 15 million users.

Citibank's worldwide expansion gained even greater momentum in October 1998 when it merged with Travelers Group Inc. The largest financial institution in the world was born. Citibank's global priority is high quality standards of products and services based on the professionalism, dedication, commitment and experience of its employees.

Citibank Pakistan has demonstrated its ability to identify market needs and develop products which are unique in concept and fulfill customer requirements. The aptitude to develop lifelong relationships while maintaining quality measures and technological efficiencies has assisted Citibank in becoming a true market leader.

Powerful distribution networks, electronic channels, myriad of financial products which cater to customer mix, broad product capabilities - this is what is needed to succeed in the volatile markets of today. This is what allows us to offer institutes worldwide the right financial solutions - every time, all the time (www.citibank.com.pk,

Accessed on 10<sup>th</sup> June, 2009).

### **Case two: Customer Service of Citi bank**

The second interview was conducted with Citibank customer, on customer service through Internet banking, trustworthiness was the first topic and according to him, it's the most evocative issue when he consider about Internet banking in Pakistan. The participant does not feel secure over Internet banking. Although banks and social mediums publicized a lot on the security of banking online, participants felt that it's still risky to deal with banking through Internet for few people have 100 percent confidence on that there is absolute security in Internet banking, especially now a days in Pakistan.

Another reason is that according to him it is at very initial stages and it will take some time to mature internet banking in Pakistan. Though, he is using internet banking of well established bank in the world.

When he was asked about his opinion transferring of money between accounts, he mentioned that he performed with little confidence but not very often. He also added that there should be a little risk of transferring money but not too much to imagine, currently it's only an issue of confidence and in the coming future he might transfer more and often. About privacy, he never received any email from which he feels that the information leaks through his bank, but he totally believed bank's professional regulations and not giving away his personal information.

Concerning to communication, the participants viewed it is important for Internet banking especially there is no face-to-face contact when he deals with banking matters.

When asked whether the bank's web site is updated regularly, he said that website was not updated frequently. Usually he visited the website every week or longer so that he doesn't pay attention on it. In spite of ignoring whether it is updated, he thought the content of banking products and services is easy to understand and follow, which contains construction of all business of the bank.

When asked whether website is showing the addresses and telephone numbers of relevant departments on web site, his reply was yes, in addition, he said that as individual customer he really need it very much, for the reason that in Pakistan some banking business has to be handled in branch office and impossible through Internet.

About FAQ's the interviewee made no complaint on it. There were direct link of FAQ put on various pages, also very easy to find them through sitemap. He added that at first he didn't know how to find FAQs,

although it did exist somewhere, and several times when he's confused about how to choose a better method to make a deposit, and gain long-term benefit, it really took him too much time to find relevant information and analyze. However, after finding it, he admitted that FAQ could serve most of the answers of his queries or at least provide relevant links. When asked about the convenience, first of all, participant agreed that it has once been the most important factor attracting him to do banking online. There were problem performing the first time internet banking; he solved his problem with the help of bank employee. He complained about demo facility which is missing. It can be very helpful while using the internet banking very first time.

About financial transaction, participants feel that it is easy to transfer money between two different accounts of the same bank, but if transaction involved another bank, no matter Pakistani bank or foreign bank, it is always troublesome and hardly performable. Moreover, Citibank.com.pk provides accurate record of all transactions for its customers, which made it possible to check account anytime and anywhere so that the participant felt satisfied and comfortable. So far applying credit card was considered, but neither opening of account nor applying any kind of loan is possible without visiting the bank.

Regarding to the topic of feedback/complaint management, participant was a satisfied customer. However, considering the undeveloped situation of Pakistan internet banking, he said it is understandable about complaint management of Citibank.com.pk. Comparing with the inefficiency of traditional banking, they are agreed that the internet banking provided a customer friendly environment.

