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Internet-Based Self-Services: Relational Aspects of E-Banking – a Private Client Survey Analysis

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1. Introduction

Globalization and deregulations have increased competition in the market places. The increased competition, in turn, calls for that organizations continuously increase their productivity and decrease their costs. Investments in information technology is one important means to increase productivity and decrease costs.

Advances in technology have changed the preconditions for service delivery dramatically in recent years, with tremendous potential impact on self-service options and on service support. Service providers employ technology at various stages in the service delivery processes and in service support operations to improve the quality and productivity in their service offerings (Blumberg 1994). These technology-enabled changes are changing the way service providers and their customers interact with each other (Dabholkar 1994). One influential form of technology-based self-service is Internet banking, which is denoted e-banking in the remainder of this report.

Already more than two decades ago, Lovelock and Young (1979) highlighted that an overlooked way to increase productivity in service industries is to change the ways consumers interact with service provider firms. As the sheer presence of the customer is the dominant constraint on the efficiency of service systems (Chase & Tansik 1983), service managers can increase productivity by changing procedures at the point of delivery, such as replacing a bank teller with a machine. Since service industries typically involve the consumer in the production process, changing procedures at the point of delivery directly affect consumers. However, as Lovelock and Young (1979:172) have pointed out, a lack of sensitivity to consumer needs and concerns all too often imply a too low customers' acceptance level:

> *"The greatest success in introducing ATMs is enjoyed by banks that invest time and effort to develop carefully thought-out introductory programs. Typically, these programs emphasize deployment of specially trained staff to help customers learn how to use the machines and assist them if they have any problem."*

In addition to personal selling, also the design of the ATMs and the complementary support enabled by an attached telephone, staffed 24 hours per day – with which a customer can call for assistance in case of difficulties – has proven to be important factors for consumer acceptance of the ATMs (ibid).

A transaction made at the branch office has a significantly higher cost for the bank compared to a transaction performed by the customer itself. A study on the US retail banking showed that the transaction cost of telephone banking is only 40% of the cost for a physical branch

transaction (Talmor 1995). Also, high labour costs prompt service firms to consider (technology-based) self-service delivery system options. The benefits for service providers from (technology-based) self-service delivery systems are obviously decreased costs and increased productivity (Chase 1978, Lovelock & Young 1979).

Banks serve two types of clients: households ("retail banking") and firms or institutions ("wholesale banking"). In this report the discussion will be limited to retail banking, which contributes to a substantial proportion of the total profits generated by banks.

1.1. E-banking as an example of Internet-based self-service

Technical innovations such as 'bank on telephone' and e-banking over the Internet in recent years have become more and more common as the channel choice for the households in their interactions with the bank. These new technical innovations make it easier for both the bank and for the clients to, e.g., carry out transactions and to buy and sell stocks. The incentives for the new banking channels are, among other reasons, expectations for increased productivity, decreased costs and increased value added for the clients. The value added for the clients is based on an increased availability, since the clients become less dependent upon time and place (Storbacka 1994).

As a result from the introduction and diffusion of the Internet, the way in which consumers perform many everyday activities – such as shopping and banking activities – has changed fairly dramatically over the past decade. With the advent and diffusion of the Internet medium, the usage of e-banking has experienced a tremendous growth. Finansinspektionen (2000) conducted a survey collecting data from the four major Swedish full-service banks and from SkandiaBanken and Sparbanken Finn. Among retailing banking clients of these six Swedish banks there were 4% of them that had an Internet connection at end-1998. At end-1999, this share was 10% and, at that point in time, it was forecasted to be 31% of private clients having an Internet connection with the bank at end-2000.

Finansinspektionen (2000) stated that considerable transformations of markets and product ranges in the financial area had taken place in recent years. The technological development has influenced on the service ranges and lead to increased availability for increasingly larger client groups. This has been achieved primarily as a consequence of the building up of services that are mediated via telephone or the Internet. *Self-service* has become one of the key concepts.

Nordea, one of the four major full-service, or universal, banks on the Swedish market, wrote in the following way about "e-services" in its Annual Report 2000 (p. 19):

> *The Nordic countries have top ranking in terms of the extension of personal computers and the use of the Internet. Preconditions for electronic financial services therefore are better than elsewhere. Most Nordic financial services companies provide a range of e-services, including net-banking. Net-banking is developing from being information on the web site and provision of simple transactions products to become personalised and integrated Internet portals covering most or all financial products and services. E-services and net-banking will therefore become a central part of relationship banking in the future.*

New information technology-based self-services is expected to influence the nature of the customer relationship as self-services replace traditional service encounters in a (bank) branch

office. However, banking services provided through the Internet may substitute both branch office service encounters and replace other self-service channels as tele-banking and postal services (i.e. "privatgiro").

From the banker's perspective, the increasing use of a self-service technology such as the Internet – which may imply a distancing from the individual client – poses the challenge how to maintain or strengthen the relationship with her/him. According to Lynch (1996:ix-x) there are a number of paradoxes that bankers, "from the USA to Japan and from Europe to Australia" are confronted with as it comes to relationships with their clients:

> *Paradox 1:*   *People in every area of their lives are changing the basis of their relationships and new types of relationships are changing people.*
>
> *Paradox 2:*   *To master the new realities arising from changes in customer relationships, bankers must change yet remain unchanged.*
>
> *Paradox 3:*   *Bankers need to manage the minds of their customers before they can hope to manage their money profitably.*
>
> *Paradox 4:*   *The marketing of products and services together with the customer care initiatives of the 1980s have made banks appear uncaring in the 1990s.*
>
> *Paradox 5:*   *Banks have vastly improved their methods of risk assessment, except in the area where it really matters – how clients behave.*
>
> *Paradox 6:*   *Ignoring the corporate mind is more costly for banks than ignoring the corporate strategy.*
>
> *Paradox 7:*   *Bankers need to reshape their relationship skills if they are to be financially competent.*
>
> *Paradox 8:*   *Customers want banks less, but need them more.*

In this report particularly the fifth of these paradoxes is in focus: to provide insights into *how different segments of clients behave*.

Related to the 8th of Lynch's paradoxes, e-banking is also to a large degree revolving around a *distance and closeness paradox*:

> Banks want to *cut costs* – through technology-based self-service use (i.e. often implying a lower level of customer contacts, which can be perceived of as an increasing distance between the client and the branch office) – *and* at the same time to *have near/strong customer relationships*, in order to strengthen customer loyalty.

The rationale for firms to strive for *loyal customers* is that it is assumed that loyal customers lead to higher profitability in the long run. The hypothesis is based on the assumptions that customers over time tend to increase their purchase volume, to become less price-sensitive, to cost less to serve for the service provider and often to generate new customers through recommending the patronage firm to its friends (Reichheld & Sasser 1990, Schlesinger & Heskett 1991, Reichheld 1993, Jones & Sasser 1995, Reichheld 1996, Heskett *et al* 1997). Reichheld and Sasser (1990:105) argue as follows:

> *As a customer's relationship with the company lengthens, profits rise. And not just a little. Companies can boost profits by almost 100% by retaining just 5% more of their customers.*

Concisely, banks are facing this essential paradox: To be near – or not to be (near)? – that is the question. This paradox, needless to say, is important for banks to manage in a professional manner. It calls for a focus on *relationship banking* at the same time as the provision of technology-based self-services continually is kept in tune with the needs of the clients.

1.2.   The Swedish e-banking context

According to a study performed by the EU Commission in 2002 on 16,000 respondents, the Swedes had the highest Internet adoption rate in Europe (67%), the Danes had the second highest adoption rate (59%), thereafter came the Dutch (54%) and the Finns (51%) (ekonomi24, 2002).

In absolute numbers, there were 3.791 million active Internet users in Sweden in April 2002 according to Nielsen NetRating (2002). Some Internet usage statistics for some of the countries with a high Internet adoption rate are presented in Table 1 below. It can be noted that the Americans distinguish themselves from the other countries by spending about double as much time on the Internet and making considerably more sessions on the Internet.

Table 1: Some Internet statistics for some countries with a high Internet adoption rate in April, 2002
Source: Nielsen NetRatings (2002)

	Number of active Internet users	Time spent per month for the average user (hours)	Number of sessions per month for the average user
Sweden	3,791	6:32	14
Denmark	1,541	6:08	13
The Netherlands	5,478	7:39	16
Finland	1,359	5:00	12
Norway	1,541	5:01	13
The U.S.	106,728	11:51	22

The number of personal computers in the Swedish homes increased at a high pace during the end-1990s. In 1996, 32% of the Swedish households (in the age interval 15-84 years) had access to a personal computer in the home (Johansson *et al* 2000). In 1997, this proportion had increased to 47%, in 1998 it was 53% and in 1999 it increased up to 67%. One important explaining factor for this rapid diffusion was that many Swedish organizations offered their employees to buy a home PC with favourable terms. Johansson *et al* (2000) report that the share of PC in the home increases with education level and income level. Also, the share of PCs in the homes is higher among younger and large city-citizens than among older and provincial citizens (ibid.).

In mid-2001, Sweden had the highest e-banking adoption rate in Europe (54% of the Swedish Internet users visited a bank Web site in the month of July 2001 to compare with the European average of 48%), according to the marketing research firm NetValue (Finansvision 2001).

Back in March 2001, SE-Banken had the highest adoption degree of payments via e-banking among the Swedish banks: 50% of all payments of SE-Banken's clients at that point in time were made via e-banking. Among the clients of the other three Swedish full-service banks, 30% of all payments were made via e-banking at that point in time (ekonomi21 2001). As regards activity level among their clients, the Nordic banks are undisputedly world leaders in the e-banking area. Each of the four Swedish full-service banks, except Handelsbanken, in March 2001 had more transactions over the Internet than what Bank of America, which had the largest volume of Internet transactions among the U.S. banks, had (ibid.).

According to Nielsen NetRatings, there was in April 2002 a noticeable increase in the absolute number of (unique) visitors on the web sites of the four major Swedish full-service banks. In April 2002, there were 1,985,752 unique Web site visitors for these four banks in total (an 11% monthly increase, compared to the month before). Föreningssparbanken had 1,006 thousand visitors (a 12% increase compared to the month before), Nordea had 473 thousand visitors (17% increase), Handelsbanken had 261 thousand visitors (8% increase) and SEB had 245 thousand visitors, which was a 2% increase (Finans Vision 2002a).

Nordea, the largest Nordic bank at this point in time, handles the largest total number of e-banking payments: just over 10 million bills each month are paid via e-banking by Nordea's currently 3 million e-banking clients. The size of Nordea's e-banking client base, at this point in time, was on the same level as for the U.S. banks Bank of America and Wells Fargo (Finans Vision 2002b).

Results from a "heavy Internet user" study

In April 2001, and in September 2001, Demoskop/Vision made two surveys on its Swedish consumer panel of, so called, "heavy users" of the Internet, defined as using the Internet at least once every week (Vision 2001b:6). There were 783 respondents in the April survey and 1,346 respondents in the September survey.

According to the Demoskop/Vision's survey (ibid), e-banking was the most widely used service category on the Internet at this point in time. 55% of the respondents (n=1,346) had used e-banking services during the last week (before answering the survey questionnaire). This was a 7% increase since the April 2001 survey (when 48% of the respondents had used e-banking services during the last week). In this respect there was a significant difference between the sexes: 61% of the male respondents (53% in April) and 47% of the female respondents (41% in April) had used e-banking services during the last week. Two information-related activities on the Internet had a higher usage degree than e-banking services: 90% had sent or received e-mail, and 78% had searched for information during the last week. To read newspapers on the Internet (46%) was a less widely used activity than to use e-banking services.

In September 2001, about half of the Swedish population used the Internet at least once a week. 68% of the Swedish "heavy Internet users" in the second consumer panel survey of Demoskop/Vision (i.e. representing about 35% of the Swedish population), at that point in time were doing banking business transactions on the Internet.[1]

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[1] I gratefully thank Johan Jakobsson at Demoskop, who electronically sent me the full documentation of the results from Demoskop's two Internet banking surveys.

The results from the second of these consumer panel surveys, not surprisingly, show that the two by far most used functions were *paying bills* (87 percent of the e-banking users at that point in time payed their bills on a monthly basis or more frequently) and *asking account balance questions* (85 percent of them used this service on at least a monthly basis). To *remit money across accounts* (about 56 percent did this on at least a monthly basis) was the thirdly most used e-banking service. To *keep track of accounts for funds* (30 percent) and *accounts for shares* (23 percent) were two other fairly well-used e-banking services.

The Demoskop/Vision survey also reports on perceived effects from the client perspective. As seen from Table 2 the e-banking user clients (n=991) perceive that they have received benefits in many dimensions as a consequence of that they have started to use banking services via the Internet. Somewhat unusually, Demoskop has applied a 4-point Likert scale in their questionnaire, where there are two positive alternatives and two negative alternatives (i.e., the respondents have been forced to be either positive or negative, since there is no indifference alternative).

Table 2: Client-perceived improvements from starting using e-banking (n=991)
Source: Demoskop (2001)

How well are the following statements in accordance with how your relationships with the bank has developed as a consequence of that you have started to use banking services via the Internet?	Well (in accordance with)	Fairly well (in accordance with)
- saves time	65%	23%
- banking transactions are more rapidly executed	60%	27%
- better overview over my private financial position	59%	28%
- my bill payment routines work better	58%	25%
- my banking errands are more convenient	57%	32%
- the banking services are more accessible	53%	33%
- more easy to keep myself informed about services and terms	20%	42%
- more easy to get answers on questions	10%	45%
- better financial position advice	3%	15%

As seen from the figures for the presented benefits in Table 2, which are presented in the order of their "well in accordance with" magnitude, six of the measured dimensions have been perceived to have positive effects by 83 to 89% of the respondents. These widely perceived benefits are: time-saving, reduced transaction-cycles, better control, better working procedures, more convenient banking errands and more accessibility.

From Table 2 can also be seen that the improvements are less obvious when it comes to information about banking services and terms, and the possibilities to get answers on questions. The e-banking channel is not perceived to be a channel for financial position advice matters.

1.3.   Chosen perspectives for this study

The schematic model in Figure 1 below just simply points at the fact that there are dependencies between the client, the service and the channel. There are varying needs among clients as regards banking services. The characteristics of the individual banking service, in turn, influences on the client's choice of channel. At the same time, different clients have different attitudes towards different channels, regardless of what service is in focus. In this study, the focus mainly is on one service – making payments – and on one bank, i.e. Handelsbanken – and how clients of this bank perceive it to receive this "bread-and-butter" service through two banking channels – i.e. via e-banking and via the physical office.

For this report we have chosen three perspectives:

1   a branch office perspective, instead of a bank perspective
2   a branch office–private client perspective, i.e. a retail banking perspective
3   a profit-seeking perspective for the branch office
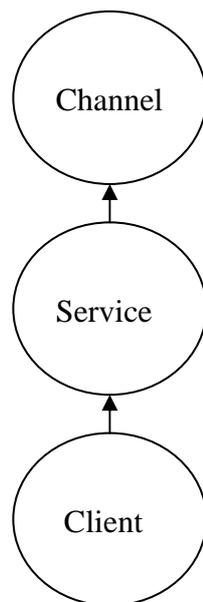
Figure 1: Client-Service-Channel Chain Framework

The research design

Svenska Handelsbanken was chosen to be our first candidate as research object to study, as reported elsewhere (e.g. Fredriksson & Docherty 1998).[2] Given the shared management

perspective within the research team, the main reason for our choice was that Handelsbanken had proven a sustainable and superior profitability over almost a three decade period. The rationale for our choice was that there is more to learn from studying the actor "that is best in class". At that point in time, the 1998 year profit for Handelsbanken meant that it for the 27th year running had a higher return on equity than the average for the other Swedish and Nordic banks (Svenska Handelsbanken 1999:5).

An important building block for sustainable profitability is a *satisfied customer base*. Among the major full-service Swedish banks, Handelsbanken had been ranked highest by its customers in terms of level of satisfaction – both among corporate and private customers – every single year since the Svenskt Kvalitetsindex Survey have been performed back in 1989. When it comes to the retail banking market, the trends as regards customer satisfaction for the major Swedish banks are shown in Figure 2 (Svenskt Kvalitetsindex 2003) below. As this figure shows, Handelsbanken – as perceived by their clients – is the best bank, in terms of perceived customer satisfaction, among the major, universal Swedish banks. Only niche banks, Den Danske Bank ("Provinsbankerna") – primarily referring to clients to Östgöta Enskilda bank – and other other niche banks ("Andra banker"), are perceived by their clients to provide higher customer satisfaction than what Handelsbanken does. As Figure 2 shows, Handelsbanken has since 1998 consistently had distinctly higher customer satisfaction scores than the other universal Swedish banks (i.e., FöreningsSparbanken, Nordea and SEB).
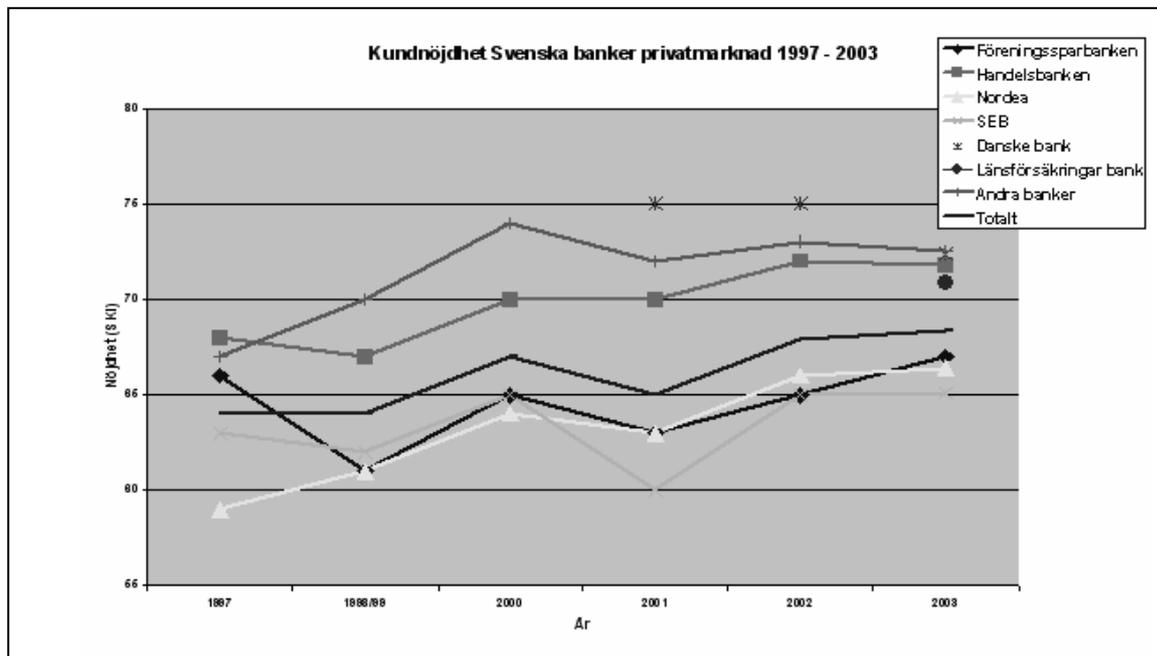
Figure 2: Customer satisfaction trends for major Swedish retail banks 1997-2003 (in Swedish)
Source: Svenskt Kvalitetsindex (2003)

The then CEO Arne Mårtensson explains the factors underlying the superior service of Handelsbanken in the following way in the Annual Report 2000 (p. 2, in bold by author):

> *This superior service is the result of our firm focus on our branch office network. For many years,*
> *we have augmented the competence level at our branches. Competence is the single most important*

> *factor for good service in the service sector. It is also our policy to sell what is best for the customer at all times, not what is most profitable for the Bank. We strive to create* **permanent relationships with good customers**. *We aim to have customers who are satisfied with the Bank long-term. Our branches and our skilled staff are the core element in the service we offer and will remain so.*

It is interesting to note that the then CEO of Handelsbanken stresses the importance of the *decentralised structure* of the bank, the importance of *high competence* levels at its branches and the focus on *relationship banking* – with good, i.e. profitable, clients. Given the relationship banking-orientation of Handelsbanken, e-banking has not – hitherto – been the main focus for Handelsbanken. Therefore, Handelsbanken – even during the wildest heydays of the Internet hype – has declared that it will not decrease its branch network.