About the efficiency, Pakistani interviewee believed it is one of two most attractive factors of Internet banking, besides convenience. He could perform basic banking transaction anytime and anywhere if there's accessibility between computer and internet. Comparing to traditional banking, Internet banking saved time and decreased boring waiting in queue if they go to any bank branch. Online tutor or demo and brochure are also considered as necessary facilities for customers. Interviewee thought that these facilities made Internet visitors understand and follow the right way to deal with their banking transactions. Even offline transactions not available through internet operating are also conducted, which could provide internet visitors detailed information on each step of procedure before they take actions in physical world.

About the accessibility, is [www.citibank.com/pk](http://www.citibank.com/pk) providing special service for disabled people. Interviewee had no idea of whether Citibank.com provided special service for disabled persons, but he thought it is technically possible and necessary and disabled persons



should also benefit from internet banking same as normal people. Then he mentioned that he could open Citibank homepage and log in their personal account from any internet-connected computer, therefore which made it convenient to deal with banking at any needed time. Sometimes there might have speed difference due to the reason of net problems, but they mentioned it is acceptable and most of time it doesn't make too much problem.

When asked about the opinion of customization, interviewee insisted that when logging on the bank's web site, he noticed about he is welcomed by his name on the web page, but it has no special feeling for him as it is just a machine message. Then he added that it made him sure that account information browsed on webpage is private-only.

### **Data Analysis**

After data collection from Meezan and Citibank's websites, as mentioned in the methodology, the data is qualitative and is collected by means of direct observation and focused personal interviews. In this section, collected data will be analyzed on the basis of the frame of reference of this study. Furthermore, the collected data will be analyzed by a within-case analysis and a cross-case analysis.

*RQ: How can customer services within online environment are described?*

*Within case analyses of www.meezanbank.com.pk*

When the customer was first asked about the trustworthiness of on line transaction and other business activities he revealed worries. But at the same time when he was asked about the security matter he showed his trust on bank. This finding is not supporting the findings of (Yang & Jun, 2002) that online buyers are more concerned about online payments. And that was due to the sureties given to participant by bank officials. The customer response about the trust was also positive because of the process of becoming on line. About the privacy the interviewee was much confident and has no complaint about it.

According to (Cox & Dale, 2002) stated that frequently asked questions to be described on home page In the matter of FAQ's participant was not satisfied because he told interviewer that the FAQ's were on e-banking page and were not present on the home page. So the site of MBL is opposite in supporting this view. About information understanding customer was satisfied. The interviewee also said that he is comfortable about the convenient of the bank services.

The satisfaction of customer from accounts regarding ability to download the bank statement and other account details support the

recommendation of Joseph, McClure, Joseph (1999) that bank should provide statements of transactions have been conducted in electronically.

The interviewee felt sorry demo which is not available on MBL website and felt that demo helped a lot to conduct transaction in Internet banking. The participant also liked the friendly on line environment. This is similar finding of Jayawardhena & Foley (2000) studies that most of people associate a bank transaction with human interaction.

*Within case analyses Citibank.com.pk*

According to Grönross (1984), customers conventionally build trust based on the image and reputation. The views of participant supported views of researchers that trust builds on the base of the image and reputation. The participant felt insecure over Internet banking because he heard and read news that Internet was not secured medium for transactions. While, he had never happened any misshape with him or close friend so far. The respondent perceived a certain risk performing payment between the accounts. This is supported the findings of (Yang & Jun, 2002) that online buyers are more concerned about online payments.

The interviewee claimed that he had full belief in the bank. The Bank cannot leak their privacy due to banking regulations. This is somewhat applicable which was stated by (Grönross, 1984) about privacy that customers have confidence about some organization.

Web site of Citibank.com.pk was not regularly updated; the interviewee pointed out that there was no direct link of FAQs put on the homepage.

This is not accordance with the findings of (Cox & Dale, 2002) that organization provide link to FAQs on their homepage. The interviewee felt problems performing Internet banking first time. It is complying with the findings of (Sathye, 1999) that Internet banking is difficult for customers. The respondent replied that Internet banking provided 100% accuracy in transactions and handled transactions independently according to their will.

The interviewee was complaining about demo facility and felt that it should be provided by the bank for Internet banking.

The participant informed about negative attitude of Citibank.com.pk. He sent an email to ask for some certain information about his credit card, but he did not receive reply. After two weeks, he sent reminder but he did get any reply again. So, he became too much angry about the services of the bank. According to Cai & Jan (2003) that the customers prefer to use email. The views of participant does not support it.

The respondent claimed that Internet banking is more convenient as compared to traditional banking. Convenience is a primary benefit sought by customers. Citibank.com.pk provided facility to their customers to check statements of all transaction that had been done. This has supported the recommendation of Joseph, McClure, Joseph (1999) that bank should provide statements of transactions have been conducted in electronically. The respondent informed that information shown on the website was understandable And quite clear. Even about offline information was also very clear. So, this does not support the findings of Broderick & Vachirapornpuk (2002) that customers often need help of banking staff in Internet banking for understanding the information. The participant viewed that his time was saved and avoid waiting in queue for his turn in the bank.

The respondents felt that Internet banking is friendly environment. This is not similar finding of Jayawardhena & Foley (2000) that many people feel typing on a keyboard to carry out a bank transaction seem very detached method of banking. Citibank.com.pk provided currency conversion rate mechanism on their website which liked the respondent.

The interviewee could open Citibank.com.pk homepage and log in their personal account from any Internet-connected computer, therefore which made it convenient to deal with banking at any time.

*Cross-Case Analysis (Mcb.com.pk vs. Citibank.com.pk)*

Table 1: Properties of Trustworthiness

Trustworthiness	MBL's Customer	Citi Bank's Customer
Security	Secure	Un Secure
Trust/Risk	Confident	Lack of Confidence
Privacy	Not scared	Not scared

Perhaps the most important issue in the internet banking is trustworthiness for the customers, how much it is safe for them to use a web site and to conduct financial transactions over the internet. One can say that the customers in Pakistan feel more secure with internet banking using international banks owing to their international experience than national banks. However, comparing trustworthiness of the customers with some other international countries, for example with Sweden, from previous studies, it is mentioned that Swedish customers(as per previous studies) feel more secure performing transaction in internet banking as compared to Pakistani customers. May be one of the reason is that

internet banking was started in Sweden in 1996 and in Pakistan very recently. Second, Sweden is number one in adoption modern information technology since last some years (IDC Research). Furthermore, (Grönross, 1984), stated that customers traditionally build trust based on the image and reputation. Pakistani customers still felt insecure performing transactions on internet due to reason they read/heard news about errors happened over internet banking transactions. Subsequently, they built image that internet is not secure so far. About privacy, both Pakistani customers have a similar opinion. They have trust on their banks due to banking regulations and assurance given from their banks.

Table 2: Properties of Communication

Communication	MBL's Customer	Citi Bank's Customer
Communication tools	Used	Used
FAQ's	Easy to find out/ but not available on home page	Easy to find out/but not available on home page
Info Updates	Frequently	Not Satisfied
Info understandable	Clear and understandable	Clear and understandable

Web site has the replacement of the banking staff, customers directly communicates with the web site in the cyber space in place of staff of the bank. Importance of communication tools like email, telephone number, swift number, and addresses are realized everywhere. So, there is no big difference between both banks sites. Both the banks providing link for "frequently asked questions" but not on the home page. According to the number of researchers recommended such as (Cox & Dale, 2002) that each organization must make FAQs link on the home page and participants also demanded for it. It is un-understandable that why banks are not giving links to FAQs on their home pages. Information furnishing on the internet is updated regularly by Meezan bank and Citi bank is lacking in this quality. Both banks have understandable information. It is very important for enhancing customer confidence on internet banking that information is updated regularly on the web. Information about products, services are clear and understandable for both the customers from their banks sites.