In the Svenskt Kvalitetsindex survey a number of determinants for customer satisfaction are measured. These are: corporate image, expectations, product quality , service quality and price attractiveness. In addition, *loyalty* as a *dependent latent variable* is measured in this survey. As seen from
Figure 3 below, two groups of banks can be identified. The niche banks (Danske bank, LF bank and "andra banker") and Handelsbanken – as the distinctive universal bank – have distinctively higher client-perceived scores than the other three Swedish universal bank (FSPA, i.e. FöreningsSparbanken, Nordea and SEB) on all the dimensions measured.
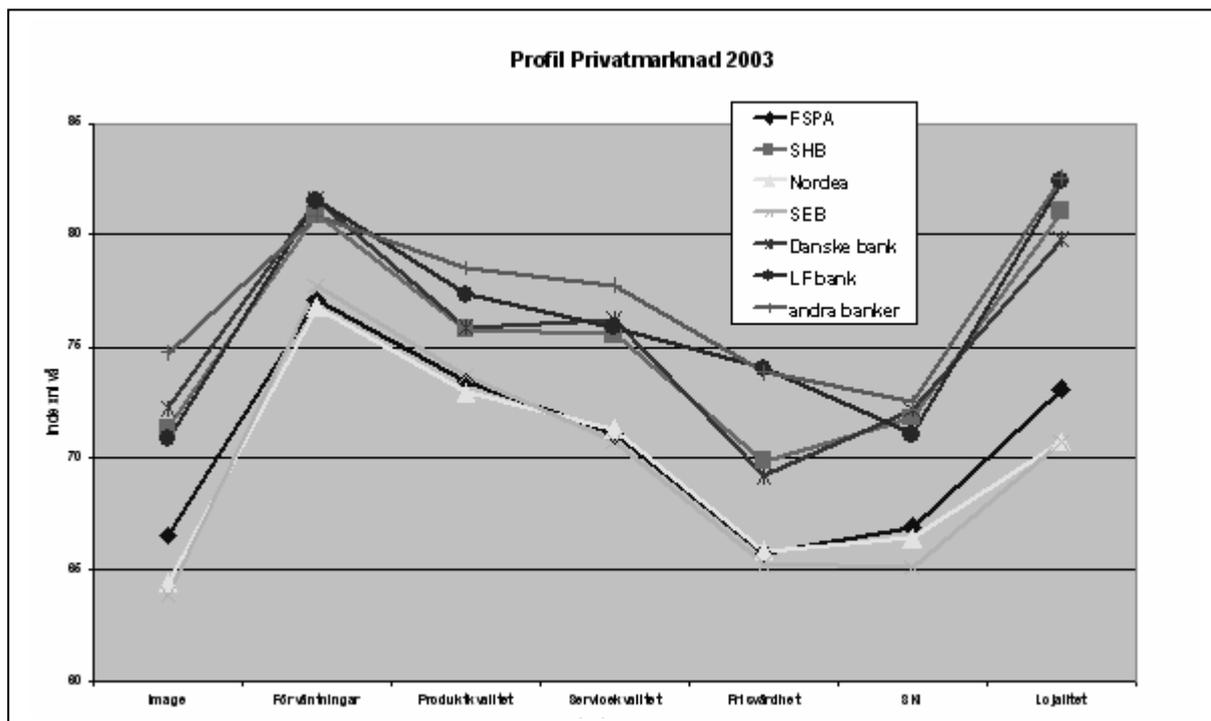
Figure 3: Determinants for customer satisfaction, customer satisfaction (SKI) and loyalty for major Swedish retail banks in 2003 (in Swedish)
Source: Svenskt Kvalitetsindex (2003)

Not only Arne Mårtensson, but also within the research literature – e.g. Paulin *et al* (2000a:468) – it has been stressed that *technology is not the main thing* when explaining what factors underly superior service:

> *Technology and administrative procedures should be considered as tactical rather than strategic in that they should provide support for the social interaction between the account manager and the business client rather than being ends in themselves.*

In 1998 Handelsbanken was not – and is not to date either – recognized as being leading among Swedish and Nordic banks in the e-banking area. Handelsbanken perceives the Internet to be a tool to increase efficiency, which in turn implies an improvement in the *level of service* where routine transactions are concerned (Svenska Handelsbanken 2001:4). In contrast, the newly appointed CEO of the largest Nordic bank, Nordea, in its Annual Report 2000 highlights e-banking as a long-term growth area to be its "second strategy for expansion" (p. 10).

To sum up, our choice of case study firm is based on our conviction that high-profitable business operations supported by medium-level e-banking capabilities is a better business path than medium-profitable business operations supported by high-level e-banking capabilities. Therefore, Handelsbanken, matched our preferences for choice of research study object best.

The questionnaire survey

Based on a dialogue with the representatives for Handelsbanken in this research project it was decided that a mail questionnaire survey should be conducted. At this point in time a number of qualitative interviews had been conducted by us with management and employees at the two small town branch offices chosen by the bank to be included in our study. At this point in time also a number of project reports had been written. We therefore had a reasonably good pre-understanding of "the matters at hand" when we designed the questionnaire form during the autumn 2000.

Since we initially had the ambition to get insights into the interplay between different banking services, different channels and different users, the design of the questionnaire form was a fairly strenuous process. The researcher project team therefore worked themselves through a process which included agreeing on what issues or factors within our broad interest domain to include – and which one's not to include – in the questionnaire form, to prevent it from becoming too lengthy.

Two banking channels were selected by the researcher project team to focus on in the questionnaire: the Internet channel and the traditional branch office channel. This decision was in accordance with the reasoning of Mols (1999) who assumes, for reasons of simplification, that only two significant bank client segments exist, namely an "Internet banking segment" and a "branch banking segment".

2. Introduction of the survey results

As mentioned, the representatives for Handelsbanken in the research project team selected two small town branch offices to be included in the survey. Among the private clients of these two branch offices, users of two channels were selected: the e-banking and the (physical) office users. With the expectation of reaching a response rate of 70% we came to the conclusion that the sample size should be 300 clients in each of the four cells of the chosen sub-sample design. The decision to have this equal number in each sub-sample cell, instead of a proportionate selection in relation to the population size of each sub-sample, was motivated by our interest in being able to compare the sub-samples with each other. The 2 x 2 x 300 – that is 1,200 in total – respondents were randomly drawn from the central data warehouse database by the central data warehouse department of Handelsbanken. The administration of the mail questionnaires was taken care of by Inregia, a marketing research consultant firm. The data collection process contained two reminders to those clients that had not responded to the previous circular within a period of four weeks. The survey design is summarised in Figure 4 below.

- Private clients to two small town branch offices
- Users of two channels at both branch offices: the eBanking and office channels
- Sample size: 2 x 2 x 300

Figure 4: Survey design

Response rate and share of total client population

Usable questionnaires were returned by 822 clients representing a response rate of 68.5% which is satisfactory, particularly when considering that the questionnaire was relatively lengthy (see Appendix A). We conclude that one important factor explaining the satisfactory response rate is the relatively high client satisfaction perception that Handelsbanken's clients have about the bank (Svenskt Kvalitetsindex 2001, 2002). The covering letter from the branch manager of the respective branch office, which was introducing and explaining the purpose with the survey to the clients, definitely was another contributing factor to the satisfactory response rate.

As seen from Figure 5 below the response rate for the Sydfors client sample was 68% and for the Nordfors client sample it was 69%. The Sydfors e-banking sub-sample had the highest response rate among the four sub-samples with 76%.

Total branch office number of respondents and response rates:

- Sydfors (both eB and office)	408	68 %
- Nordfors (both eB and office)	414	69 %

	Number of respondents	Response rate	Sub-sample population size	Share of sub-sample population
Sydfors eBanking	228	76 %	400	60 %
Sydfors office	180	60 %	967	20 %
Nordfors eBanking	214	71 %	739	30 %
Nordfors office	200	67 %	2,112	10 %

Figure 5: Number of respondents, response rate, sub-sample population size and share of sub-sample (client) population for the four sub-samples

From Handelsbanken's data warehouse department we also received information about the total population size for each sub-sample (see Figure 5 above). From this information it was possible for us to compute how large share of the total client population that our respondents in each sub-sample represent. The Sydfors e-banking respondents constituted for approximately 60% of Sydfors' total e-banking population at the point in time for our survey. The Sydfors office respondents constituted for approximately 20%, the Nordfors e-banking respondents constituted for 30%, and the Nordfors office respondents constituted for approximately 10% of its total population. This information is later used in this report when computing the estimated number of high-income clients in the total client population corresponding to each sub-sample (see section 2.1.2).

Handelsbanken as the main bank or not

In the questionnaire there is a question (item 2) about whether Handelsbanken is the client's main bank or not. 56 out of the 809 respondents (6.9%) answering on this question report that they do not have Handelsbanken as its main bank. The perceptions across these two "groups" of private clients among the survey respondents differ substantially from each other. To exemplify, the results for an essential marketing factor such as perceived "corporate image" (introduced later in the 2.1.7 section), reflects significantly different perceptions about Handelsbanken (t^3=4.62, p<0.001). Respondents that have Handelsbanken as its main bank score 4.15 on average on "corporate image", while respondents not having Handelsbanken as its main bank score 3.72 on average. Since these two "groups" of private clients are so different in their perceptions, it was *decided to drop out*, or filter out (using SPSS language terms) *the clients who do not have Handelsbanken as its main bank* in the analyses presented in the remainder of this report. If the responses from the 56 respondents which do not have Handelsbanken as its main bank would have been included in the analyses then "noise" had been brought into the analysis results. Thus, only the respondents that have reported Handelsbanken to be their main bank, constitute the base for the following analyses in this report. On the aggregate survey level, their total number is 753 clients.

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[3] Independent-Samples t test.

As a result, the following analyses in this report will treat clients that have more similar pre-conditions within "the group". We assume that clients that have Handelsbanken as their main bank are more committed stakeholders in the services that Handelsbanken are providing them, than what the clients that do not have Handelsbanken as their main bank are. In Table 3 below the number of clients per sub-sample that have Handelsbanken as its main bank is presented. The share of the total number of respondents that these clients constitute is presented within parenthesis.

Table 3: SHB as the main bank: number of clients and share of total number of respondents, per sub-sample (n=753)

	Sydfors		Nordfors	
eBanking	217	(96 %)	205	(96 %)
office	<u>153</u>	(88 %)	<u>178</u>	(93 %)
	370		383	

"Heavy Internet use" and "heavy e-banking use" profiles for our four sub-samples

Demoskop/Vision conducted in April 2001 and in September 2001 two surveys on, so called, "heavy users" of the Internet (as reported in section 1.2 above). To repeat, Demoskop/Vision defines "heavy users" as users that use the Internet at least once a week. According to the results from our questionnaire survey study a high proportion of our respondents are, so called, "heavy users" of the Internet.

On the aggregate level, 80% of the respondents in our survey study use the Internet at least once a week (item 32). Among the e-banking users, 89% of them are "heavy users" of the Internet, while the corresponding share among the office users is 57%. The difference in "Internet Use Frequency" between these two banking channel user groups is strongly significant (t=11.1, p<0.001).

There is – not surprisingly – also a strongly significant difference in "Internet Use Frequency" between the two banking channel groups on the branch office level. Among Sydfors e-banking users, 93% of them use the Internet at least once a week, whereas 69% among Sydfors office users do the same. It is not at all surprising that there is a strongly significant difference in average 'Internet Use Frequency' between these two-sub-samples (t=7.0, p<0.001). Accordingly, also the average e-banking user of Nordfors have a strongly significantly higher 'Internet Use Frequency' than what the average office user of Nordfors have (t=8.4, p<0.001). Among Nordfors e-banking users, 86% of them use the Internet at least once a week, whereas 47% among Nordfors office users have this frequency level.

However, the "Internet Use Frequency" item does not tell us anything about the respondents' e-banking frequency, which we in this study are much more interested in. 48% of the Sydfors e-banking users use "Handelsbanken on Internet" once a week or more frequently (item 35,

'e-banking Use Frequency'). Among Nordfors e-banking users, this share of "heavy e-banking users" is significantly lower: 33% of them are "heavy users" of "Handelsbanken on Internet". The average ' e-banking Use Frequency' is significantly higher (t=3.5, p<0.001) for the Sydfors e-banking users (average 3.36 on item 35) than for the Nordfors e-banking users (average 3.73 on item 35).

2.1.   Demographic characteristics

Are e-banking and office sample clients different from each other? We started out with a comparison of demographic characteristics such as household income, age and household size for our survey's four sub-samples. The result is that there are *systematic differences* between e-banking users and office users (see Table 4 below). The e-banking users – on average – have a higher household income, are younger and belong to a household with more members than what characterises the office users.

Mols (1999:296) concludes from a review of literature that "the branch banking segment consists of mostly elderly, computer-illiterate persons, who value personal relationships." The age factor conclusion is strongly supported by our survey results (see Table 4 below). Access to a PC and Internet capabilities, needless to say, are necessary requirements in order to be able to belong to the e-banking segment/channel at all. We believe that, to date, the computer-illiteracy factor is not as significant as a determinant factor for e-banking use or not as it was just some few years ago. When it comes to how these two banking channel segments value personal relationships, we will report on that in the next section (2.1.2).

Table 4: The mean values for some demographic characteristics of the four sub-samples

	Household Income (mean)	Age (mean)	Household Size (mean)
Sydfors eBanking	38,100	41	2,90
Sydfors office	25,700	58	2,25
Nordfors eBanking	32,900	41	2,92
Nordfors office	24,100	55	2,37

The difference in age and in average household size betwen the e-banking and office samples implies a difference in the distribution of different household types or different life-cycle phases to which the respondents' households belong.

One possible way of thinking for the bank about how to approach and interact with different types of clients is to segment clients according to different life-cycle phases. We have constructed a life cycle phase group classification of the survey respondents based on two dimensions: respondent's age and household type. We suggest four life cycle phases, which we believe are meaningful: younger single/couple households, children family households, older single/couple households and pensioner (single/couple) households (see Table 5 below).

Table 5: Life-cycle phases and number of respondents on the aggregate survey level

Life-Cycle Phase	Age interval	Number of Respondents	
Younger single/couple	up to 44 years	122	(17 %)
Children family		310	(42 %)
Older single/couple	45-64 years	169	(23 %)
Pensioner single/couple	65 years or older	128	(18 %)

Some clients go through all the life-cycle phases suggested in Table 5, while others never enter into the 'Children family' phase. One reason for distinguishing 'Children family' as a separate group is that families with children often have in common that its adult member(s) perceive a scarcity of non-working time. It can therefore be hypothesised that parents in families with children highly appreciate time-saving services as well as time- and place-independent self-services, such as e.g. e-banking services. There are also households without children, i.e. singles and couples. We have chosen to split singles and couples households into three segments according to age. Naturally, the age line separating the "younger" and "older" singles/couples is arbitrary. One reason for choosing 45 years is that SCB (Statistics Sweden) uses this age as one of its age class lines. The rationale for 'Pensioner (single/couple)' to constitute a separate life cycle phase group is that pensioners typically distinguish themselves from the other life-cycle phase segments in the household income dimension.

With these chosen life-cycle phase definitions, children families is the largest segment in our survey study with 42% of the respondents on the aggregate survey level. The other three segments are fairly equal in size, ranging from 17 to 23% of the respondents.

2.2. A bank profitability perspective: The relative importance of the e-banking versus the office segments

Another possible segmentation dimension for the bank is to group the clients according to their household income. In 1997, Birch and Young claimed that customers at that time seemed to be asking for the Internet, but relatively few of them (the one's with money) demanded the Internet – for financial services. How is it today? Do the high-income clients use e-banking?

From the bank's perspective, clients in high-income households are assumed to be the most interesting clients. In this study we have defined high-income households as households with a monthly gross income exceeding 40,000 SEK. The Sydfors office finds itself in a more favourable position in the household income dimension for their private clients than what the Nordfors office does. 33% of the Sydfors' respondents (120 out of 361 responding on this item) are members of a high-income household, while this proportion among Nordfors' respondents only is 20% (76 out of 374 responding on this item). Sydfors clients have on average a strongly significantly higher household income than what Nordfors clients have

(t=3.3, p≤0.001). The average household income for a Sydfors client is 32,900 SEK, whereas it is 29,000 SEK for a Nordfors client.

A clear majority of the high-income clients in our survey belong to the e-banking user samples. Among the Sydfors' high-income household respondents 81% belong to the e-banking user group (and 19% consequently to the office user group). Among Nordfors' respondents the proportions are about the same: 75% of the high-income (household) clients belong to the e-banking user group (and 25% consequently to the office user group).

From the bank's perspective it is interesting to make an estimation on how many high-income households there are on the aggregate client base level for the respective two banking channels at the two branch offices. In our survey, the majority of the high-income clients are among the e-banking users. On the other hand, the e-banking users are fewer on the aggregate client base level: The total amount of e-banking clients (1,139) is clearly lower than the total amount of office clients (3,079) on the aggregate survey level of the two studied branch offices together.

The assumption is made that the proportions of high-income clients among the respondents in the two respective channels are representative for their proportions in the total client populations of the two branch offices. Therefore, by dividing the number of responding high-income clients with the number of respondents' share of the population (see Figure 5 above) for each sub-sample, the total number of high-income clients in the total population of each sub-sample have been estimated. To exemplify, there are 97 high-income clients among Sydfors e-banking user respondents. This number is divided by 228, the total number of respondents in this sub-sample, which in turn is divided by 400, the total sub-sample population (see Figure 5). Thus, the estimated number of high-income clients among all Sydfors e-banking users is 170. The estimated total number of high-income clients corresponding to each of the the four sub-samples are all shown in Table 6.

Table 6: Estimated total number of high-income clients in each sub-sample

	e-banking high-income	Office high-income
Sydfors	170	124
Nordfors	197	201
Total number of high-income clients	367	325

In the total client population for the two studied branch offices there are about 370 e-banking and 330 office users belonging to the high-income household segment (see the "Total number of high-income clients" row in Table 6 above). In other words, e-banking user clients as a group are, at least, equally important as office user clients from the branch office's profitability perspective. Thus, despite that the total number of e-banking clients (1,139) is only about a third of the total number of office clients (3,079) on the aggregate level for the two studied branch offices, there are in the total client population more high-income clients among e-banking users than among office users.

2.3.   Relationship- versus cost-orientation

Does the client want to have a close or near relationship with the contact person/banker? Or is the client not interested in having a close or near relationship with the contact person at all? There is a classic dichotomy between relationship- versus (transaction) cost-orientation, which we have discussed from the perspective of the bank elsewhere (see Fredriksson and Docherty 1999, Fredriksson 2001a). The customers' perspective on the issue of whether some customers will be more receptive to maintaining service relationships than others have been discussed by Bendapudi and Berry (1997). Obviously, not all customers of a service provider firm have, or desire to have, long-term relationships with it, or with its personnel. Some few years ago, Bendapudi and Berry (1997:16) argued that: "given the lack of research in this area, it is currently not possible to segment customers on the basis of their *receptivity to relationship maintenance*."

Therefore, it would be highly interesting to test if there are two or three types of behaviors: one for 'relationship-oriented' clients, one for 'non relationship-oriented' clients, and possibly also one for 'balanced' (i.e., neither more 'relationship-oriented' or more 'non relationship-oriented.

The client's perspective on this key issue is asked about in item 19 in the questionnaire form. The distribution for the 'Relationship- versus cost-orientation attitude' (item 19) among Sydfors' clients is shown in Figure 6.
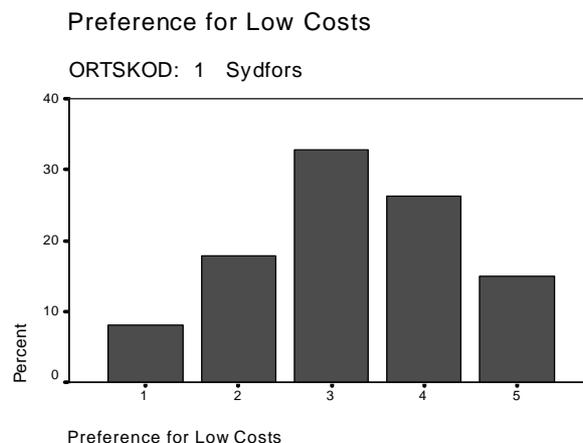
Figure 6: To be near or to have low costs? – the Sydfors' clients view

The distribution for the 'Relationship- versus cost-orientation attitude' (item 19) among Nordfors' clients is shown in Figure 7.

Preference for Low Costs

ORTSKOD: 2   Norrfors
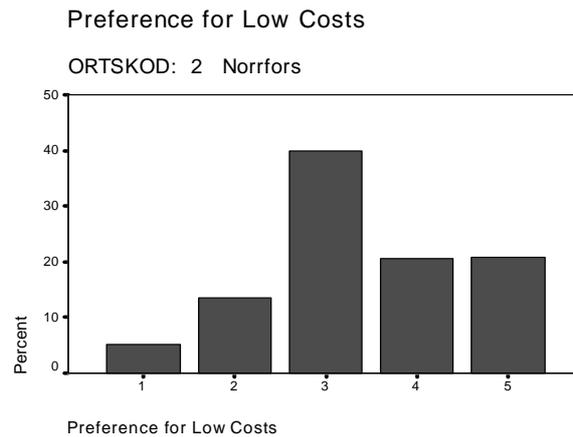
Figure 7: To be near or to have low costs? – the Nordfors' clients view

Below in Table 7, the aggregate branch office client distributions on this 5-scale item for the Sydfors and Nordfors clients respectively are presented.

Table 7: Relationship- versus cost-orientation: client base profiles are significantly different

To be Near or to have Low Costs?	Sydfors	Nordfors
Relationship-oriented	26 %	19 %
Balanced	33 %	40 %
Cost-oriented	41 %	41 %

I draw three conclusions from these results. First, about 60% of the clients are not mainly interested in low costs, i.e. about 40% of the clients are more interested in low costs than in having a good relationship with the contact person.

Secondly, a fairly high proportion of the surveyed clients are more relationship-oriented than cost-oriented. For the other clients it can not be said that a good relationship with the contact person is not perceived to be important. Particularly not so for the "the balanced" clients which attribute these two dimensions equivalent importance. "The balanced" clients constitute one third (33%) of Sydfors' clients and two fifths (40%) of Nordfors' clients. This "business is local" need of clients fits well with the decentralisation strategy of Handelsbanken. Major elements of this strategy is to decentralise much of the decision power to the individual contact person and to not reduce its branch office network – which other Swedish full-service banks have done, with reference given to the rapid diffusion of e-banking.

Thirdly, clients of Sydfors are to a greater extent more relationship-oriented than what the clients of Nordfors are. Among Sydfors clients slightly over one fourth (26%) of the clients value a good relationship with the contact person higher than what they value low costs, whereas less than one fifth (19%) of the clients of the Nordfors branch office value a good

relationship with the contact person higher. The differences in client profiles are moderately significant in this respect (t=2.3, p<0.05) on the aggregate branch office client level. The average value for the Sydfors clients on the relationship- vs cost-orientation scale is 3.18, while the average perceived value for Nordfors' clients is 3.37 (a lower value on item 19 means more relationship-orientation). According to the deputy branch manager of Sydfors, the local small-town culture of Sydfors means that clients in general perceive it to be positive to have relationships with many banks.

'Contact person contact behaviour'

The 'Relationship- versus (low) cost-orientation attitude' (item 19) is very likely associated with whether the respondent turns her-/himself to the same contact person(s) or not when s/he contacts the branch office. Item 98 divides the respondents into three groups: 3) Yes, always turns to the same Contact person(s), 2) Yes, turns to the same Contact person(s) for advice matters, etc, and 1) No, never contact a Contact person. In the following Table 8 the average scores on the 'Relationship- versus cost-orientation attitude' item are presented for these three 'contact person contact behaviour' groups of clients for the two studied branch offices.

Table 8: Average scores on 'Relationship- versus cost-orientation attitude' for different types of 'Contact person contact bahaviour' groups for the two studied branch offices

'Relationship- versus cost-orientation attitude'	Always contact Contact person(s)	Contact Contact person(s) for advice matters, etc	Never contact a Contact person
Sydfors clients	2.94 (n=131)	3.19 (n=113)	3.46 (n=97)
Nordfors clients	3.14 (n=85)	3.38 (n=120)	3.44 (n=158)

Among the Sydfors' clients the pattern is as expected. In other words, the differences in average 'Relationship- versus cost-orientation' attitude between the different types of 'Contact person contact behaviour' groups of clients are weakly significant among Sydfors' clients. The Sydfors clients always contacting a contact person on average (mean=2.94) weakly significantly is more relationship-oriented (t=1.80, p<0.10) than what the clients only contacting a contact person for advice matters (mean=3.19) are. The latter group of clients, in turn, weakly significantly are more relationship-oriented (t=1.68, p<0.10) than what the clients never contacting a contact person for advice matters (mean=3.46) are. Based on these results, we suggest that the branch office keep track of the 'Contact person contact behaviour' for each individual in its CRM (Customer Relationship Management) system. The clients that always contact a contact person are relationship-oriented to a greater extent than the other clients. This flag in the CRM system of the branch office signals to the individual contact person that this client value relationship-dimensions to a greater extent.

Among the Nordfors' clients the pattern is also as expected, but the differences are not significant. In other words, none of the differences in average 'Relationship- versus cost-orientation attitude' between these three 'Contact person contact behaviour' groups are significant.

Taking a look more closely on the Sydfors clients: Are there any differences between e-banking and office users of Sydfors as regards 'Relationship- versus cost-orientation attitude' across the three 'Contact person contact behaviour' groups (see Table 9)? T tests show that there are no significant differences in average perceptions as regards the relationship-orientation per 'Contact person contact behaviour' group for Sydfors e-banking users versus Sydfors office users.

Table 9: Average scores on 'Relationship- versus cost-orientation attitude' for different types of 'Contact person contact bahaviour' groups for the Sydfors branch office

'Relationship- versus cost-orientation attitude'	Always contact Contact person(s)	Contact Contact person(s) for advice matters, etc	Never contact a Contact person
Sydfors e-banking users	2.90 (n=94)	3.26 (n=65)	3.31 (n=54)
Sydfors office users	3.03 (n=37)	3.10 (n=48)	3.65 (n=43)

However, Sydfors e-banking users that always contact a Contact person are moderately significantly more relationship-oriented than the other types of 'Contact person contact behaviour' clients (t=2.2, p<0.05). And Sydfors office users that never contact a Contact person are moderately significantly more cost-oriented than the other types of 'Contact person contact behaviour' clients (t=2.2, p<0.05).

Characteristics of e-banking and office users

As mentioned above, Mols (1999:296) concludes that "the branch banking segment consists of mostly elderly, computer-illiterate persons, who value personal relationships." Mols (1999) consistently concludes that the e-banking segment is comprised of persons that, among other things, "do not put a high value on their personal relationship with the local bank". They are also, according to Mols, computer-literate persons, relatively price-conscious, affluent and well-educated.

Interestingly and somewhat unexpectedly, our survey results show tendencies towards the opposite pattern from what Mols (1999) claims. As introduced earlier, item 19 in the questionnaire captures 'the relationship- versus cost-orientation attitude' of the clients. On the aggregate survey level, the average e-banking user client to a greater extent is more relationship-oriented (mean is 3.23; n=418) than what the average office user client is (mean is 3.34; n=301). However, this difference in mean is not large enough to be significant. On the Sydfors level the tendency is the same as on the aggregate survey level. The average e-banking user client to a greater extent is more relationship-oriented (mean is 3.11; n=214) than what the average office user client is (mean is 3.29; n=133). But, not either this mean difference is large enough to be significant. On the Nordfors level, however, there is no difference in average between the e-banking users and the office users as regards 'the relationship- versus cost-orientation' attitude.

Table 10: To be near or to have low costs?: A slight difference across the Sydfors sub-samples

To be Near or to have Low Costs?	Sydfors eBanking	Sydfors office
Relationship-oriented	28 %	26 %
Balanced	35 %	31 %
Cost-oriented	37 %	43 %

For high-income household clients, however, the results expectedly show tendencies towards what Mols (1999) claims. On the aggregate survey level, the high-income e-banking users are more cost-oriented (mean=3.32; n=151) than what the high-income office user clients are (mean is 3.05; n=42). This difference in means is, however, not large enough to be significant.

As regards client needs for financial services, Birch and Young (1997) believed, e.g., that *younger* clients value *convenience* more, whereas older and more affluent clients wish for more positive perceptions about personal relationships. Our data suggest the opposite: The younger clients value good relationships to a significantly greater extent than the other life cycle phase groups (compare with the means in Table 11 below). The difference in average evaluation between 'Younger single/couple' clients and each of the other life cycle phase groups is moderately significant ($p < 0.05$).

Table 11: To be near or to have low costs?: The younger single/couple clients are more relationship-oriented

Life-Cycle Phase	Means	Rel.ship	Balanced	Cost
		(Shares within Life-Cycle Phase)		
Younger single/couple	3.16	26 %	40 %	34 %
Children family	3.34	21 %	36 %	43 %
Older single/couple	3.26	24 %	34 %	42 %
Pensioner	3.31	24 %	34 %	42 %

The proposition made by Birch and Young (1997) that younger value convenience higher than older is not confirmed by our data. On the contrary, there is a weakly significant association, between convenience from making e-banking payments (item 46) and the life cycle phase category variable, pointing in the opposite direction. The cross-table on e-banking users (n=385) between these variables ($\chi 2=20.9$, $p < 0.10$), shows that 'Pensioner' clients (mean=4.64) and 'Older single/couple' clients (4.41) to a slightly higher degree find it very convenient to make e-banking payments than what 'Younger single/couple' (4.34) and 'Children family' (4.29) clients do. These differences in average scores are, though, not significant.

Existence of contact person relationship

It is reasonable to assume that clients that turn to a contact person (at the branch office) perceive that they have a closer relationship with the bank than what clients not turning to a contact person perceive to have. Our item 98 is an indicator of relationship closeness.

Gunnarsson *et al* (2000) in their study found that *households that have fewer bank relationships to a greater extent interact with contact persons*. The results from our survey, however, do not show such an association.

In our survey, 64% of the clients on the aggregate level turn her-/himself to a contact person (item 98): 31% always turn to a contact person, whereas 33% turn to a contact person in advice matters. Interestingly enough, there is a strongly significant difference ($\chi 2=36.4$, $p<0.001$) between the Sydfors and Nordfors branches in this respect. 75% among e-banking user clients and 67% among office user clients of Sydfors turn to a contact person (see Table 12 below), whereas 58% among e-banking user clients and 58% among office user clients of Nordfors do the same.

Table 12: 'Contact person contact behaviour' across the four sub-samples (n=726)

'Contact person contact behaviour'	Sydfors e-banking (n=216)	Sydfors office (n=141)	Nordfors e-banking (n=205)	Nordfors office (n=164)	Total
No	25%	33%	42%	42%	36%
Yes, advicing	30%	38%	36%	36%	33%
Yes, always	45%	29%	22%	22%	31%
Total	100%	100%	100%	100%	100%

On this 3-scale item on contact person relationships or not, the mean difference between the two branch offices is strongly significant ($t=5.1$, $p<0.001$) and also the association is significant ($\chi 2=25.3$, $p<0.001$). 39% of Sydfors' clients are *always* turning to a contact person, while only a 23% share of Nordfors' clients always do that. In addition, the same share (33%) of these two sub-samples of clients turn to a contact person in advice matters.

A particularly salient result in Table 12 is the high share of e-banking users of Sydfors that have contact with a contact person: 45% of them *always* contact a contact person at the office. The e-banking users of Sydfors have contact with contact persons to a significantly greater extent than what the office users of Sydfors do ($t=2.77$, $p<0.01$). For Nordfors clients, however, there is no mean difference (at all) between the two groups of channel uses as regards 'contact person contact behaviour'.

Based on this indicator of *relationship closeness*, a distinctively larger proportion of Sydfors' clients is therefore assumed to have closer relationships with contact person(s) than what Nordfors' clients have.

Income level influence on 'contact person contact behaviour'

On the aggregate level there is, as expected, a moderately significant difference between high-income and low-income clients when it comes to having a contact person relationship or not (t=2.4, p<0.05). Among high-income clients 66% turn to a contact person, whereas 54% among low-income clients do that. Among Sydfors high-income e-banking clients, 76% of them turn to a contact person, while 61% of Sydfors high-income office clients do the same (t=2.1, p<0.05). Among Nordfors high-income clients, the corresponding shares of clients turning to a contact person are 54% and 50% respectively.

Are there any differences across different life cycle phases when it comes to turning to a contact person or not? When focusing on the most interesting clients from the bank's perspective, i.e. *the high-income clients*, a clear pattern for clients in different life cycle phases as regards contact with a contact person or not emerge. The association between 'contact person contact behaviour' and 'life cycle phase' for high-income clients, presented in the contingency table Table 13 below, is strongly significant ($\chi2$=81.8, p<0.001).

Table 13: 'Contact person contact behaviour' among high-income household clients across different life cycle phases in the four sub-samples (n=126)

Life cycle phase (high-income households)	Sydfors e-banking (n=73)	Sydfors office (n=14)	Nordfors e-banking (n=30)	Nordfors office (n=9)	Total
Younger single/couple	18%		10%		13%
Children family	53%	64%	70%	22%	56%
Older single/couple	27%	14%	17%	78%	27%
Pensioner	2%	22%	3%		4%
Total	100%	100%	100%	100%	100%

Among high-income e-banking users, at Sydfors as well as at Nordfors, the children family households is the prominently largest life cycle group as regards number of clients interacting with a contact person. The total number of high-income Sydfors office users as well as high-income Nordfors office users is too few in order to being able to establish a robust pattern.

It is interesting to note from Table 13 above that all of the younger single/couple high-income household clients belong to the e-banking user group at both the studied branch offices.

2.4.   Channel use

Office visit frequency

Not surprisingly at all, there is a strongly significant difference (t=7.5, p<0.001) between e-banking users (mean=1.67; n=300) and office users (mean=2.29; n=282) when it comes to

office visit frequency (item 72 reversed). Value 2 on the reversed item 72 scale means an office visit frequency of once a month. As can be seen from Table 14 below, an e-banking user on average visits the office less often than once a month. For Sydfors and Nordfors e-banking users means are 1.74 and 1.61 respectively, which both are lower than the value 2. An office user, on the other hand, on average visits the office more often than once a month (means are 2.17 and 2.39 respectively). On both the Sydfors level and the Nordfors level, the mean differences in office visit frequency between e-banking users and office users are strongly significant (t=3.8 and t=6.7 respectively, both with p<0.001).

As seen from the second column in Table 14, the proportion of clients visiting the office less often than once a month is about double as high among e-banking users as among office users.

Table 14: Office visit frequency characteristics of the four sub-samples (n=743)

	Frequency Office Visit (2 = once a month) Mean	Share of Clients visiting less than once a month (never)	Share of Clients visiting once a month or more often
Sydfors eBanking	1,74	70 % (32 %)	30 %
Sydfors office	2,17	36 % (11 %)	64 %
Nordfors eBanking	1,61	72 % (25 %)	28 %
Nordfors office	2,39	33 % (14 %)	67 %

On the aggregate survey level, 22% of the clients (n=728) report that they do not visit the office to do banking errands (item 71). Consistently, the proportion among e-banking users that do not visit the office is higher than among office users. Among Sydfors e-banking users, 32% of them (n=216) do not visit the office, while there are 11% among Sydfors office users (n=149) that do not visit the office (see the second column in Table 14 above). 25% among Nordfors e-banking users (n=204) do not visit the office, while there are 14% among Sydfors office users (n=174) that do not visit the office.

The alert reader now asks her-/himself: How come that there are 'office users' – i.e., drawn to belong to our office user samples – that do not visit the office? One explanation for this apparently unlogical result is that another member in the household does the banking errands on behalf of the office user respondent, which means that the respondent does not visit the office her-/himself.

Office visit frequency and household income

Is there some association between household income and how often the client visits the office? Are high-income clients visiting the office more often, because they have more complex errands to discuss?

On the aggregate survey level, there is a moderately significant correlation between office visit frequency (item 72 reversed) and household income (item 137). The Pearson correlation coefficient between these two variables is: -0.087 ($p < 0.05$), meaning that the higher household income the less fequently the client visits the office. The answer to the question above is therefore: No. This result is possibly influenced by the current state-of-affairs that most banking errand transactions are simple and not complex in nature. When running a bivariate correlation analysis per sub-sample, it is only the Sydfors e-banking sample that shows a significant correlation between office visit frequency and household income. For this sub-sample the correlation is higher than what it is on the aggregate survey level: -0.173 ($p < 0.05$).

As regards office visit frequency per household income class for the four sub-samples (see Table 15 below) there is only one moderately significant difference between "neighbouring" household income classes: between low-income and mid-income Sydfors e-banking user clients ($t = 2.4$, $p < 0.05$). There is also one weakly significant difference: between low-income and mid-income Nordfors office user clients ($t = 1.9$, $p < 0.10$).

Table 15: Office visit frequency: mean frequency per household income class for the four sub-samples (n=571)

	Sydfors eBanking			Nordfors eBanking	
Low	Mid	High	Low	Mid	High
2.23	1.62	1.68	1.58	1.57	1.68

	Sydfors office			Nordfors office	
Low	Mid	High	Low	Mid	High
2.07	2.31	2.10	2.25	2.60	2.39

40% of the low-income e-banking users of Sydfors visit the office two times a month or more, which clearly is a higher proportion than among mid- and high income e-banking users of Sydfors where this proportion is half as large (19%). Corollary, the pattern is the opposite when it comes to the proportion of clients that visit the office seldomly. 36% of the low-income e-banking users of Sydfors visit the office less frequently than once a month, which clearly is a smaller proportion than among mid- and high income e-banking users of Sydfors for whome this proportion is 62 and 57% respectively. Despite these clear differences, the contingency table for the formed class variables of these two variables is not significant ($\chi 2 = 6.2$; ns).

Among high-income clients the proportion of clients that do not visit the office are the following: 30% among Sydfors high-income e-banking users (n=97) and 23% among Nordfors high-income e-banking users (n=57).

Office visit frequency and life cycle phase

On the aggregate survey level, there is a strongly significant covariation between office visit frequency (item 72 reversed) and life cycle phase (based on items 132 and 134). The Pearson correlation coefficient between these two variables is 0.197 ($p<0.01$, $n=565$), meaning that the later life cycle phase the more frequently the client visits the office. There are 53% among 'Younger single/couple' and 51% among 'Children family' households that seldomly (i.e. less than once a month) visit the office, while the proportion of seldom office visitors among 'Pensioner' households is less than half as large (23%). Among the 'Pensioner' households 44% visits the office often (i.e. defined as twice a month or more frequently).

On the aggregate survey level, the 'Pensioner' household group is significantly different from the 'Younger single/couple', 'Children family' and 'Older single/couple' household groups as regards office visit frequency. 'Younger single/couple' and 'Children family' households are strongly significantly visiting the office less frequent than 'Pensioner' households ($t=4.1$ and 4.3 respectively, $p<0.001$). The 'Older single/couple' household group is moderately significantly visiting the office less frequent than the 'Pensioner' household group ($t=2.1$, $p<0.05$).

A bivariate correlation analysis between office visit frequency and life cycle phase per sub-sample does not result in a significant covariation for any one of the four sub-samples.

When comparing the life-cycle phase groups with each other, there is a higher proportion of clients that do not visit the office among the 'Younger single/couple' households. Among 'Younger single/couple' e-banking users at Sydfors ($n=48$) there are 40% of them that do not visit the office. This share is about the same among 'Younger single/couple' e-banking users at Nordfors ($n=46$): 37%. For Nordfors e-banking users there is a weakly significant mean difference between 'Younger single/couple' and 'children family' clients ($t=1.7$, $p<0.10$) in this respect. The 'Pensioner' e-banking user group significantly distinguishes itself from the other life cycle phase groups: none (0%) of them at both Sydfors and Nordfors do not visit the office.

2.5. Impact from technology-based self-service use on relationship strength

A recurring objection against the use of technology-based self-services is that relationships are degenerating. Item 63 in our questionnaire focused on the perceptions about the following possible consequence of technology-based self-service use: "I perceive that the more I use Internet and other self-services the weaker *my relationship with the bank* becomes."

Almost half (47%) of the e-banking clients of Sydfors perceive that their relationship with the bank have become weaker as a result of use of e-banking or other self-services (see Figure 8 below). 19% strongly agree (value 5 on the item) and 28% agree (value 4) with the statement. These shares are almost exactly the same among the e-banking users of Nordfors: 17% strongly agree and 28% agree with this statement (see Figure 9 below).

SAMPLE: 1,00

Weaker relationship with bank from eBanking use
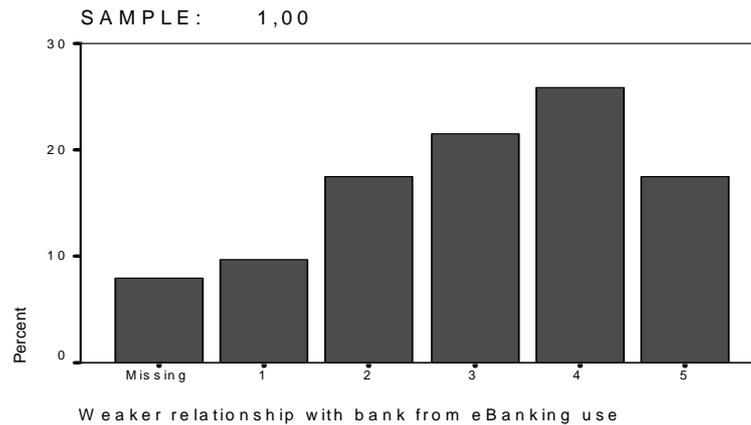
Figure 8: Half of the e-banking sample of Sydfors perceive weaker relationships from e-banking and other self-services use

SAMPLE: 3,00

Weaker relationship with bank from eBanking use
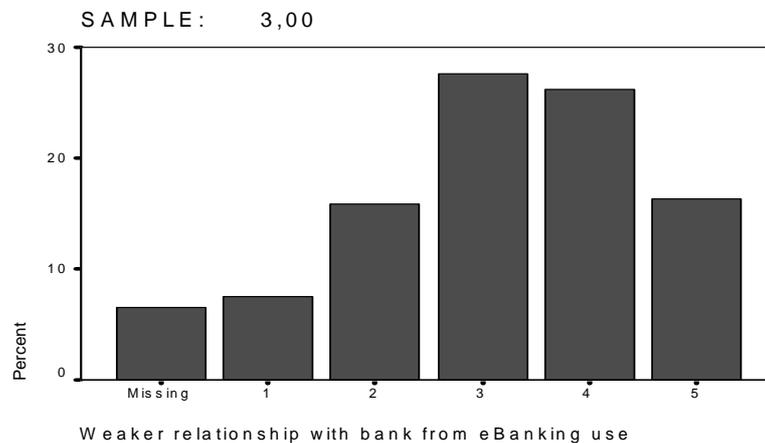
Figure 9: Also half of the e-banking sample of Nordfors perceive weaker relationships from e-banking and other self-services use

It is not surprising that the relationship with the branch office is perceived to become weaker as the use of e-banking and other self-services increases. But – given that most e-banking users also visit the office (see Table 14 in the 'Channel use' section above: 68% of the Sydfors e-banking users and 75% of the Nordfors e-banking users visit the office) – it is surprising that as much as *half* of the respondents in the two e-banking samples perceive that their relationship with the branch office is *becoming weaker*. "On the positive side", almost *one third* of the users in the two e-banking samples perceive that their relationship with the branch office is *becoming stronger* as the use of e-banking and other self-services increases.