Table 3: Properties of Convenience/Accuracy

Convenience/Accuracy	MBL's Customer	Citi Bank's Customer
Convenient	Yes	Yes

Accurate	Easy to Use	Easy to Use
Ease To Use	Easy	Easy

The rapid growth of the internet banking depends on different factors, one of the important factors, which is grabbing customers attention is convenience. Convenience is acting vital role on the behavior of both customers irrespective of their banks. Customers prefer to save their time, money and avoid waiting in queue for their turn in the bank. In term of accuracy all factors are showing same results in the above table.

Table 4: Properties of Feedback and Complaint management

Feedback/Complaint Mgt.	MBL's Customer	Citi Bank's Customer
Feed back	Satisfied	Not Satisfied
Friendly environment	Yes	Yes
Complaint Management	Satisfied	Less Satisfied

Quick responses to customer's inquiries especially e-mail plays key role in internet banking for the customer loyalty with the bank. Our findings of the study are showing very surprised results that MBL's customer was satisfied with feedback services and complaint management of the Bank, where Citi bank customer was not satisfied because he gets aggressive after not getting the reply from the bank on sending his email. In the competitive market, customer is a king. No organization can excel without support of their customers.

Companies must make special option or form on their web site regarding the services provided for customer's feedback. MBL bank providing such facility and services to the customers for the feedback, but City bank is not providing. In opinion of both customers, internet banking is a friendly environment which is a healthy sign for internet banking in Pakistan.

Table 5: Properties of Efficiency

Efficiency	MBL's Customer	Citi Bank's Customer
Menu Options	Limited	Limited
Demo	Not Provided	Not Provided
Exchange Rate Conversion	Not Provided	Not Provided
Calculators	Provided	Not Provided

The menu options or links allow the company to highlight products or

services that may be relevant in a particular context (Feinberg & Kadam, 2002). Customer of MBL is satisfied from the menu option but both customer of Citi bank and MBL bank are not satisfied from the Demo unavailability to customer where customer can learn how to use online services. To calculate the monthly installment MBL bank has provided the calculator for monthly payments.

Table 6: Properties of Accessibility

Accessibility	MBL's Customer	Citi Bank's Customer
Connectivity	Good	Good
Special Services for Disables	Not Provided	Not Provided
Language Options	No other option then English	

One of the findings of my study is that MBL bank is offering single language option i.e. English to the customers. Both banks are not providing special services to disabled persons. Both participants had similar view in regard to connectivity. They were not feeling any problem in the matter just they need computer and internet connection for performing internet banking. For disabled persons, no bank was providing special services for them.

Table 7: Properties of Customization

Customization	MBL's Customer	Citi Bank's Customer
Personalized Services	Yes	Yes

Internet banking is, using technology to improve its personalized services, with the ultimate goal of helping customers gain greater control over managing their money transactions. However, customers demanded personalized services from their banks. This is typical philosophy of the customer.

Banks understand the requirement of their customers so they are trying to provide personalized services. This is one main reason that none of interviewees said that they wanted to change the bank. No doubt they had mentioned few complaints about their banks that were of general nature, which can be ignorable. Furthermore, findings of the study supported these comments. There is a little difference in results of both bank's customers.

### **Findings, Discussions and Conclusions**

In the final segment, answer to the research question will be provided. Initially, wide-ranging findings will be given, followed by precise qualitative conclusions. The study will end with suggestions for professionals and for the concept.

*Research Question: How can customer services within online environment are described?*

From the analyzed data presented above, it is clear that both the websites are really concerning the online banking services and banks are trying to provide quality services for their customer's convenience.

To maintain customers regularly visiting the website, product information must be furnished in simple text and font. The quantity of product information should be in short and clear form, so the customer at the time of reading does not become fed up. Furthermore, internet banking websites should provide options of exchange rate conversions, loan calculators (car, house, and mortgage). Thus customer can do calculation if he needs, making the sites more dynamic.

The Internet banks should provide homepage hyperlinks for the ease in assessing the specific information. It may be better to keep a consistent navigation technique in the entire website. But it will be even better if internet bank make site map and search engine on the website for convenience of their customers. Normally, search engine depends on the contents. But the specified internet banks have a lot of information on the web, so they must use search engine.