It is necessary for banks to decrease their costs, and one important means to achieve this end is through enabling and prompting clients to do a lot of the banking service work themselves. However, a strong and trusting relationship is partly built by face-to-face interactions between the parties. Since as much as half of the e-banking users perceive that their relationships becomes weaker as the use of e-banking and other self-services increases, it is reasonable to assume that the use of technology-based self-services *hurt the relationship* for a substantial

proportion of profitable private clients to the branch office. Naturally, how these clients perceive the perceived weaker relationships depends upon their 'relationship versus low cost'-orientation.

The perception of weakening relationships with the bank is a particularly critical issue for the branch office when the high-income clients have this perception. A cross-tabulation between three categories built up from item 63 (stronger relationship, i.e. value 1 and 2 on item 63; indifferent effect on relationship, value 3; weaker relationship, value 4 and 5 on item 63) and household income classes do not, however, show a significant association between these two category variables. Among high-income e-banking users, 30% of them perceive the relationship to become stronger, 23% do not perceive any effect and 47% perceive the relationship to become weaker as the use of e-banking and other self-services increases. Thus, from a bank profitability perspective, our data do not suggest that there are any differences across household income levels as regards how technology-based self-service use influence on the relationship strength between the e-banking user and the (contact person at the) bank.

However, our data show *differences across life cycle phase groups* in this respect. On average 'Older single/couple' e-banking users (mean=3.60) to a moderately significantly higher degree perceive that the relationship becomes weaker than what 'Children family' e-banking users (mean=3.25) do (t=2.1, p<0.05). Between 'Older single/couple' e-banking users and 'Younger single/couple' e-banking users (mean=3.09) this difference in average perceptions is even strongly significant (t=2.7, p<0.01). The managerial implication drawn from these results is that the branch office should pay particular attention to the 'Older single/couple' e-banking users, since they as a group to a significantly higher degree perceive that their relationships with the bank are becoming weaker, as the use of e-banking – and other self-services – increases.

Office visit frequency behaviour and relationship-orientation attitude

If the case is that e-banking hurt the relationship, it is perceived important from the branch office management perspective to explore if there are any differences in perceptions between the e-banking users reporting that they do not visit the (physical) branch office and the one's reporting that they visit the (physical) branch office with a low frequency. Is it motivated for the branch office to invite the self-reported non-visiting e-banking users to the branch office three times a year? The design of our survey questionnaire do not fully match this management issue, but our survey results offer some indications.

For the purpose of giving information on this managerial question, a new variable – out of two items – was formed. The clients reporting that they visit the branch office once a month or more often (item 72) was coded as '*high-frequent* (branch office) visitors'. The clients reporting to visit the branch office less often than once a month (item 72) was coded as '*low-frequent* visitors'. The clients reporting that they do not visit the branch office (item 71) was coded as '*very low-frequent* visitors'. In Table 14 above these clients are reported as *never* visiting the branch office. This term is perhaps not fully appropriate, since it is likely that these clients at least at some rare occasions, for example when they apply for a loan, visit the branch office. On the other hand, it is reasonable to make the assumption that these clients do not visit the branch office more often than twice a year as a maximum. So, with the chosen labels a somewhat reformulated question can be phrased like this: *Is it worthwhile to try to transform, or to "lurk", the 'very low-frequent visitors' into being 'low-frequent visitors'?*

Given this question, the 'Relationship- versus (low) cost-orientation attitude' (item 19) of the client is one relevant _relationship predisposition characteristic_ to explore. On the aggregate survey level, a cross-tabulation shows that there is no significant association between the formed branch office visit frequency classes and the 'relationship- versus (low) cost-orientation attitude'. In other words, there is not a general pattern of relationship-oriented clients visiting the branch office more often than what the low cost-oriented clients do.

On the sub-sample level, though, there is among Nordfors e-banking users a weakly significant association between these two variables ($\chi2=14.2$, $p<0.10$). As expected, '_very low-frequent_ visitors' and '_low-frequent_ visitors' among the Nordfors e-banking users are low cost-oriented to a higher degree and, corollary, relationship-oriented to a lower degree – than what the '_high-frequent_ visitors' are. T tests show that the average 'high-frequent' Nordfors e-banking user moderately significantly ($t=2.4$, $p<0.05$) is relationship-oriented to a higher degree (mean=2.98), than what the 'very low-frequent' Nordfors e-banking user (mean=3.46) is. The difference between 'high-frequent' and 'low-frequent' Nordfors e-banking users (mean=3.54) is even strongly significant ($t=3.2$, $p<0.01$). However, as indicated by these mean values, there is no significant difference between the client groups of 'very low-frequent visitors' and the 'low-frequent visitors' among the Nordfors e-banking users, as regards their average 'Relationship- versus (low) cost-orientation attitude'. Thus, the 'low-frequent visitors' are _not_ more predisposed to value a good relationship with the contact person higher than what the 'very low-frequent visitors' are. A corresponding comparison among the Sydfors e-banking users show the same result. Their 'low-frequent visitors' (mean=3.17) are _not_ significantly more predisposed to value a good relationship with the contact person higher than what their 'very low-frequent visitors' (mean=3.34) are.

Among the Nordfors office users, an unexpected result was found as regards an association between relationship-orientation attitude (item 19) and office visit frequency behaviour. The 'very-low frequent' Nordfors office visitors weakly significantly ($t=1.9$, $p<0.10$) on average value a good relationship with the contact person higher (mean=2.96) than what the 'low-frequent' Nordfors office visitors (mean=3.48), and the 'high-frequent' Nordfors office vistors (mean=3.48) do. Here is a deeper analysis called for: _What are the explanations for this seemingly paradoxical gap between attitude and behaviour for the 'very low-frequent' office visiting office clients of Nordfors?_

Office visit frequency behaviour and perceived 'relationship effect'

From the branch office's perspective it might be important to consider if there is an association between the perceived change in relationship strength due to technology-based self-service use (item 63) – i.e. a possible _relationship effect_ – and the branch office visit frequency behaviour of the clients. A cross-tabulation analysis on our data on the aggregate survey level show that there is no significant association between the e-banking users never visiting the branch office ('_very low-frequent_ visitors') versus the e-banking users visiting the office (item 71), and their respective perceptions about how e-banking and other self-services have influenced on their perceived relationship strength with the bank (item 63).

On the Nordfors e-banking user level, a t test shows that there is a weakly significant difference ($t=1.7$, $p<0.10$) in the average perceived effect on relationship strength: As expected, the '_very low-frequent_ visitors' to a lower degree perceive that the relationship

strength due to technology-based self-service use has become weaker (mean=3.02) than what the other clients perceive (mean=3.35). The managerial implication for Nordfors' branch management, based on this indicator, is that there is *no need* to try to transform their '*very low-frequent* visitors' to '*low-frequent* visitors'**.**

Among Sydfors e-banking users, however, there is no significant difference across the branch office visit frequency classes as regards their perceptions about a relationship strength-effect due to technology-based self-service use.

There is no significant difference between the client groups of '*very low*-frequent visitors' and the '*low-frequent* visitors' among the two branch office samples of e-banking users as regards their perceived 'relationship effect from technology-based self-service use (item 63). Thus, the '*very low-frequent* visitors' on average do *not* significantly perceive that the relationship strength due to technology-based self-service use has become weaker (mean Sydfors=3.35, mean Nordfors=3.02) than what the '*low-frequent* visitors' perceive (mean Sydfors=3.18, mean Nordfors=3.30).

2.6.   Communication media

Communication is a central building block of relationships. Therefore we included some items in the questionnaire that capture the preferred communication medium as perceived by the client – both when communication is bank-initiated and when it is client-initiated. Two of these communication mode-oriented items in the questionnaire are the following:

- How does the client want to be contacted by the branch office? (item 96)
- How does the client want to contact the branch office? (item 97)

Preferred primary bank-initiated contact form

On the aggregate survey level, the bank-initiated contact form which is primarily preferred by most clients is that the bank(er) phones the client up: 48% of the clients (n=741) prefer that. The secondly most popular bank-initiated contact form (42%) is that the bank(er) mails the client. Just 2% of the clients prefer a personal visit by the contact person as the primary bank-initiated contact form. There are no significant differences across the four sub-samples in this respect.

From a bank profitability perspective, the first priority for the branch office management should be to focus on satisfying the needs of the high-income clients. For high-income e-banking user clients, 'the contact person calling up' is the preferred primary bank-initiated contact form among most (56%) e-banking users (see Table 16 below, which contains the distribution of preferences for the Sydfors e-banking users). Among mid- and low-income clients, 'the contact person calling up' and 'the contact person mailing' have about the same popularity as the primary bank-initiated contact form. A managerial implication for the branch office management that can be made, based on these contact form results, is that it certainly would be appreciated if the preferences on the individual client level are met (i.e. the one-to-one marketing approach).

19% of the high-income e-banking clients of Sydfors prefer e-mail as the primary contact form. This share is distinctly higher than among low- and mid-income e-banking clients of Sydfors.

Table 16: The preferred primary bank-initiated contact form across different household income classes in the Sydfors e-banking sample (n=226)

| | Household Income Class | | | |
| | Low | Mid | High | Total number/ |
				contact medium
Telephone	50 %	43 %	56 %	113
Mail	43 %	50 %	25 %	85
E-mail	7 %	6 %	19 %	27
Personal visit		1 %		1
Total number/class	30	95	101	226

Among high-income office users at Sydfors (see Table 17 below) mail – not the telephone – is the most preferred bank-initiated contact form. A comparatively low share (7%) of high-income office users at Sydfors – about one third of the share among Sydfors e-banking users – prefer e-mail as the primary bank-initiated contact form.

Table 17: The preferred primary bank-initiated contact form across different household income classes in the Sydfors office sample (n=162)

| | Household Income Class | | | |
| | Low | Mid | High | Total number/ |
				contact form
Telephone	55 %	45 %	36 %	77
Mail	39 %	54 %	53 %	77
E-mail			7 %	2
Personal visit	6 %	1 %	4 %	4
Total number/class	65	69	28	162

Preferred primary client-initiated contact form

On the aggregate survey level, the client phoning the branch office up is the client-initiated contact form that is primarily preferred by most clients. 50% of the clients (n=742) prefer that. The secondly most popular primary client-initiated contact form is definitely not the same as the secondly most popular primarily bank-initiated contact form, i.e. mail. Just 1% of the clients prefer to mail to the branch office as the primary client-initiated contact form. Instead, 41% of the clients prefer to make a personal visit at the branch office's place. As expected, the proportion of clients that want to make a personal visit at the bank(er)'s place

differs substantially between e-banking users and office users: 30% and 55% respectively. There is further a fairly large difference between e-banking users at Sydfors and Nordfors in this respect: 24% and 37% respectively of these client groups prefer a face-to-face meeting when they contact the branch office. Between office users of Sydfors and Nordfors, however, there is no difference in this respect: 56% and 55% respectively of these user groups prefer a face-to-face meeting.

The difference between office and e-banking users as regards preferred client-initiated contact form (item 97) is strongly significant (t=5.1, p<0.001).

Does the preferred primary client-initiated contact form depend upon whether the client recurrently turn her-/himself to the same contact person(s) or not? A cross-tabulation between contact with contact person or not (item 98) and preferred primary client-initiated contact form (item 97) where e-banking users were separated ("split" in SPSS language) from office users resulted in a weakly significant association ($\chi 2$=12.3, p<0.10) between the two variables for the e-banking user group (n=420). The results from this cross-tabulation are presented in Table 18 below.

Table 18: 'Contact person contact behaviour' and preferred primary client-initiated contact form across the two studied channel use choices (n=721)

'Contact person contact behavior'	Telephone		Personal visit		E-mail and mail		Total	
	office	eBank	office	eBank	office	eBank		
No	38%	53%	60%	34%	2%	13%	100%	100%
Yes, advicing	40%	49%	56%	37%	4%	14%	100%	100%
Yes, always	53%	67%	47%	20%		13%	100%	100%
Total	42%	56%	56%	30%	2%	14%	100%	100%

These results indicates that an average e-banking user to a higher degree prefer to phone the branch office than the average office user does. This is particularly so for the e-banking users that always contact the same contact person. 67% of them prefer to phone the contact person, while 53% of the office users in the same category have the same preference. Also among the group of clients that do not turn to a contact person at all, e-banking users to a greater extent prefer the telephone than the office users: 53% versus 38%. Among office users that do not turn to a specific contact person, such a high proportion as 60% of them prefer to visit the office when they contact the branch office. Does this lack of a personal relationship with a contact person imply that the client want to compensate for perceived uncertainty through a face-to-face meeting?

Preferred primary client-initiated contact form and high-income e-banking users

Again taking a bank profitability perspective, a cross tabulation on 'Contact person contact behaviour' and 'Preferred primary client-initiated contact form' for high-income clients was also run. The contingency table result for office users is not significant. But for e-banking users there is a weakly significant association between these category variables ($\chi 2$=8.3, p<0.10). The distribution of the respondents' preferences is presented in Table 19 below. One

interesting result is that the e-banking users that always turn to the same contact person(s) to a greater extent prefer to use the telephone – and to a correspondingly lesser extent prefer a personal visit. Two thirds (65%) of the high-income e-banking users prefer to phone the contact person at the branch office. As seen from Table 19 below, this preference distinguishes the high-income e-banking users as a group from the clients that turn to the same contact person(s) only for advicing matters or do not turn to (a) contact person(s) at all.

The difference between high-income office versus e-banking users as regards preferred client-initiated contact form (item 97) is moderately significant (t=2.1, p<0.05).

Table 19: 'Contact person contact behaviour' and preferred primary client-initiated contact form for high-income e-banking users (n=153)

'Contact person contact behaviour'	Telephone	Personal visit	E-mail and mail	Total
No	45%	37%	18%	100%
Yes, advicing	44%	34%	22%	100%
Yes, always	65%	15%	20%	100%
Total	49%	34%	17%	100%

Does the preferred primary client-initiated contact form depend upon whether the client recurrently turn her-/himself to the same contact person(s) or not? A cross-tabulation between contact person or not (item 98) and preferred primary client-initiated contact form (item 97) where the four sub-samples were separated ("split" in SPSS language) resulted in a weakly significant association ($\chi2=11.7$, p<0.10) between the variables for the Sydfors e-banking user group (n=215). For the three other sub-samples there is no significant association. The results for the Sydfors e-banking group is presented in Table 20 below. For the Sydfors e-banking clients always turning to a contact person, the telephone is even more preferred as a contact form than for the e-banking users on the aggregate survey level. For the clients turning to a contact person only in advicing matters or not turning to a contact person at all within the Sydfors e-banking group, personal visits are to a lesser extent preferred than for the e-banking users on the aggregate survey level. For the latter kind of clients, e-mail and mail to a greater extent are preferred than for the e-banking users on the aggregate survey level.

Table 20: 'Contact person contact behaviour' and preferred primary client-initiated contact form for Sydfors e-banking users (n=215)

'Contact person contact behaviour'	Telephone	Personal visit	E-mail and mail	Total
No	56%	26%	18%	100%
Yes, advicing	49%	32%	19%	100%
Yes, always	73%	18%	9%	100%
Total	62%	24%	14%	100%

Preferred primary client-initiated contact form if e-banking use problems arise

Item 68 in the questionnaire captures the perceptions among clients about the preferred primary client-initiated contact form if e-banking use problems arise.

Using the telephone is the most extensively preferred client-initiated contact form if e-banking use problems arise among e-banking users. 55% of the e-banking users (n=399) prefer to use the telephone: 32% of the e-banking users prefer to phone her/his contact person and 23% of them prefer to phone any banker. Using the Internet when e-banking use problems arise is the secondly most popular contact form (27%). 12% prefer to visit her/his contact person at the office and 6% prefer to visit a(ny) banker at the branch office.

As seen from Table 21 below, using the Internet as the preferred client-initiated contact form is not distinctly more preferred among high-income e-banking clients than in the other income segments.

Table 21: The preferred client-initiated contact form if e-banking use problems arise across different household income classes (n=395)

	Household Income Class		
	Low	Mid	High
visiting my contact person	14 %	13 %	11 %
visiting the office	10 %	6 %	6 %
phoning my contact person	30 %	32 %	31 %
phoning the office	19 %	26 %	21 %
using Internet	27 %	23 %	31 %

3. Customer loyalty

Service organizations are continually looking for ways to increase customer loyalty. Managers whose primary "product" is a service find that it is troublesome for their customers to evaluate their offerings. Two reasons for this is the intangible nature of services and that services are heavily dependent upon the performance of people.

Research on customer loyalty has focused mainly on product-related or brand loyalty, whereas relatively little research has examined loyalty to service organizations, i.e. *service loyalty* (Gremler & Brown 1996). It has been argued that service loyalty is different from brand loyalty in some aspects: (1) services provide more opportunities for person-to-person interactions, which, in turn, provide opportunities for loyalty to develop (Parasuraman *et al* 1985), (2) service loyalty is more dependent on the development of interpersonal relationships as opposed to (tangible) product loyalty, (3) perceived risk is often greater when purchasing services than goods (Murray 1991), which provides an atmosphere more likely to result in customer loyalty.

The research literature suggests that the service loyalty concept consists of three separate dimensions: behavioral loyalty, attitudinal loyalty and cognitive loyalty. Early studies focused almost only on the behavioral dimension (such as repeat purchasing of a particular brand over time) of loyalty (Jacoby & Chestnut 1978).

To measure only behavioral indicators on loyalty may give misleading information. Because, as Day (1969) has pointed out: Behavioral loyalty does not capture information about, so called, spurious loyalty. By spurious loyalty is meant a situation where the customer (still) purchases, but her/his attitude is more or less negative. Also, high repeat purchase may reflect situational constraints, whereas low repeat purchase may indicate variety seeking or different usage situations. Thus, behavioral definitions on loyalty are insufficient to explain how and why (brand/service/provider/store) loyalty is developed and/or modified (Dick & Basu 1994). A view in the same vein is expressed by Bloemer and Kasper (1995), who argue that loyalty should not only be defined in terms of behaviour, but also in terms of commitment or attitudinal loyalty.

Claims for higher requirements on how the loyalty concept should be defined has been made. For example, Dwyer *et al* (1987) argue that being committed to a relational exchange for the truly loyal customer means that s/he do not seriously consider or actively seek alternative service providers. This form of loyalty has been termed a "cognitive" form of loyalty (Lee & Zeiss 1980).

The importance of service loyalty

There are a number of rationales for the attractiveness of having a high service loyalty. Long-term customers present higher returns and less risk. Secondly, a greater knowledge about a customer can result in a wider selling to the present customer. Thirdly, marketing and maintenance costs are lower for present, compared to new, clients. Thus, there are certainly certain segments of customers with whome a relationship strategy can be a win-win situation for both parties.

In markets where product or service differences are marginal, retaining current customers becomes important to future exixtence for most companies. Customer loyalty is therefore key to profitability (Reichheld & Sasser 1990). For managers it is, consequently, important to know what the important drivers for customer loyalty are.

Murphy (1996) refers to data in a report published by The Council on Financial Competition, Washington, DC, dated 1995, where – as one of the examples – Cumberland Bank's (USA) analysis of the top 5% of their branch customer base reveal that:
- these top clients generated 40% of total deposits;
- a 5% increase in retention among top clients yielded a 24% increase in profitability, and
- the minimum balance of the top 20% of clients was $20,000.

These figures confirm the value possible to achieve for a bank from developing long-term relationships with its clients. Murphy (1996:75) presents the following reasons explaining why clients become profitable over time:

> • *Over time, retail bank customers tend to increase their holding of other products from across the range of financial products/services available.*
> • *Long-term customers are more likely to become a referral source.*
> • *The longer a relationship continues, the better a bank can understand the customer and his or her needs and preferences and so the greater the opportunity to tailor products and services and cross-sell the product/service range.*
> • *Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps to reduce operating costs and costs arising from customer error.*

Behavioral loyalty

How can loyalty be measured? In studies on loyalty in the retail banking sector, *the number of banks used* (item 1 in our questionnaire form: 'multi-bank relationships') is often used as a simple behavioral indicator on loyalty.

On the aggregate survey level, 51% of the respondents (n=705) have regular interaction only with one bank. 32% of the respondents have regular interaction with two banks. Thus, 17% of the respondents in our survey have regular interaction with three or more banks.

Loyalty as multi-bank relationships

e-banking users on average have relationships with, or regularly interact with – as it is phrased in item 1 in the questionnaire – 1,80 banks. Office users, on average, have relationships with a lower number of banks: 1,52 banks. Thus, office users are more loyal. This difference in average number of bank relationships is strongly significant (t=3.4, p≤0.001).

High-income clients turn to more banks than what mid- and low-income clients do ($\chi2$=66.4, p<0.001). The average number of bank relationships for high-income clients is 2.02, which is strongly significantly more than the average for mid-income (1.74; t=2.7, p<0.01) and low-income clients (1.26; t=7.0, p<0.001). As a group, the high-income clients therefore can be

characterized as behaving somewhat more disloyal. This result confirms the result achieved by Gunnarsson *et al* (2000).

On the channel user group level, there are strongly significant differences between high- and low income clients for both the e-banking and office user groups as regards the average number of banks which the client has regular interactions with. For e-banking users the averages for these two income class groups are: 1.99 and 1.30 respectively (t=5.4, p<0.001). For office users these averages are: 2.12 and 1.24 respectively (t=3.9, p<0.001). The difference between high- and mid-income clients, however, has varied significance within the two channel user groups. Mid-income office users have on average 1.62 bank relationships, which is strongly significantly lower than for high-income office users. But mid-income e-banking users (on average 1.82 bank relationships) are not significantly different from high-income e-banking users in this respect. Mid-income e-banking users are, though, significantly different from low-income e-banking users as regards number of banks (t=3.5, p≤0.001). Thus, both high-income and mid-income e-banking users are more disloyal in this respect than what the low-income e-banking users are.

Attitudinal loyalty

Also when it comes to attitudinal loyalty, with 'multi-bank relationship attitude' as one indicator (item 12), there is a significant difference between e-banking users and office users (t=3.1, p<0.01). E-banking users to a significantly higher degree perceive that 'there are many advantages with having business with many banks'. Although the average difference on this indicator of attitudinal loyalty between e-banking users (2.27) and office users (2.01) is significant, it should be noted that the average perceptions of both channel user groups are positioned on the low value side on the 5 point-scale, i.e. the respondents to a high extent disagree with the statement that 'there are many advantages with having business with many banks'.

When it comes to banking services, as mentioned before, it seems as the degree of attitudinal differentiation is low since the services of different banks are not clearly differentiated from each other in the consumers' minds. Therefore, knowledge about, and ability to distinguish between competing providers' services is an important attitudinal indicator of loyalty (cf. item 25). If the client does not have a good knowledge about the service range of different banks this can be interpreted as if the client has not made an informed bank choice decision. Not surprisingly, Gunnarsson *et al* (2000) found that the segments which think that they have good knowledge about other banks' service ranges to a somewhat greater extent turn themselves to more banks, approximately to two banks. On the aggregate survey level, the contingency table between number of bank relationships (item 1) and perceived knowledge about the service range of different banks (item 25) is strongly significant (χ2=64.2, p≤0.001). There is a significant positive correlation between these two variables for e-banking users (r=0.21, p<0.001) – but not for office users, for 'Children family' clients (r=0.19, p≤0.001) – but not for the other life cycle phase groups, and for mid-income clients (r=0.15, p<0.01). The correlation for high-income clients is not significant (r=0.11).

There are significant differences between e-banking users and office users as regards both behaviour and attitude towards 'multi-bank relationships'. Based on these results, the conclusion therefore is that ***office users are more loyal***, both in behaviour and in attitude, to the surveyed branch offices than what the e-banking users are.

On the sub-sample level, there are significant differences between the Nordfors sub-samples –
but not between the Sydfors sub-samples – as regards both behavioral (t=3.2, p<0.01) and
attitudinal loyalty (t=3.1, p<0.01). The Nordfors e-banking users on average have
relationships with 1.79 banks, while the Nordfors office users on average have relationships
with 1.43 banks.

4. Determinants of loyalty

Despite the general agreement among businessmen and academic scholars about the fundamental importance for all businesses to achieve customer loyalty among its current customers, Gremler and Brown (1996:171) argue that there is relatively little known about what factors that are driving customer loyalty:

> *Academics and practitioners alike agree that loyalty is an integral part of doing business. Few, if any, businesses can survive without establishing a loyal customer following. Surprising, however, in spite of its obvious importance to all businesses, relatively little is known about customer loyalty. Experts have struggled to define precisely what being a loyal customer means, and meager progress has been made in determining what factors lead to customer loyalty. So, although customer loyalty is considered the "back-bone of business", it has remained a mystery.*

Back in 1990, Czepiel (1990) argued that the marketing research literature lacks strong theoretical frameworks on factors leading to the development of loyalty.

A decade later, Johnson *et al* (2001:231) proposed a structural model where five drivers of customer loyalty are proposed: customer satisfaction, corporate image, price (attractiveness), affective commitment and calculative commitment.[4] Their proposed customer loyalty model was tested on the national sample of 6,900 customers surveyed in the Norwegian Customer Satisfaction Barometer (Andreassen & Lindestad 1998b, Andreassen & Lervik 1999).

Customers to five service industries were surveyed: airlines, banks, buses, gas stations and trains. In this particular study, the direct effects from these five drivers on customer loyalty for banks were as follows: 0.29 (customer satisfaction), 0.17 (corporate image), 0.10 (price attractiveness), 0.34 (affective commitment) and 0.05 (calculative commitment). The first four of these path coefficients were all significant on the 5% level (Johnson *et al* 2001:237). Thus, in this particular study affective commitment was found to have the strongest direct effect on customer loyalty in the bank industry.

In the remainder of this chapter, these five determinants of loyalty will be introduced and for each of them some empirical data from our survey study will be presented and discussed.

4.1.   Customer satisfaction

Customer satisfaction is a necessary condition for developing service loyalty. However, satisfied customers are not automatically loyal customers. Cronin and Taylor (1992) and Fornell (1992) claim that satisfied customers may not be sufficient to create loyal customers. Reichheld (1993:71) supports this argument in the following way:

> *Customer satisfaction is not a surrogate for customer retention. While it may seem intuitive that increasing customer satisfaction will increase retention and therefore profits, the facts are contrary. Between 65% and 85% of customers who defect say they were satisfied or very satisfied with their former supplier.*

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[4]   Also a sixth driver is proposed, i.e. complaint handling, but this factor is disregarded here.

A number of studies have found a positive correlation between customer satisfaction and loyalty (Bolton & Drew 1991, Fornell 1992, Anderson & Sullivan 1993 and Bloemer & Kasper 1995). The immediate consequences of increased satisfaction are decreased customer complaints and increased customer loyalty (Hirschman 1970).

Bloemer and Kasper (1995), focusing on brand loyalty, conclude that the relationship between satisfaction and loyalty is not simple and straightforward. Their study show that the extent of elaboration, or comparison, made – i.e. the extent of explicit comparison between expectations and performance – have a moderating effect on the effect of satisfaction on loyalty. They denote a non-existing explicit, or weakly held, comparison as 'latent satisfaction' and an explicit, or strongly held, comparison between expectations and performance as 'manifest satisfaction'. Expressed in these terms their research showed that the positive impact of manifest satisfaction on loyalty is greater than what the positive impact of latent satisfaction on loyalty is.

Service quality and perceived service performance

As regards (service) loyalty, perceived *service quality* as well as satisfaction have been identified as key determinants in banking, as well as in other service industries (Dick & Basu 1994). Service encounters between customers and contact personnel are a critical component of service quality (Chandon *et al* 1997) and in the marketing of services (Crosby *et al* 1990, Czepiel 1990). This is particularly so for services characterised by a high degree of person-to-person interaction. For contact personnel, engaging in good interactions with customers is a major concern, since the customer comes away from the service interaction with feelings of satisfaction or frustration (ibid.). Berry (1983) argues that service loyalty is more dependent on the *development of interpersonal relationships* as opposed to (tangible) product loyalty. A contact person can be described as having the role of being a 'relationship manager'. Crosby *et al* (1990) argue that it is – in part – the quality of the relationship between the contact person/relationship manager and the customer that determines the probability of a continued interchange between the parties in the future.

In the services context, intangible service quality attributes such as reliability and confidence may play a major role in building or maintaining loyalty (Dick & Basu 1994).

The perceived *service performance* is one indicator of sevice quality, building up customer satisfaction. On the aggregate survey level the clients on average attribute the score 4.20 (on a five-point Likert scale) on Handelsbanken's service performance (item 6 in the questionnaire). But, *given* the perceived high general valuation level from the respondents of the surveyed branch offices' service performance, it is interesting to note that there are significant differences in the perceptions between e-banking users and office users. The *e-banking users*, on average, *report distinctly lower valuations* about Handelsbanken's service performance than what the office users do. Our data show that the e-banking users, on average, strongly significantly (t=3.3, p<0.01) rate Handelsbanken's service performance lower (4.12) than what the office users (4.31) do.

'Perceived competence of contact person'

In the exploratory research of Parasuraman *et al* (1985), 'Competence' was identified as one of the determinants of service quality. These researchers defined 'Competence' as the possession of the required skills and knowledge to perform the service.

This factor is also founded in on of the criteria of 'good perceived service quality' suggested by Grönroos (1990:47): 'Professionalism and Skills'. According to Grönroos, 'Professionalism and Skills' is an outcome-related determinant of good service quality, i.e. the client is influenced by *what* s/he actually receives from his/her interactions with the service provider in its evaluation of the service provider.

The 'Contact person competence' factor was operationalised by using two items in the questionnaire (item 117 and 129) and computing the average from the sum of these items. These two items capture dimensions such as the perceived degree of expert knowledge and sound judgement of the contact person/the bank (see Appendix A and cf. Morgan & Hunt 1994, Berry 1995, Bitner 1995).

E-banking users, on average, highly significantly (t=6.62, p<0.01) perceive a lower degree of contact person competence (3.78) than what the office users on average (4.27) do.

'Contact person reliability and communication'

We have also formed a factor out of two of the identified determinants of service quality from Parasuraman *et al*'s (1985) exploratory study, 'Reliability' and 'Communication'. According to these researchers, 'Reliability' involves consistency of performance and dependability and 'Communication' implies keeping customers informed in language they can understand and listening to them. 'Reliability' is also one of the five indicators of perceived service quality in the SERVQUAL instrument (Zeithaml *et al* 1988).

The 'Contact person reliability and communication' factor was operationalised by using four items in the questionnaire (item 112, 115, 118 and 120) and computing the average from the sum of these items. Cronbach alpha for this 'Contact person reliability and communication' factor was 0.85. These items capture dimensions such as the contact person's/bank's perceived degree of fulfilling its promises, its ability to inform the client in a language that the client can understand, its degree of being available and its degree of pro-active conduct in bringing banking errands/businesses to an end (see Appendix A and cf. Parasuraman *et al* 1985, Paulin *et al* 2000a).

E-banking users, on average, highly significantly (t=2.6, p<0.01) perceive a lower degree of 'Contact person reliability and communication' (4.02) than what the office users on average (4.20) do.

'Contact person client-orientation'

In the business-to-business (or commercial) banking context, Paulin *et al* (2000a) in their study on banks in France conclude that despite the current emphasis on new technology, *contact personnel* remain important for the success of professional business-to-business

services. These authors stress that an important role of contact personnel is to balance technical, administrative and social competencies. This requires a client-oriented organisational culture (Paulin *et al* 1999).

A 'Contact person client-orientation' factor was operationalised by using six items in the questionnaire (item 103, 108, 113, 116, 119 and item 121) and computing the average from the sum of these items. Cronbach alpha for this client-orientation factor was 0.78. These items capture dimensions such as the contact person's/the bank's ability to identify the real needs of the client, extent of follow-up activities, degree of responsiveness, degree of long-term orientation and interest in current clients (see Appendix A and cf. Paulin *et al* 2000a).

E-banking users, on average, highly significantly (t=3.92, p<0.01) perceive a lower degree of mutuality (3.37) in their relationships with the local branch office than what the office users on average (3.63) do.

As regards the client-orientation factor, the average office user at Nordfors to a higher degree perceive the branch office to be client-oriented (3.65) than what the average e-banking user (3.33) does. This difference is strongly significant (t=3.2, p<0.01). The corresponding difference among Sydfors clients is moderately significant (t=2.4, p<0.05).

The high-income clients on average report a lower value on the client-orientation factor (3.34) than what the low-income clients on average (3.66) do. This difference in average evaluation is strongly significant (t=3.0, p<0.01). There is a weakly significant (t=1.7, p<0.10) difference in the average perceptions of client-orientation between high-income clients and mid-income clients (3.46).

The 'Pensioner' clients distinguish themselves clearly as a group from the other life cycle phase groups also when it comes to perceived client-orientation. The 'Pensioner' clients on average mark higher on client-orientation (3.91) than what the other life cycle phase groups do. These differences in relation to the other life cycle phase groups are all strongly significant (p≤0.01).

'Timely communication of contact person'

We have also renamed another factor among the identified determinants of service quality from Parasuraman *et al*'s (1985) exploratory study, 'Understanding/knowing the customer', which involves the effort to understand the customer's needs. This involves learning the customer's specific requirements and providing individualized attention.

However, the items from the questionnaire (item 105, 109 and 114) forming this factor is, in our opinion, better captured by the concept 'Timely communication of contact person'. Paulin *et al* (2000a) classify this factor as an indicator of relationship strength and calls it simply for 'Communication'. The Cronbach alpha for this 'Timely communication' factor was 0.80. These items capture dimensions such as the contact person's/bank's degree of providing the client with individualized attention as regards changes in the service range of the bank and changes in the client's household economy situation (see Appendix A and cf. Parasuraman *et al* (1985), Paulin *et al* 2000a).

E-banking users, on average, highly significantly (t=3.74, p<0.01) perceive a lower degree of 'Timely communication' (3.08) than what the office users on average (3.43) do.

4.2. Corporate image

Corporate image, or *brand strength*, was in the service marketing literature early identified as an important factor in the overall evaluation of the service and the service provider firm (Grönroos 1984). Corporate image is established and developed in the consumers' minds through communication and experience. When consumers are satisfied with the services provided by the service provider, their attitude towards the company is improved. This attitude, in turn, positively influence on the consumers' satisfaction with the company (Andreassen & Lindestad 1998a).

A good corporate image (i.e. a positive attitude toward a company) stimulates repeat purchase from a service provider by simplifying decision rules. Corporate image is an issue of attitudes and beliefs with regard to customer satisfaction and consumer behaviour (Fornell 1992), and it is a function of the cumulative effect of customer (dis)satisfaction (ibid.). A favourable corporate image has since long been considered as a critical aspect of a firm's ability to maintain its market position, as corporate image has been considered related to customer patronage (Korgaonkar *et al* 1985).

There is some evidence that loyalty is determined by corporate image (Murphy 1996). Based on an empirical study, Andreassen and Lindestad (1998a) claim that when services are complex – and therefore difficult to evaluate – and they are subject to high-involvement and infrequently purchased, corporate image is believed to influence positively on loyalty. For such services Andreassen and Lindestad (1998a) suggest that corporate image rather than customer satisfaction is the main predictor of customer loyalty. Corporate image, in turn, is an outcome from – rather than a driver of – customer satisfaction, since corporate image is affected by the client's more recent experiences, or satisfaction.

A 'Corporate image' factor was operationalised by using seven items in the questionnaire (item 5 to item 10 and item 20) and computing the average from the sum of these items. Cronbach alpha for this client-orientation factor was 0.90. These items capture dimensions such as the previous experiences and the current satisfaction with the services provided by the bank, the bank's degree of trustworthiness and being confidence-inspiring, its reputation and the client's willingness to recommend the bank to others (see Appendix A and cf. Jain *et al* 1987, Liljander & Strandvik 1995, Ojasalo 1999, Paulin *et al* 2000a). All these seven items evolve around attitudes toward the Handelsbanken bank or the local Handelsbanken branch office.

E-banking users, on average, highly significantly (t=3.38, p<0.01) perceive a lower corporate image (4.09) of the local branch office than what the office users on average (4.24) do.

This pattern is the same on the branch office level. The Sydfors e-banking users on average perceive the corporate image factor for the local Handelsbanken branch office to be lower (4.11) than what the Sydfors office users on average (4.24) do. This difference in mean is moderately significant (t=2.0, p<0.05). Among Nordfors clients the difference in perception between e-banking users (4.07) and office users (4.25) is strongly significant (t=2.8, p<0.01).

The high-income clients on average have a lower appraisal of the corporate image of the Handelsbanken branch office (4.02) than what the low-income clients on average (4.27) have. This difference in average perception is strongly significant (t=3.6, p<0.001). The high-income clients on average also have a lower appraisal of the corporate image than what the mid-income clients on average (4.14) have (t=2.2, p<0.05).

"The reputation" of the local Handelsbanken branch office is particularly strong among the 'Pensioner' clients (4.53). This average perception is strongly significantly (5.3≥t≤8.1, p<0.001) higher than for the other life cycle phase groups.

The perceived *service performance* is one critical determinant of customer satisfaction. Item 6 in the questionnaire is one of the indicators building up the corporate image factor. On the aggregate survey level the clients attribute the score 4.20 (on a five-point Likert scale) on Handelsbanken's service performance. But, given the perceived high general valuation level from the respondents of the surveyed branch offices' service performance, it is interesting to note that there are significant differences in perceptions between e-banking users and office users. The e-banking users consistently report distinctly lower valuations of Handelsbanken's service performance than what the office users do. On average, the e-banking users strongly significantly (t=3.3, p<0.01) rate Handelsbanken's service performance lower (4.12) than what the office users (4.31) do.

4.3. Price (attractiveness)

The direct effect of price (attractiveness) on loyalty in Johnson *et al*'s (2001) study was positive and significant in two of the five surveyed service industries, *banks* and airlines. For banking the path coefficient was 0.10 (p. 240). Since banks and airlines are two relatively price-competitive industries, the authors conclude that it makes sense that the influence from price (attractiveness) on loyalty is greatest in these two – out of the five studied – industries.

Andreassen *et al* (2000) suggest that 'perceived price (attractiveness)' has a direct effect on customer loyalty. They also suggest that in those cases where customer satisfaction evaluations are weaker, price (attractiveness) and/or quality should have more direct effects on loyalty.

Andreassen *et al* (2000:400) suggest that a perceived price (attractiveness) factor is built up by price evaluated relative to a variety of benchmarks, such as comparing the price of the service with the expected price, the average price on the market, price last paid, and price given quality.

In section 4.5 below, the results from the survey concerning two price components are presented: the perceived importance of dissatisfaction with service charge and perceived importance of dissatisfaction with the interest rate.

4.4. Affective commitment

Relationship commitment

Commitment in service provider-customer relationships has been defined as "an implicit or explicit pledge of relational continuity between exchange partners" (Dwyer *et al* 1987). Parties identify commitment among themselves as very important to achieve valuable outcomes for themselves, and therefore they make efforts to develop and maintain this valuable attribute of their relationship (Morgan & Hunt 1994). Allen and Meyer (1990), focusing on organizational commitment, argue that the term commitment refers to a psychological state that binds the individual to the organization, and thereby makes turnover less likely.

Along with the evolution from transactional to relational approaches to customers, the concept of *relationship commitment* is considered important. Johnson *et al* (2001:233) introduce this concept in the following way:

> *Relationship commitment picks up on those dimensions that keep a customer loyal to a service or a company even when corporate image and/or satisfaction are low.*

There may be some beneficial consequences from high levels of commitment (Kumar *et al* 1994). High levels of commitment should lead to a strong intention to stay as well as a strong desire to stay in a relationship. High levels of commitment should lead to high levels of performance (e.g., the customer's contribution to the service provider's sales and profits), and it may encourage both partners to make additional investments in their relationship (ibid.).

One dimension of relationship commitment is the level of involvement that customers have with a brand or a service provider firm. This commitment serves as a psychological barrier to switching service provider (Andreassen *et al* 2000). Based on Dick and Basu (1994) it can be suggested that *bank commitment* is a necessary condition for bank loyalty to occur. In case of lacking bank commitment, repeat visiting behaviour is governed by inertia (so called spurious loyalty). Generally speaking: Consumers whose patronage is not based on loyalty to the bank can easily be attracted by competitors through, eg, new service offerings or pricing strategies. According to Levesque and McDougall (1996), the occurence of *committed relationships* between a client and her/his bank is becoming increasingly scarce in the new financial services market place.

Relationship commitment can, as suggested by Johnson *et al* (2001: 234, 240), be divided in two "separate" components: affective and calculative commitment.

Affective commitment

Affective commitment captures perceived emotional aspects of the relationship being built up over time. Affective commitment serves as a psychological barrier for the consumer to swiching service provider. Customers with strong affective commitment remain with the service provider because they *want* to, based on their positive affect toward toward the service provider (Allen & Meyer 1990).