As far as security is concerned, the banks must use latest technology on their websites. The research leads to the following specific conclusions emerging from the findings above:

The design and quality of online services can play a vital role in internet banking if the information about the products and services are to the point and clear.

- A link of glossary for technical terms can also be provided.
- Demo facility can play an imperative role for this introductory internet banking stage in the country like Pakistan.
- The facility of search engine on home page can establish a longer relationship with customers in Internet banking.

Due to the latest technology & innovations banking customers are looking forward to the use of Internet banking. Thus, it is suggested on the basis of the findings of the study that:

- Considered online banks should develop secure and well-

designed websites that provide concise and clear information about the products and services to the online visitors.

- Effective customer's complaint and query system is also crucial for enhancing customer service.
- Maximum conventional banking services should be converted into online banking system.
- The internet banks should have efficient and effective feedback complaint management services.
- Islamic banks should more develop its web structure and online facilities for its image and to compete the conventional commercial banking operating in Pakistan.

As a recommendation we would suggest that there were some limitations which may be covered in further research studies.

- More Islamic banks may be compared on the same study.
- Customer's online banking service dimensions can also be considered in related studies.
- Employee perspective is also important for the same study.
- An online banking comparison may be conducted among developed, developing and under developed counties.



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## Interview Guide

### Trustworthiness

- When you purchase something through Internet, have you felt insecure providing sensitive information (e.g. Debit card number/cash card number)?
- Do you think any risk associated with interbank money transferring? If yes, please give explain, if not, how you are secure.
- Have you received junk emails and felt that your email address has been provided to the sender by your bank. Resultantly, you are not feeling privacy in internet banking transaction?
- Is there anything you would like to add on this topic?

### Communication

- Your bank updates their information about new currency rates, interest rates, and commission charges on their banking products regularly? Have you ever noticed any instance to please mention?
- The information about the products (credit card, car loan, insurances etc) and services (pay bill or transfer money through online, commission charged for foreign exchange etc) are clear and understandable?
- Does the Web site show important addressees of various departments and branches? If not, please mention.
- Does the “Frequently asked questions” serve mostly answer of your queries? If not, kindly tell us which question must be explained.
- Is there anything you would like to add on this topic?

### Convenience/accuracy

- Did you feel any problem during performing the first time Internet Banking (Paying bill, transferring of money between the accounts)? And did you take help from demo/tutor facility?
- You still feel difficulty to perform new financial transaction or applying for opening of account or credit through Internet etc.
- What steps you took for log in your bank’s account for example, personal number, pass word/personal code etc. Please tell us. Also, do you feel it is convenient?

- Do you think that Internet banking provides accurate record of all transactions? Kindly give explanation of your answer.
- Have you ever applied for loan (car, house, credit card) through online? How was your experience?
- Do you feel Internet banking is easy to use? If yes, please explain.
- Is there anything you would like to add on this topic?

#### Feedback/complaint management

- Did you send any complaint or query to the bank and got reply immediately? further, you are satisfied with this service?
- When you pay bill or transferring money between accounts or applying for loan, etc. Do you receive confirmation of these transactions?
- When you use Internet banking at that time do you feel it is customer friendly environment? If not, why
- Is there anything you would like to add on this topic?

#### Efficiency

- Would you like to explain how Internet banking is convenient hours of operation and save time in your opinion?
- Do you think online tutor or demo and brochures educate you to use new services? Please give example.
- Is there anything you would like to add on this topic?

#### Accessibility

- Does the bank's Web site provide special services for disabled persons (sight/hearing)?
- Can you log in to your account from any computer and any where?
- Does the bank's web site provide different language options other than Urdu/English?
- Is there anything you would like to add on this topic?

#### Customization

- When you log in on the bank's web site whether bank welcome by name to you? If yes, how do you feel?
- The bank is providing all required products and services which you want? If not, please explain which services you want more through online.
- Is there anything else you would like to add to this topic?