Calculative commitment

According to Becker (1960), continuity is maintained because of the perceived costs of doing otherwise. Commitment between exchange partners develop because of investments made in the relationship or the lack of (perceived better) alternatives, resulting in switching costs associated with leaving (Weiss & Anderson 1992). The switching cost concept captures perceived economic consequences and costs and other "rational" aspects associated with doing otherwise, such as for example switching product or switching service provider. Kumar *et al* (1994) phrase this as that the term *calculative commitment* describes the instrumental reasoning in which parties facing high switching costs engage.

If there is a perceived lack of (better) alternatives this increases the perceived costs associated with leaving the service provider. The concept calculative commitment therefore includes the degree to which customers are held hostage to a particular service provider. Customers with strong calculative commitment remain with the service provider because they *need* to, given the perceived costs of terminating the relationship (Allen & Meyer 1990)[5].

It is concluded by Johnson *et al* (2001:241) that the significant positive effect of *affective commitment* on loyalty, in four out of their five surveyed service categories, was one of their most important findings. In this study, the path coefficient from affective commitment to loyalty for banks was 0.34, which was the strongest direct effect among the drivers on customer loyalty.

Personal interaction is naturally a necessary and important mechanism to build affective commitment. Selnes and Hansen (2001) argue that *self-service without a minimum of personal interaction* will have a negative effect on customer loyalty. In the e-banking context, there is accordingly an obvious risk for decreased client loyalty among those e-banking users that never visit the office.

As previously presented in Table 13, as much as 32% of the e-banking users of Sydfors (n=212) and 26% of the e-banking users of Nordfors (n=199), report that they never visit the office (item 71). As regards the high-income segment of the e-banking users, these shares are slightly lower: 30% at Sydfors and 23% of the high-income e-banking users at Nordfors never visit the office. For these clients, a personal interaction over the telephone may of course be in place.

'Contact person responsiveness and empathy'

Building on the findings by Parasuraman *et al* (1988), we have formed a factor called 'Contact person responsiveness and empathy', which is one important dimension building up affective commitment. 'Responsiveness' is defined as willingness to help customers and provide prompt service, and 'empathy' is defined as caring, individualized attention that the firm provides its customers.

A 'Contact person responsiveness and empathy' factor was operationalised by using five items in the questionnaire (item 123 and item 125 to item 128) and computing the average from the sum of these items. Cronbach alpha for this 'Contact person responsiveness and

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[5] However, calculative commitment is denoted as "continuance commitment" by these authors.

empathy' factor was 0.92. These items capture dimensions such as the contact person's/the bank's perceived interest and involvement in the client's banking errands, degree of helpfulness, degree of consideration, degree of attention for expressed desires, and the perceived degree of mutual commitment for each other (see Appendix A and cf. Grönroos 1990, Berry & Parasuraman 1991, Johnston 1995, Chandon *et al* 1997).

E-banking users on average strongly significantly (p<0.01) attribute a lower score (3.99) on 'Contact person responsiveness and empathy' than what office users on average (4.29) do.

'Word-of-Mouth' (item 10) is one indicator of loyalty. On the channel user group level, there is a high and strongly significant correlation between 'Contact person responsiveness and empathy' and 'Word-of-Mouth': r=0.50 (p<0.01, n=270) for e-banking users and r=0.51 (p<0.01, n=185) for office users. In other words, the more positive the client is in terms of her/his perceived responsiveness and empathy of the contact person, the more strongly she/he recommends Handelsbanken to others.

Across the different household income classes the correlation between these indicators on affective commitment and loyalty is also high and strongly significant: r=0.59 for low-income, r=0.45 for mid-income and r=0.51 for high-income clients.

Across the life cycle phase groups, it is interesting to note that the correlation is markedly lower for 'Children family' clients, where r=0.36, than for the other life cycle phase groups: r=0.54 for 'Younger single/couple', 0.68 for 'Older single/couple' and 0.56 for 'Pensioner' clients.

'Number of bank relationships' (item 1) is another indicator of loyalty. There is only one (among the dimensions reported for 'Word-of-Mouth' above) significant correlation between the indicators 'Contact person responsiveness and empathy' and 'Number of bank relationships'. There is a moderately significant correlation between these indicators on affective commitment and loyalty for low-income clients: r=- 0.24 (p<0.05). In other words, the more positive the low-income client is in terms of the degree of her/his perceived responsiveness and empathy of the contact person, the fewer number of bank relationships this client have. The low-income clients on average score 4.30 on the 'Contact person responsiveness and empathy' factor, which is moderately significantly (t=2.2, p<0.05) higher than what mid-income clients on average score (4.10) and strongly significantly (t=3.2, p<0.01) higher than what high-income clients on average score (3.96). In addition, the low-income clients on average turn to a significantly lower number of banks (1.26) than what mid-income clients do (1.74; t=5.5, p<0.001), which on average turn to a significantly lower number of banks than what high-income clients (2.02; t=2.7, p<0.01) do.

'Mutuality of contact person'

Paulin *et al* (2000a:465) argue that, so called, 'relational bankers' consider the client relationship more as a partnership, which is required in order to gain and maintain client loyalty. Johnson *et al* (2001:234) suggest that 'presence of reciprocity in the relationship' is one indicator of the latent construct Affective commitment.

A 'Mutuality of the contact person' factor was operationalised by using four items in the questionnaire (item 99-102) and computing the average from the sum of these items. Cronbach alpha for this factor was 0.87. These items capture dimensions such as the contact person's/the bank's ability to understand the client's household economy situation and to provide the client with timely information, its degree of efforts to adapt to the client's household economy situation and the degree of perceived mutual trust as a basis for the banking errands/businesses (see Appendix A and cf. Paulin *et al* 2000a).

E-banking users, on average, highly significantly (t=4.12, p<0.01) perceive a lower degree of mutuality (3.78) in their relationships with the local branch office than what the office users on average (4.10) do.

The mutuality factor, like previous factors, shows significant differences in average values also between the sub-samples of each branch office. The average office user of Sydfors to a higher degree perceive that there is mutuality in the bank-client relationship (4.11) than what the average e-banking user (3.80) does. Similarly, the average office user of Nordfors to a higher degree perceive that there is mutuality in the bank-client relationship (4.09) than what the average e-banking user (3.75) does. Both differences in average value are strongly significant (for both: t=2.9, p<0.01).

The high-income clients on average report a lower value on the mutuality factor (3.77) than what the low-income clients on average (4.06) do. This difference in average value is moderatly significant (t=2.5, p<0.05). There is, however, no significant difference in the average perceptions of mutuality between high-income and mid-income clients.

Still following the pattern, the 'Pensioner' clients moderately significantly (t=2.5, p<0.05) on average attribute a higher value on mutuality (4.24) than what the other life cycle phase groups do.

4.5. Calculative commitment

Results from the Johnson *et al* (2001) study show that the effect of calculative commitment on loyalty, is not as strong as the effect of affective commitment on loyalty. In the surveyed Norwegian bank industry, calculative commitment was found to not have a significant direct effect on loyalty.

A 'Calculative commitment' factor was operationalised by using five items in the questionnaire (item 13 to item 17) and computing the average from the sum of these items. Cronbach alpha for this calculative commitment factor was 0.79. These items capture five bank-switching intention determinants (the ones presented in Table 22 below). See also Appendix A and cf. with Jain *et al* 1987.

E-banking users, on average, highly significantly (t=3.54, p<0.01) express a stronger intention to switch bank if they are dissatisfied with the studied current main bank's performance (4.06) than what the office users on average (3.84) do.

Correspondingly, the e-banking users of Sydfors on average express a higher value on the calculative commitment factor (4.08) than what the office users of Sydfors (3.84) do. Also this difference in average value is strongly significant (t=2.6, p<0.01). Among Nordfors

clients, the corresponding difference between e-banking users (4.04) and office users (3.83) instead is moderately significant (t=2.4, p<0.05).

The high-income clients on average report a higher value on the calculative commitment factor (4.15) than the low-income clients on average (3.77) do. This difference in average evaluation is strongly significant (t=4.3, p<0.001). Accordingly, the high-income clients on average attribute a higher value on the calculative commitment factor than the mid-income clients on average (3.97) do (t=2.7, p<0.01).

The 'Pensioner' clients as a group distinguishes itself clearly from the other life cycle phase groups by reporting a significantly lower value on calculative commitment (3.61) than what the other life cycle phase groups do.

Bank-switching intention determinants

As argued by Dick and Basu (1994) "true loyalty" is formed by both loyal behaviour and a positive attitude of the individual. A positive attitude – often referred to as *customer satisfaction* – is, however, not necessarily the (sole) determinant for a loyal behaviour. The existence of *switching costs* (Porter 1980) is another possible determinant for loyal behaviour. Porter (1980:10) defines switching cost as "the one time costs facing the buyer of switching from one supplier's products to another." Thus, the (perceived) existence of switching costs may lead to a loyal behaviour even though the individual's attitudes are not positive. Service providers try to create switching costs for the consumers by building up switching barriers for them. Examples of such switching barrier mechanisms are when continued purchases are rewarded (e.g. when giving reduced interest rate loans[6] to loyal clients) or "when additional consumer learning is associated with switching services or products" (e.g. when learning to use new technology-based self-service interfaces).

Strongly related to the loyalty issue are the attitudes of the clients as regards their intentions to switch bank if they are not satisfied with the processes or the outputs of the banking service provider. *Dissatisfaction with service performance* (item 15) is perceived as the most important reason, or determinant, for bank-switching intention among the dimensions measured in our survey. On the aggregate survey level, the mean score on this item is 4.28 (see Table 22 below). The average importance with which the clients – on the aggregate survey level – attribute to service charge is 4.06. A paired-samples t test run in SPPS shows that this difference in means between 'dissatisfaction with service performance' and 'dissatisfaction with service charge' is strongly significant (t=6.3, p<0.001).

Table 22: Perceived significance of different bank-switching intention determinants on the aggregate survey level (valid n listwise=719)

Bank-switching intention based on dissatisfaction with:	All respondents	Ranking
… service performance	4.28	1
… service charge	4.06	2
… offer in general	3.96	3
… practical matters	3.93	3
… interest rate	3.60	5

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[6] By "reduced rate loans" is meant loans for which the interest rate has been reduced relative to market rates.

Although the difference in means between 'dissatisfaction with service charge' and 'dissatisfaction with service offer in general' is not more than 0.10 on the aggregate survey level, this difference is moderately significant (t=2.3, p<0.05). Thus, *dissatisfaction with service charge* is the secondly most important reason, or determinant, for bank-switching intention among the dimensions measured (as indicated by the ranking number "2" in the right column of Table 22). The paired-samples t test shows that, the difference in mean between 'dissatisfaction with service offer in general' and 'dissatisfaction with practical matters' is not significant. Therefore, these two determinants both receive importance ranking number "3".

Interestingly, dissatisfaction with the interest rate, distinctly is the least important determinant for bank-switching intention among the dimensions measured (as indicated by the ranking number "5" in the right column of Table 22)[7].

This salient *perceived importance of high service performanc*e finding corresponds well with the results of Jain *et al* (1987) and Gunnarsson *el al* (2000). We draw the same conclusion as Gunnarsson *el al* (2000:75) do: satisfactory service performance seems to be critical for the client in its relationship with the contact person/branch office. Not least importantly, this noticeable result corresponds well with the decentralization strategy of Handelsbanken (e.g., see Handelsbanken 2001).

From the service provider perspective it is very difficult to achieve sustainable competitive advantage in the marketplace if the service offer is solely based on superior products and reasonable prices. Berry (1999) argues that regardless of whether a firm's core offerings are products or services, *superior service quality* is neccessary for excellent market performance on a sustainable basis. A primary rationale for this conclusion is that high service quality is much more difficult for competitors to effectively imitate than what product quality and price is.

From a profitability perspective it is indeed interesting to note, as reported above, that *dissatisfaction with interest rate* is perceived by the clients on the aggregate survey level to be *the least important reason* (among the reasons asked about in the questionnaire) for clients' intentions to switch bank. The managerial implication from this result is that the studied branch offices can be relatively restrictive when it comes to agreeing on reductions in interest on a loan.

E-banking versus office users

As regards four of the five reasons, or determinants, for bank-switching intention, presented in Table 22 above, there are significant differences in the average perceptions between e-banking users and office users. These differences are strongly significant as regards 'service performance' dissatisfaction (t=3.4, p=0.001) and 'service charge' dissatisfaction (t=5.0, p<0.001) as shown in Table 23 below. In Table 23, the mean values for the five investigated reasons for bank-switching intention for the two surveyed channel use categories of clients are presented. As shown, there are moderately significant differences in average perception

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[7] The difference in means between 'dissatisfaction with the interest rate' and 'dissatisfaction with practical matters' is strongly significant (t=6.5, p<0.001).

between the two channel user groups of clients as regards 'offer in general' dissatisfaction (t=2.0, p<0.05) and 'interest rate' dissatisfaction.

Table 23: Perceived significance of different bank-switching intention determinants for the two surveyed channel use categories

Bank-switching intention based on dissatisfaction with:	e-banking users		Office users		T-test of mean difference: e-banking vs Office
	Mean	Ranking	Mean	Ranking	
… service performance	4.38	1	4.13	1	p=0.001
… service charge	4.24	2	3.82	2	p<0.001
… offer in general	4.03	3	3.87	2	p<0.05
… practical matters	3.96	3	3.87	2	n s
… interest rate	3.69	5	3.46	5	p<0.05

Based on the results presented in Table 23 it can be concluded that the e-banking users on average *consistently attribute more importance* to the surveyed reasons for bank-switching intention if the perceived performance of the current main bank is too poor (as compared to competitors), than what the office users do.

A paired-samples t test shows that the patterns of differences in means between the bank-switching intention determinants is somewhat different across e-banking users as compared to office users. In both channel user categories, the most and the least important determinants are the same (see the ranking columns in Table 23). But in the e-banking user group of clients, the 'dissatisfaction with service charge' is perceived significantly higher in importance (t=4.2, p<0.001) than what 'service offer in general' is. This renders 'dissatisfaction with service charge' the ranking # 2 alone among e-banking users – which is not the case among the office users.

As regards "the importance ranking profile" it can also be noted that e-banking users have the same ranking pattern of the five determinants for bank-switching intention as what the whole survey respondent population has. Among office users, however, the three "mid-importance" determinants are not discriminating themselves from each other.

High- versus low-income clients (for the two channel use categories)

As regards the bank-switching intention determinants there are some significant differences between high- and low-income clients. High-income e-banking users moderately significantly (t=2.4, p<0.05) have stronger bank-switching intentions because of *dissatisfaction with service charges* (mean=4.36) than what low-income e-banking users (4.03) have. When it comes to bank-switching intentions because of *dissatisfaction with interest rate* there is a strongly significant difference (t=3.3, p=0.001) between high-income e-banking users (3.88) and low-income e-banking users (3.30). So, even if dissatisfaction with interest rate is the least important determinant for bank-switching intention (see Table 22 and Table 23), it is yet perceived relatively important for the group of high-income e-banking users.

Also for office users there is a strongly significant difference (t=2.8, p<0.01) between high-income office users (3.93) and low-income office users (3.25) as regards the perceived

importance of *dissatisfaction with interest rate* as a determinant of bank-switching intention. In contrast to e-banking users, there is also a moderately significant difference (t=2.4, p<0.05) when it comes to perceived importance of *dissatisfaction with service performance* between high-income office users (4.50) and low-income office users (3.98). There is also a moderately significant (t=2.1, p<0.05) difference between high-income office users (4.50) and mid-income office users (4.14). Thus, 'service performance' is perceived as important by high-income office users and by all e-banking users, irrespective of their income level (cf. Table 23). As among e-banking users, high-income office users on average (4.05) weakly significantly (t=1.7, p<0.10) perceive *dissatisfaction with service charge* as a more important determinant for bank-switching intention than how low-income office users on average (3.63) perceive it.

High- versus low-income clients (for the four sub-samples)

Are there any distinctive differences between high- and low-income clients as regards perceptions of bank-switching intentions across the four sub-samples? *Dissatisfaction with service performance* is perceived as the most critical reason for bank-switching intention on the aggregate survey level (see Table 22 above). As can be seen from Table 24 below there is a distinctive difference between high- and low-income clients in the 'Nordfors office' sample. This difference in average perceptions is weakly significant (t=1.9, p<0.10). The difference in average perceptions between high- and mid-income clients among Nordfors office users is likewise significant.

Table 24: Switching-intention if dissatisfaction with service performance: Mean per household income class for the four sub-samples

	Sydfors eBanking			Nordfors eBanking	
Low	Mid	High	Low	Mid	High
4.33	4.38	4.49	4.32	4.31	4.37

	Sydfors office			Nordfors office	
Low	Mid	High	Low	Mid	High
4.05	4.28	4.43	3.92	4.04	4.58

On the aggregate survey level, *dissatisfaction with interest rate* was perceived by the clients to be the least important reason for intention to switch bank (see Table 22 above). Are there any differences between high-income and low-income clients on the sub-sample level as regards how strong their intentions to switch bank are, if they are dissatisfied with the interest rate? In all four sub-samples the high-income clients on average perceive dissatisfaction with interest rates to be more important for intention to switch bank than what low-income clients on average do (see Table 25 below). However, these differences in average perceptions are significant only in the Sydfors office sample and the Nordfors e-banking sample.

Table 25: Switching-intention if dissatisfaction with interest: Mean per household income class for the four sub-samples

	Sydfors e-banking			**Nordfors e-banking**	
Low	Mid	High	Low	Mid	High
3.45	3.83	3.80	3.19	3.56	4.00

	Sydfors office			**Nordfors office**	
Low	Mid	High	Low	Mid	High
3.05	3.65	3.87	3.40	3.35	4.00

Different life cycle phases (for the two channel use categories)

There are also significant differences between some of the different life cycle phase groups as regards some of the surveyed determinants for bank-switching intention.

'Children family' e-banking users moderately significantly (p<0.05) attribute higher importance to service performance (4.39 vs 3.81), service charge (4.29 vs 3.75) and service offer in general (4.06 vs 3.44) than what 'Pensioner' e-banking users do (see . Similarly, 'Children family' office users moderately significantly attribute higher importance to service performance than what 'Pensioner' office users do to service performance (4.26 vs 3.88) and service charge (3.93 vs 3.51).

When comparing the perceptions of 'Children family' clients with 'Older single/couple' clients there is one moderately significant differerence. Interestingly, the 'Older single/couple' office users on average perceive *the interest rate* to be more important (t=2.3, p<0.05) than what the 'Children family' office users do (3.90 vs 3.46).

'Children family' e-banking users attribute even a strongly significantly (t=2.6, p<0.01) higher importance to the interest rate (3.84 on average), as a source to bank-switching intention, than what 'Younger' e-banking users (3.47 on average) do.

'Pensioner' clients distinguish themselves as a group from the other life cycle phase groups of clients as regards their perceptions about bank-switching intentions. As mentioned above, 'Pensioner' e-banking users and 'Pensioner' office users are significantly more loyal than what corresponding 'Children family' users are, as regards some of the determinants for bank-switching intention.

This pattern is the same in relation to 'Older single/couple' clients. 'Pensioner' e-banking users moderately significantly (t=2.5, p<0.05) attribute lower importance to 'service performance' (3.81) than what 'Older' e-banking users (4.40) do. 'Pensioner' e-banking users weakly significantly (t=1.7, p<0.10) attribute lower importance to 'service offer in general' (3.44) than what 'Older' e-banking users (3.89) do.

Among the office users, the 'Pensioner' clients moderately significantly (t=2.1, p<0.05) attribute lower importance to 'service performance' (3.88) than what 'Older' e-banking users (4.26) do. 'Pensioner' office users strongly significantly (t=3.5, p=0.001) attribute lower

importance to 'service charge' (3.51) than what 'Older' office users (4.16) do. Interestingly, 'Pensioner' office users strongly significantly (t=3.7, p<0.001) perceive that dissatisfaction with the interest rate to a lesser extent influence on bank-switching intention (3.18) than what 'Older' office users (3.90) do.

Interestingly, there are no significant differences in perceptions on the office user side between 'Pensioner' clients and 'Younger' clients. On the e-banking user side, however, 'Pensioner' clients are strongly significantly (p<0.01) lower in their perceived importance of dissatisfaction with service performance (3.81 versus 4.47) and dissatisfaction with service offer in general (3.44 versus 4.16). They are also moderately significantly (p<0.05) lower in their perceived importance of dissatisfaction with service charge (3.75 versus 4.30) as a source to bank-switching intention.

Finally, there are also some distinctive differences between the 'Older single/couple' clients and the 'Younger single/couple' clients. The 'Older' e-banking users weakly significantly (t=1.9, p<0.10) attribute less importance to the 'service offer in general' (3.89), as a source of bank-switching intention, than what the 'Younger' e-banking users (4.16) do. On the office user side, the 'Older' are strongly significantly (t=3.3, p=0.001) more concerned with dissatisfaction with service charge (4.16 versus 3.33) and, interestingly, with dissatisfaction with interest rate (3.90 versus 3.00) than what the 'Younger' e-banking users are.

Further, while 'Younger' e-banking users do not attribute a particularly high importance to the interest rate, they are comparatively high in how they perceive the importance of service performance. The 'Younger' e-banking users on average attribute 4.47 on dissatisfaction with service performance as perceived importance for bank-switching intention, while 'Younger' office users on average report 4.22. However, this difference in the average perception between these two channel user groups is not significant.

As reported above, there are significant differences between e-banking and office users on the aggregate survey level. On the life cycle group level there are no significant differences between e-banking and office users as regards 'service performance dissatisfaction' in any of the four life cycle phase groups. In the 'Younger' client group, e-banking users strongly significantly attribute higher importance to 'service charge dissatisfaction' than what office users (t=4.4, p<0.001) do. In the 'Younger' client group, e-banking users also moderately significantly attribute higher importance to 'offer in general dissatisfaction' than what office users (t=2.2, p<0.05) do. In addition, 'Younger' e-banking users weakly significantly attribute higher importance to 'interest rate dissatisfaction' than what office users (t=1.7, p<0.10) do.

In Table 26 all significant differences on the 5% significance level between the means of e-banking versus office users are marked with bold figures. Differences on the 10% significance level are marked with figures in italics.

Table 26: Significance of different bank-switching intention determinants: mean per four life cycle groups and two channel user groups

Life cycle group per channel user group	Service performance dissatisfaction	Service charge dissatisfaction	Offer in general dissatisfaction	Interest rate dissatisfaction
Younger e-banking	4.47	**4.30**	**4.16**	*3.47*
Younger office	4.22	**3.33**	**3.70**	*3.00*
Children family e-banking	4.39	**4.29**	4.06	**3.84**
Children family office	4.26	**3.93**	3.95	**3.46**
Older e-banking	4.40	4.20	3.89	3.72
Older office	4.26	4.16	4.00	3.90
Pensioner e-banking	3.81	3.75	3.44	3.44
Pensioner office	3.88	3.51	3.70	3.18
All e-banking users	**4.38**	**4.24**	**4.03**	**3.69**
All office users	**4.13**	**3.82**	**3.87**	**3.46**
All	4.28	4.06	3.96	3.60

Client's level of involvement

The client's own conduct in terms of her/his level of involvement in the own household economy has implications for attitudes and behaviour as regards banking services. A 'Client's level of involvement' factor was operationalised by using four items in the questionnaire (item 11, 18, 23 and 25) and computing the average from the sum of these items. Cronbach alpha for this level of involvement factor was 0.82. These items capture dimensions such as degree of interest, level of information collection, amount of time spent on the own household economy and perceived knowledge about the service range supply of different banks (see Appendix A).

E-banking users, on average, highly significantly (t=3.15, p<0.01) have a higher level of involvement in their own household economy (3.30) than what the office users on average (3.10) have.

The level of involvement factor, interestingly shows different results for Sydfors', as opposed to Nordfors', client bases. Among Sydfors' clients there is no significant difference between e-banking and office users as regards level of involvement in the own household economy. Among Nordfors clients, on the other hand, the e-banking users on average have a higher level of involvement (3.25) than what the office users (3.00) have. This difference in average level of involvement value is strongly significant (t=2.8, p<0.01).

There is a marked, or strongly, significant difference between high-income and low-income clients when it comes to their level of involvement. The high-income clients on average have a higher level of involvement (3.47) than what the low-income clients on average (2.94) have. This difference in average value is strongly significant (t=6.0, p<0.01). There is also a

strongly significant difference (t=3.1, p<0.01) in the average level of involvement between high-income clients and mid-income clients (3.25).

There is also a strongly significant (t=2.6, p<0.01) difference on the life cycle phase level between 'Children family' clients (3.29) and 'Younger single/couple' clients (3.06). The 'Children family' clients are on average more active than what the 'Younger single/couple' clients are. Also the 'Older single/couple' clients (3.32) have on average a higher level of involvement than what the 'Younger single/couple' clients have. This difference is moderately significant (t=2.5, p<0.05).

Switching barriers

For a service like banking, there is a distinctive difference between having a negative attitude towards a supplier/service provider and actually switching to another supplier/service provider. This can partly be explained by the "membership" relationship in place for a service like banking (Lovelock 1983). According to Lovelock (1983) a "membership" relationship often result in customer loyalty to a particular service provider. As a marketing strategy, many service businesses therefore seek ways to develop formal on-going relationships with its customers to ensure repeat business. In a fairly recent telephone survey study, conducted by Englund *et al* (2001), on 2,000 Swedish private clients within the age interval of 20-75 years, one result was that less than 5% of the Swedish private clients switch bank during a year. The explanations given are that:
(1) private clients find it pointless to switch bank, because they have difficulties in recognizing concrete benefits. In other words, to switch bank is therefore (so far) an issue of low priority for Swedish private clients, and,
(2) private clients find it troublesome to switch bank, because of the complex service range and the defective price information on the retail banking market.

One of the items in our questionnaire captures the degree to which the respondent perceives it as troublesome to switch bank (item 24). On the aggregate survey respondent level, the mean value on this item is below the centre (2.77) indicating that the respondents do not perceive it as particularly troublesome to switch bank. E-banking users strongly significantly (t=3.0, p<0.01) perceive it to be lesser troublesome to switch bank (2.65) than what office users on average (2.94) do. Interestingly, high-income clients strongly significantly (t=3.1, p<0.01) perceive it to be lesser troublesome to switch bank (2.55) than what low-income clients on average do (2.95) and moderately significantly (t=2.3, p<0.05) perceive it to be lesser troublesome to switch bank than what mid-income clients on average (2.80) do. This result is contrary to what Gunnarsson *et al* (2000:75-76) found, viz. that high-income clients find it more troublesome to switch bank than what other clients perceive it. The explanation given by Gunnarsson *et al* (ibid.) for their finding is that clients in the high-income segment have a relatively more complex portfolio of assets, which correspondingly implies more work when switching bank.

Interestingly, there is also a significant difference between e-banking users and office users at one of the studied branch offices, but not at the other. At Sydfors, e-banking users strongly significantly (t=3.3, p≤0.001) perceive it to be lesser troublesome to switch bank (2.40) than what office users on average (2.85) do. At Nordfors, on the other hand, there is no significant difference between the two channel user groups as regards perceived troublesomeness with switching bank.

On the life cycle phase level, the 'Pensioner' clients as a group distinguish itself from the other life cycle phase groups as regards perceptions about how troublesome it is to switch bank. 'Pensioner' clients strongly significantly (t=5.7, p<0.001) perceive it (3.51) to be more troublesome to switch bank than what 'Younger single/couple' (2.59), 'Children family' (2.64) and 'Older single/couple' (2.64) clients do.

Life cycle phase data comparisons on some determinants of loyalty

Office users on average to a significantly higher degree perceive that corporate image, client-orientation and mutuality are stronger or higher than what e-banking users on average perceive. As expected, e-banking users on average report a significantly higher level of involvement and higher calculative commitment than what office users on average do.

These differences between the average e-banking and office users on the aggregate survey level are strongly significant (3.2≥t≤4.1, p<0.01) for all the four relationship-related factors and for the level of involvement.

Table 27: Some determinants of loyalty as perceived by four life cycle phase groups and two channel user groups

Life cycle group per channel user group	Corporate image	Calculative commitment	Client-orientation	Mutuality	Level of involvement
Younger e-banking	4.12	**4.12**	3.45	**3.78**	3.11
Younger office	4.11	**3.61**	3.58	**4.35**	2.89
Children family e-banking	4.01	*4.10*	**3.30**	*3.77*	**3.36**
Children family office	4.10	*3.92*	**3.57**	*3.99*	**3.12**
Older e-banking	*4.22*	4.04	3.39	3.78	**3.53**
Older office	*4.05*	4.06	3.30	3.92	**3.14**
Pensioner e-banking	4.34	3.56	3.57	*3.80*	3.20
Pensioner office	4.56	3.62	3.97	*4.31*	3.13
All e-banking users	**4.09**	**4.06**	**3.37**	**3.78**	**3.30**
All office users	**4.24**	**3.84**	**3.63**	**4.10**	**3.10**
All	4.15	3.97	3.47	3.91	3.22

In Table 27 all significant differences on the 5% significance level between the means of e-banking versus office users are marked with bold figures. Differences on the 10% significance level are marked with figures in italics.

Interestingly, there are significant differences between e-banking and office users as regards different relationship-related factors for the different life cycle phase groups.

Among 'Younger' clients, e-banking users strongly significantly attribute higher importance to calculative commitment (t=3.3, p=0.001) and moderately significantly perceive a lower degree of mutuality (t=2.1, p<0.05) than what office users do.

Among 'Children family' clients, e-banking users strongly significantly (t=2.8, p<0.05) perceive that the branch office has a lower degree of client-orientation than how office users perceive it. Also, e-banking users moderately significantly (t =2.5, p<0.05) have a higher level of involvement, than what office users do. In addition, they express a higher calculative commitment and a lower perception of the mutuality in the relationship with the branch office, than what office users do.

Among 'Older' clients, e-banking users strongly significantly (t=2.9, p<0.01) have a higher level of involvement, than what office users do. They also weakly significantly (t=1.7, p<0.10) perceive that the corporate image is weaker than what the office users do.

Among 'Pensioner' clients finally, there is only one weakly significant difference: e-banking users weakly significantly (t=1.7, p<0.10) perceive a lower degree of mutuality in the relationship than what the office users do.

4.6. Corporate image and relationship factors: systematic differences between the different channel user groups

Loyalty is the main dependent variable focused on in this report. One of the major factors influencing on loyalty is 'corporate image', or brand strength, as presented in the introduction of this chapter (cf. Johnson *et al* 2001). As reported above in section 4.2, corporate image has since long been considered as a critical aspect of a firm's ability to maintain its market position, as corporate image has been considered related to customer patronage (Korgaonkar *et al* 1985). Corporate image is an issue of attitudes and beliefs with regard to customer satisfaction and consumer behaviour (Fornell 1992), and it is a function of the cumulative effect of customer (dis)satisfaction (ibid.). There are significant differences between the two studied channel group's perceptions about corporate image, as reported on in section 4.2. In the previous sections of the present chapter, it has been shown that also a number of client perception factors about different conduct and behaviour aspects of the contact person are perceived significantly different by e-banking and office users respectively. Therefore, corporate image and these client perception of contact person factors will be brought together and discussed in this section. In this summarizing discussion, the perceptions of e-banking users will be compared with the perceptions of office users. We argue that retail banking in many aspects resemble commercial banking. As Paulin *et al* (2000b:335), admittedly focusing on commercial baking, point out:

> …, the causes of good or bad relationships can not be attributed exclusively to the characteristics of the bank. The effectiveness of commercial banking relationships seems to be dependent on the characteristics of both parties, the account manager and the client.

Accordingly, one of the question areas focused on significant characteristics of the client her-/himself, viz. the degree of involvement in the own economy, by us labelled as 'client's level of involvement'.

As mentioned earlier, our questionnaire survey was mainly based on service marketing research and self-service technology research. A particular focus was devoted in the questionnaire on relationship-aspects of client–contact person relationships.

The following constructed factors will be discussed in this section:

- 'Corporate image'

- 'CP responsiveness and empathy'
- 'Perceived competence of CP'
- 'CP reliability and communication'
- 'Mutuality of CP'
- 'CP client-orientation'
- 'Timely communication of CP'

- 'Client's level of involvement'

We formed these different relationship factors, or indexes, from intercorrelated questionnaire items through a principal component analysis. As mentioned previously in this chapter, these factors have been formed by the measurement variables as follows.

The *'Corporate image'* items capture dimensions such as the previous experiences and the current satisfaction with the services provided by the bank, the bank's degree of trustworthiness and being confidence-inspiring, its reputation and the client's willingness to recommend the bank to others (so called "word-of-mouth").

The *'CP responsiveness and empathy'* items capture dimensions such as the contact person's/the bank's perceived interest and involvement in the client's banking errands, degree of helpfulness, degree of consideration, degree of attention for expressed desires, and the perceived degree of mutual commitment for each other.

The *'Perceived competence of CP'* items capture dimensions such as the perceived degree of expert knowledge and sound judgement of the contact person/the bank.

The *'CP reliability and communication'* items capture dimensions such as the contact person's/bank's perceived degree of fulfilling its promises, its ability to inform the client in a language that the client can understand, its degree of being available and its degree of pro-active conduct in bringing banking errands/businesses to an end.

The *'Mutuality of CP'* items capture dimensions such as the contact person's/the bank's ability to understand the client's household economy situation and to provide the client with timely information, its degree of efforts to adapt to the client's household economy situation and the degree of perceived mutual trust as a basis for the banking errands/businesses.

The *'CP client-orientation'* items capture dimensions such as the contact person's/the bank's ability to identify the real needs of the client, extent of follow-up activities, degree of responsiveness, degree of long-term orientation and interest in current clients.

The *'Timely communication of CP'* items capture dimensions such as the contact person's/bank's degree of providing the client with individualized attention as regards changes in the service range of the bank and changes in the client's household economy situation.

The *'Client's level of involvement'* items capture dimensions such as degree of interest, level of information collection, amount of time spent on the own household economy and perceived knowledge about the service range supply of different banks.

In the following Table 28, the reliability coefficients for the focused constructed factors, or indexes, are presented in the third column. In the last column, these factors are linked to different loyalty drivers, as suggested by the frameworks of Johnson *et al* (2001:234, 235). It can be commented that the clarifications in parenthesises after 'Customer satisfaction' refer to SERVQUAL dimensions.

Table 28: Relationship factors from the questionnaire study as indicators of loyalty drivers

Factor (index)	Number of questions	Reliability (alpha coefficient)	Suggested to be indicators of the following Drivers of loyalty (cf. frameworks of Johnson *et al* 2001:234, 235)
Corporate image	7	0.90	Corporate image
CP responsiveness and empathy	5	0.92	Affective commitment
Perceived competence of CP	2	–	Customer satisfaction (reliability quality)
CP reliability and communication	4	0.85	Customer satisfaction (reliability quality)
Mutuality of CP	4	0.87	Affective commitment
CP client-orientation	6	0.78	Customer satisfaction (responsiveness quality)
Timely communication of CP	3	0.80	Customer satisfaction (reliability quality)
Client's level of involvement	5	0.82	Calculative commitment

Corporate image and relationship factors – and channel choice

What factors or dimensions are 'building' perceptions about corporate image? Different conduct and behavior aspects of the Contact Person, which the client interact with, have a strong correlation with perceived corporate image as shown in Table 29 below. Since there are significant differences between the perceptions of e-banking and office users in these aspects (as presented earlier in this chapter), the correlation coefficients are presented for the two user groups separately. As all correlation coefficients in Table 29 are significant on the 0.01 level, only the correlation coefficient that is significant on the 0.05 level – i.e., between 'Corporate image' and 'Client's level of involvement' for the e-banking users – is marked (with an asterix) in the Table.

Table 29: Relationship factors with strong correlation with 'Corporate image':
Client's perceptions about different conduct and behavior aspects of the Contact Person, and client's
level of involvement in the own household economy

'Corporate image' co-variance with:	e-banking users (number of respondents)	office users (number of respondents)
… 'CP responsiveness and empathy'	0.55 (n=274)	0.65 (n=189)
… 'Perceived competence of CP'	0.47 (n=279)	0.63 (n=190)
… 'CP reliability and communication'	0.50 (n=279)	0.61 (n=182)
… 'Mutuality of CP'	0.44 (n=280)	0.60 (n=188)
… 'CP client-orientation'	0.50 (n=279)	0.55 (n=181)
… 'Timely communication of CP'	0.40 (n=278)	0.47 (n=177)
… 'Client's level of involvement'	0.11* (n=421)	0.20 (n=319)

These results show that 'corporate image' is markedly related to the perception of the personal relationship with the contact person, her/his perceived competence and her/his conduct and behaviour in different relational aspects. These strong co-variations are systematically somewhat higher for the office users than for the e-banking users.

Systematic differences in perceptions of relationship factors between channel user groups

The perceived corporate image influences on the degree of loyalty. Through a principal component analysis we formed different relationship factors, or indexes, from intercorrelated questionnaire items such as, e.g., corporate image and other dimensions capturing the perceived relationship with the branch office contact person.

As shown from the results presented in Table 30 below, an e-banking user on average consistently and significantly perceive the degree of corporate image and different conduct and behavior aspects of the Contact Person at the branch office to be lower than *how* an average office user *perceives* it in terms of: responsiveness and empathy, competence, reliability and communication, mutuality, client-orientation and timely communication – of the Contact Person. At the same time, the client's level of involvement in the own household economy is, as mentioned before, significantly higher for the e-banking users.

Table 30: Client perceptions about corporate image, different conduct and behaviour aspects of the Contact Person, and the client's own level of involvement

	mean e-banking users	mean office users	mean difference	significance level t-test
Corporate image	4.09	4.24	0.15	p < 0.01
CP Responsiveness and empathy	3.99	4.29	0.30	p < 0.01
Perceived competence of CP	3.78	4.27	0.49	p < 0.01
CP Reliability and communication	4.02	4.20	0.18	p < 0.01
Mutuality of CP	3.78	4.10	0.32	p < 0.01
Client-orientation of CP	3.37	3.63	0.26	p < 0.01
Timely communication of CP	3.08	3.43	0.35	p < 0.01
Client's level of involvement	3.30	3.10	0.20	p < 0.01

The dependent variable focused on at the moment, i.e. corporate image, has been listed first and then the different Contact Person conduct and behaviour factors have been placed in descending value order as they are valued by the office users. The focused characteristic of the client her-/himself is placed at the end of the table.

The results show that there are strongly significant differences in average perceptions between e-banking users and office users as regards the factors in Table 30. Office users systematically perceive their relationships with the contact person/bank to be more positive than what e-banking users do. E-banking users, on the other hand, have a significantly higher level of involvement in their own household economy than what the office users have. Interesting to add is also the finding that the client's income level is strongly associated with the 'level of involvement' factor (see section 4.5). High-income clients are significantly more involved (3.47) than the mid-income clients (3.25), which in turn are significantly more involved than what the low-income clients (2.97) are.

The systematic gaps between e-banking users and office users presented in Table 30 are also illustrated graphically in Figure 10 below.

Factor	e-bank.	office	3	4	5
Corporate image	4.09	4.24			
Responsiveness and empathy	3.99	4.29			
Perceived competence	3.78	4.27			
Reliability and comm.	4.02	4.20	e-banking		
Mutuality	3.78	4.10			
Client-orientation	3.37	3.63		office	
Timely communication	3.08	3.43			
Level of involvement	3.30	3.10			
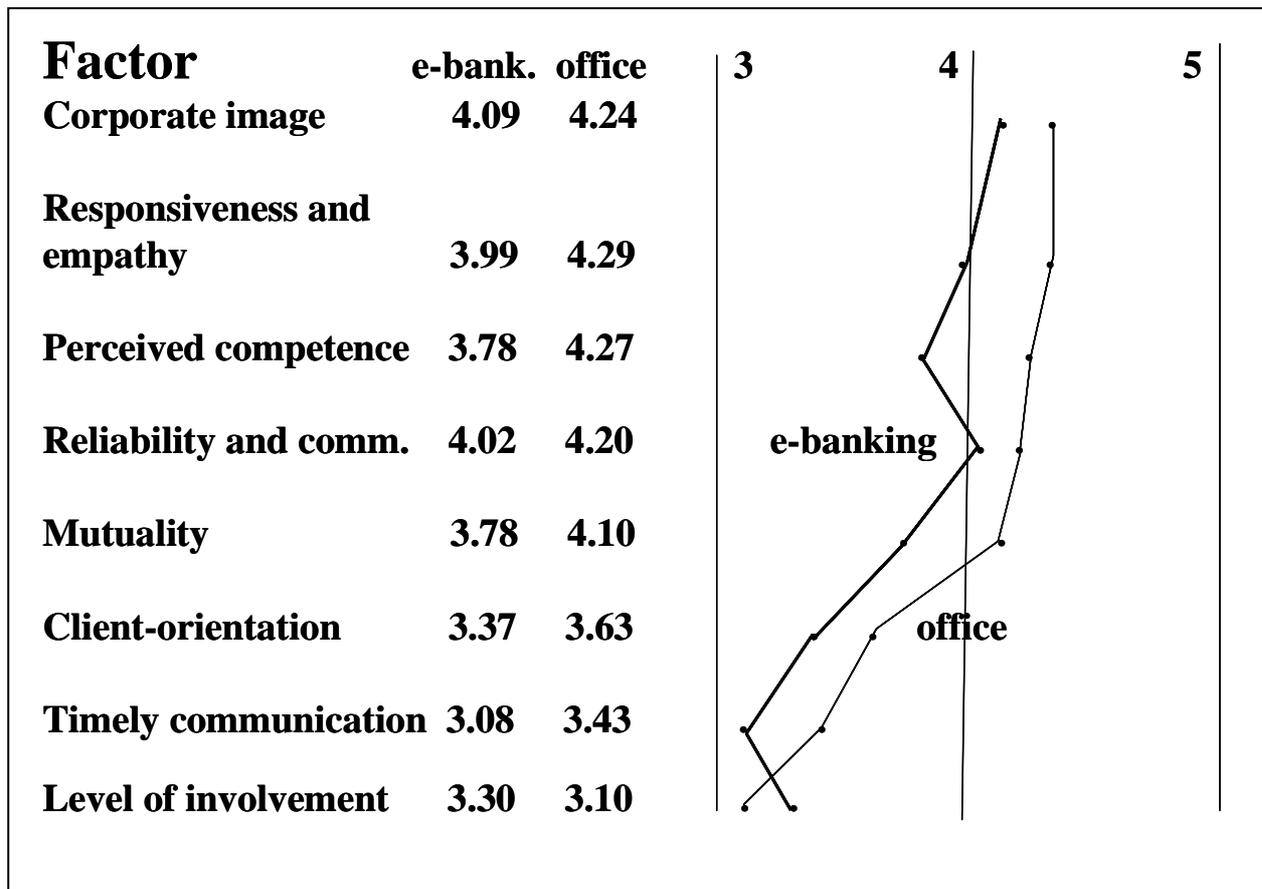
Figure 10: A gap comparison between average perceptions of e-banking and office users about corporate image, different conduct and behaviour of the contact person factors, and the client's level of involvement

Thus, the clients' perceptions differ from each other depending upon which channel they usually use for their banking errands. There are, at least, two possible explanations for these systematic differences in perceptions. One explanation is that the e-banking users have become distanced from the contact person/branch office and therefore no longer perceive that they have a strong relationship with her/him/it. A second possible explanation is that e-banking provides the e-banking users with other advantages which compensate for a weaker relationship to its contact person/branch office.

In other words, an average e-banking user – compared to an average office user – has a weaker bond to the bank. For an e-banking user, this means that the bank to a higher degree is interchangeable.

The results presented indicate that e-banking has changed the basis for the client's relationship with the bank and this influences on the client. As Lynch (1996:ix) puts it:

> People in every area of their lives are changing the basis of their relationships and new types of relationships are changing people.

5. Concluding remarks

In the introductory chapter, a reference was given to Lynch (1996:ix-x) where he identified eight paradoxes confronting the banker of today. The fifth of these paradoxes was formulated as follows:

> *Banks have vastly improved their methods of risk assessment, except in the area where it really matters – how clients behave.*

In this report particularly this paradox has been in focus: to provide insights into *how different segments of clients behave*. Related to the 8th of Lynch's paradoxes, e-banking is also to a large degree revolving around a *distance and closeness paradox*:

Banks want to *cut costs* – through technology-based self-service use (i.e. often implying a lower level of customer contacts, which can be perceived of as an increasing distance between the client and the branch office) – *and* at the same time to *have near/strong customer relationships*, in order to strengthen customer loyalty.

These two paradoxes, together with the expressed needs of the representatives of Handelsbanken in the research project team, formed the starting point for the study which is presented in this report.

Handelsbanken was chosen as the study object by the research group in the project called "Informationsteknologins påverkan på bankkontorens kunder och medarbetare" because this universal bank has been the most profitable Swedish bank during the last 30 years. The bank has in a long-range way built and refined a strong corporate culture, based on the ten commandments of Jan Wallander in the early 1970s. The corporate culture holds a deliberate relationship-oriented way of working and documented satisfied clients. According to the annual customer satisfaction survey of Svenskt Kvalitesindex, Handelsbanken has since 1998 received the markedly highest customer satisfaction score ($\geq$+5 enheter) among the Swedish universal retail banks. Since high standards in business performance by us are perceived as more important than high standards in e-banking capabilities, rather than vice versa, Hndelsbanken therefore was our first and foremost case study firm choice. An additional reason was that Handelsbanken, in our view, was the most relationship-oriented bank among the Swedish universal banks.

This study is a continuation of the relationship focus which we pursued also before the current study, reported in Fredriksson and Lindblad (2001). In the former study, a number of qualitative interviews had been conducted by us with management and employees at the two small town branch offices chosen by the bank to be included in our study. We therefore had a reasonably good pre-understanding of "the matters at hand" when we decided that a mail questionnaire survey should be conducted.

Two banking channels were selected by the researcher project team to focus on in the questionnaire: the Internet channel and the traditional branch office channel. This decision was in accordance with the reasoning of Mols (1999) who assumes, for reasons of simplification, that only two significant bank client segments exist, namely an "Internet banking segment" and a "branch banking segment".

As reported in chapter 2, the representatives for Handelsbanken in the research project team selected two small town branch offices to be included in the survey: denoted Sydfors and Nordfors. Among the private clients of these two branch offices, users of two channels were selected: the e-banking and the (physical) office users. With the expectation of reaching a response rate of 70% we came to the conclusion that the sample size should be 300 clients in each of the four cells of the chosen sub-sample design. The decision to have this equal number in each sub-sample cell, instead of a proportionate selection in relation to the population size of each sub-sample, was motivated by our interest in being able to compare the sub-samples with each other. The 2 x 2 x 300 – that is 1,200 in total – respondents were randomly drawn from the central data warehouse database by the central data warehouse department of Handelsbanken.

Usable questionnaires were returned by 822 clients representing a response rate of 68.5% which is satisfactory, particularly when considering that the questionnaire was relatively lengthy (see Appendix A). We conclude that one important factor explaining the satisfactory response rate is the relatively high client satisfaction perception that Handelsbanken's clients have about the bank (Svenskt Kvalitetsindex 2003) and also a relatively high perceived commitment in their relationships with the branch offices. The response rate for the Sydfors client sample was 68% and for the Nordfors client sample it was 69%.

Important to repeat is that all the analyses conducted and presented in this report are based on those *respondents that have Handelsbanken as their main bank* (item 2 in the questionnaire). The primary rationale for this decision is that there were significant differences in perceptions between these two groups of private clients. To exemplify, respondents that have Handelsbanken as its main bank score 4.15 on average on the 'corporate image' factor, while respondents not having Handelsbanken as its main bank only score 3.72 on average. This difference in perceptions about Handelsbanken is strongly significant (t=4.62, p<0.01). We assume that clients that have Handelsbanken as their main bank are more committed stakeholders in the services that Handelsbanken are providing them, than what the clients that do not have Handelsbanken as their main bank are. Therefore, the 753 responding clients reporting to have Handelsbanken as its main bank (constituting 92% of the total of 822 respondents) was selected as the data set for the conducted analyses.

To sum up, this study has focused on what private clients to a Swedish relationship-oriented merchant bank perceive concerning different relationship-aspects associated with fairly simple transaction services mediated through the use of two banking channels: e-banking (Internet-based banking) and branch office visits. In other words, one form of technology-based self-service and one form of personal service from the client's perspective have been investigated.

Based on the analysis of our survey results a number of relationship-related conclusions have been reached at. By 'relationship-related' is meant that the following question has been in focus in this report: *How is e-banking influencing on 'private client–contact person/branch office' relationships?* As shown in the preceeding chapters, this issue is very much dependent upon *who* the client is.

Our survey results show that e-banking user clients in a number of aspects distinguish themselves from office user clients as regards their *perceptions of the* 'private client–contact

person/branch office' *relationship*. Interestingly enough, results sometimes also show different client perceptions of the 'private client–contact person/branch office' relationship across the two surveyed provincial branch offices (given the same type of e-banking vs office user sample).

The survey results clearly indicate that Handelsbanken's private clients in general have *high valuations* about Handelsbanken's service performance. These results are expected. As presented in the introductory chapter, the Svenskt Kvalitetsindex survey results show that Handelsbanken since 1998 consistently has received distinctly higher customer satisfaction scores – as perceived by each respective bank's clients – than what the other universal Swedish retail banks have received.

Some of the conclusions

- High-income clients are important

From the bank's perspective, the starting point is that clients in high-income households are assumed to be the most interesting clients. The rationale is that high income clients are assumed to provide more profits – in absolute terms – to the bank than what clients with lower income do. In this study we have defined high-income households as households with a monthly gross income exceeding 40,000 SEK. The Sydfors office finds itself in a more favourable position in the household income dimension for their private clients than what the Nordfors office does. 33% of the Sydfors' respondents are members of a high-income household, while this proportion among Nordfors' respondents only is 20%.

A clear majority of the high-income clients in our survey belong to the e-banking user samples. 81% of the Sydfors high-income household respondents belong to the e-banking user group (and 19% consequently to the office user group). 75% of the Nordfors high-income (households) belong to the e-banking user group.

- E-banking users are important

As *78% of the high-income clients*, among the respondents, on the aggregate survey level are e-banking users, this channel user group is important to the bank. Among them, obviously, the high-income e-banking user clients are particularly important.

Despite that the total number of e-banking clients only is about a third of the total number of office clients on the aggregate level for the two studied branch offices together, there are in the total client population more high-income clients belonging to the e-banking user group (about 370 clients) than belonging to the office user group (about 330 clients). Thus, e-banking user clients as a group are, at least, equally important as office user clients from the branch office's profitability perspective.

- Client profiles vary across clients' household income levels

High-income e-banking clients at Sydfors – on average – significantly have more bank relationships, are more economically active, more educated, older, use e-banking more

frequently, use a broader range of e-banking services, and perceive a better e-banking payment fit – than middle- and low-income e-banking clients at Sydfors.

Curiously enough, just four of these seven correlations among Sydfors clients are significant for the e-banking clients at Nordfors. High-income e-banking clients at Nordfors – on average – have more bank relationships, are more economically active, more educated and older – than middle- and low-income e-banking clients at Nordfors.

- The high-income e-banking low-frequent office visitors may constitute business at risk

High-income e-banking users that visit the office seldomly, in this study defined as visiting the office less often than once a month, should be given due attention. As these low-frequent office visiting high-income e-banking clients constitute for a fairly high proportion of the high-income clients, client loss risks for the branch office may be lowered for the branch office if its contact persons are pro-active and investigate how these clients perceive their relationships with the branch office, and then take adequate action. At Sydfors the low-frequent office visitors constitute for 57% of the high-income e-banking clients. At Nordfors the equivalent share is 66%.

- E-banking users are less satisfied with the service performance

The perceived *service performance* is one critical determinant of customer satisfaction. Handelsbanken's service performance (item 6 in the questionnaire) is one of the indicators building up the corporate image factor. On the aggregate survey level the clients attribute the score 4.20 (on a five-point Likert scale) on this item. But, given the perceived high general valuation level from the respondents of the surveyed branch offices' service performance, it is interesting to note that there are significant differences in perceptions between e-banking users and office users. On average, the *e-banking users report distinctly lower valuations* of the surveyed branch offices' service performance (4.12) than what the office users (4.31) do. Since satisfactory service performance is perceived critical by the clients as regards their intention to switch bank (see below), this significant difference between the two channel user groups deserve due managerial attention.

- Satisfactory service performance perceived as most critical

Strongly related to the loyalty issue is the client attitude as regards their intentions to switch bank if they are not satisfied with the processes or the outputs of the banking service provider. *Dissatisfaction with service performance* is perceived by the clients to be the most important reason, or determinant, for bank-switching intention among the dimensions measured in our survey. On the aggregate survey level, the mean score on this item is 4.28 (see Table 22 in section 4.5). The secondly highest rated determinant is 'dissatisfaction with service charge'. The average importance that the clients – on the aggregate survey level – attribute to service charge is 4.06. The difference in means between 'dissatisfaction with service performance' and 'dissatisfaction with service charge' is strongly significant.

Interestingly, *dissatisfaction with the interest rate*, distinctly is the least important determinant for bank-switching intention among the five determinants measured in our survey. One

important managerial implication that the contact person or the branch office management can draw from this finding is that s/he – or the branch office management – can be moderate in negotiation situations about loan interest reductions with its clients, *given* that the client perceives service performance to be high.

Our finding that high service performance has salient importance corresponds well with the findings of Jain *et al* (1987) and Gunnarsson *el al* (2000). We draw the same conclusion as Gunnarsson *el al* (2000:75) do: satisfactory service performance seems to be critical for the client in its relationship with the contact person/branch office. Not least importantly, this noticeable result corresponds well with the decentralization strategy of the studied service provider Handelsbanken (e.g., see Handelsbanken 2001:2).

Based on the results presented in Table 23 (in section 4.5), it can be concluded that the e-banking users on average *consistently attribute* significantly *more importance* to the surveyed reasons (this pertain to four of the five surveyed determinants) for bank-switching intention if the perceived performance of the current main bank is too poor (as compared to its competitors), than what the office users do.

In addition, e-banking users strongly significantly perceive it to be lesser troublesome to switch bank than what office users on average do. Also, high-income clients strongly significantly perceive it to be lesser troublesome to switch bank than what low-income clients on average do and moderately significantly perceive it to be lesser troublesome to switch bank than what mid-income clients on average do. Interestingly, this result is contrary to what Gunnarsson *et al* (2000:75-76) found.

- High-income clients are less loyal

High-income clients, on average, regularly turn to significantly more banks than what mid- and low-income clients do. Thus, high-income clients are *less behaviorally loyal* than what the other clients are. Also, mid-income e-banking users are behaving in this less loyal way.

As a group, the high-income clients therefore can be characterized as behaving somewhat more disloyal. This result confirms the result achieved by Gunnarsson *et al* (2000).

On the channel user group level, there are strongly significant differences between high- and low income clients for both the e-banking and office user groups as regards the average number of banks which the client has regular interactions with. Also mid-income e-banking users are more disloyal in this respect than what the low-income e-banking users are.

- E-banking users are less loyal

There are strongly significant differences between e-banking users and office users as regards both behaviour and attitude towards 'multi-bank relationships'.

On average, e-banking users regularly interact with significantly more banks (measured as 'average number of bank relationships') than what office users do. This is one indicator pointing at that e-banking users are *less behaviorally loyal* than what office users are.

Also, e-banking users to a significantly higher degree than office users have the perception that 'there are many advantages with having business with many banks'. Although the average difference in this indicator of attitudinal disloyalty between e-banking users and office users is significant, it should be noted that the average perceptions of both channel user groups' are positioned on the low value side of the 5 point-scale, i.e. the respondents to a high degree disagree with the statement that 'there are many advantages with having business with many banks'.

Based on these results, the conclusion drawn is therefore that *office users are more loyal* – both in behaviour and in attitude – to the studied branch offices, than what the e-banking users are.

- Self-services, including e-banking, hurt the relationship

Almost half of the e-banking user clients of Sydfors (47%) and of the e-banking user clients of Nordfors (46%) perceive that their relationship with the branch office have become weaker as a result of use of e-banking and other self-services (see section 2.4).

For us, it is not surprising that the relationship with the branch office is perceived to become weaker as the use of e-banking and other self-services increase. But – given that the majority of the surveyed e-banking users also visit the office (68% of the Sydfors e-banking users and 74% of the Nordfors e-banking users visit the office) – it is surprising that as much as *half* of the respondents in the two e-banking samples perceive that their relationship with the branch office is *becoming weaker*. "On the positive side", almost *one third* of the users in the two e-banking samples perceive that their relationship with the branch office is *becoming stronger* as the use of e-banking and other self-services increase.

Since as much as half of the e-banking users perceive that their relationship becomes weaker as the use of e-banking and other self-services increases, a warning flag for the bank is therefore by us hoisted. How high is the risk that a noticeable number of current clients, among those that strongly perceive that their relationship with the branch office is becoming weaker, will actually "take the step" to try, or to switch to, another bank?

Our data also show differences across life cycle phase groups in this respect. On average 'Older single/couple' e-banking users to a moderately significantly higher degree perceive that the relationship becomes weaker than what 'Children family' e-banking users do perceive. Between 'Older single/couple' e-banking users and 'Younger single/couple' e-banking users this difference in average perceptions is even strongly significant. A managerial implication that we draw from these results is that the branch office should pay particular attention to the 'Older single/couple' e-banking users, since they as a group to a significantly higher degree perceive that their relationships with the branch office are becoming weaker, as the use of e-banking – and other self-services – increases. Since 'Older' constitute a substantial proportion of the high-income household clients, these clients deserve due attention.

An overall conclusion drawn from these findings is that *self-services*, including e-banking, *hurt the relationship* between the client and the service provider. This conclusion, based on our data, is consistent with a key conclusion drawn in a recent study by Selnes and Hansen (2001:87-88):

> *… self-service without a minimum of personal interaction may well have a negative effect on customer loyalty because the important social-bond mechanism is removed. Unless other loyalty mechanisms are created and integrated into self-service systems, the long-term effect of self-service without personal interaction is likely to be reduced customer loyalty. Thus, personal service and personal relationships between customers and employees are even more important when simple and repetitive tasks are automated.*

We suggest that an important issue that needs to be investigated carefully by the banks therefore is: How risky is this weakening effect on the client–contact person/branch office relationship as a result of higher e-banking use?

If the case is that e-banking hurt the relationship, it ought to be considered important from the branch office management perspective to explore if there are any differences in perceptions between those e-banking users reporting that they do not visit the (physical) branch office and the one's reporting that they visit the (physical) branch office with a low frequency. Is it motivated for the branch office to invite the self-reported non-visiting e-banking users to the branch office for social bond-building encounters with an intensity of, for example, three times a year? Although the design of our survey questionnaire do not fully match this particular managerial issue, our survey results provide some indications.

Those clients reporting that they visit the branch office less often than once a month was coded as 'low-frequent visitors'. The clients reporting that they do not visit the branch office was coded as 'very low-frequent visitors'. Given the chosen labels the question relevant to explore is: *Is it worthwhile – from a relationship-building point of view – to try to transform, or to "lurk", the 'very low-frequent visitors' into becoming 'low-frequent visitors'?*

Firstly, t tests show that there is *no significant difference* between the client groups of 'very low-frequent visitors' and the 'low-frequent visitors' among the Sydfors and the Nordfors e-banking users, *as regards* their average 'Relationship- versus (low) cost-orientation *attitude*'.

Secondly, t tests show that there is *no significant association* between the perceived change *in* relationship strength due to technology-based self-service use (item 63) – i.e. a possible *relationship effect* – and the client groups of 'very low-frequent visitors' and the 'low-frequent visitors' among the two samples of e-banking users.

- The telephone still has a very strong position as communication form

In order to delimit the size of the questionnaire, it was decided that we should focus on only two of the retail banking channels in our survey, viz. the e-banking channel and the traditional office channel. In spite of this strict delimitation, the questionnaire yet came to be 11 pages long and consist of 139 items.

On the aggregate survey level, the bank-initiated contact form which is primarily preferred by most clients is that the bank(er) phones the client up: 48% of the clients prefer that. The secondly most popular primary bank-initiated contact form (42%) is that the bank(er) mails the client. Just 2% of the clients prefer a personal visit by the contact person as the primary bank-initiated contact form.

On the aggregate survey level, the client phoning the branch office up is the client-initiated contact form that is primarily preferred by most clients. 50% of the clients prefer that. The secondly most popular primary client-initiated contact form is to make a personal visit at the branch office's place. 41% of the clients prefer a face-to-face meeting. As expected, the proportion of clients that want to make a personal visit at the bank(er)'s place differs substantially between e-banking users and office users: These shares are 30% and 55% respectively.

If e-banking use problems arise, using the telephone is the most extensively preferred client-initiated contact form (55%) among e-banking users. 32% of the e-banking users prefer to phone her/his contact person and 23% of them prefer to phone any banker. Using the Internet when e-banking use problems arise is the secondly most popular contact form (27%).

In retrospective, it can thus be concluded that it would have been interesting if there had been questions related to the telephone channel included in the questionnaire. Accordingly, more focus on the role of the telephone channel is suggested for future research.

- More relationship closeness with distanced high-income users

From the branch office perspective are those high-income e-banking clients which do not have a contact with a contact person particularly important to approach. Such a large share as 34% of the high-income clients never turn to a contact person on the aggregate survey level in this study. Split on the channel user groups, 44% among the high-income office users (n=41) and 32% of the high-income e-banking users (n=154) never turn to a contact person.

We therefore conclude that, a pressing measure for the branch office management should be *to appoint contact persons for* those *high-income clients* which are perceiving themselves to be *"without a contact person"*. One recommendation for the branch office is that the contact person is pro-active and *initiates face-to-face meetings* with the most interesting clients – which typically are the high-income clients – on a regularly basis.

This ought to be a very urgent action on the branch office management agenda, which is in line with the thinking behind the bank-wide CRM project – named EKA ("Eget KundAnsvar") – going on within Handelsbanken since a couple of years back. The high-income e-banking clients "without a contact person" have a higher level of involvement in their own household economy and a higher e-banking frequency than what e-banking clients in general have. They are also higher in their valuations on calculative commitment, i.e. they are attitudinally more inclined to switch bank.

Synthesis

Towards the end of this report, we are trying to summarize the main findings and at the same time try to somewhat bring in a "let the hair down" element into the text.

The banks are staking large amounts on e-banking. Thus, the banks want to decrease its costs through the use of technology-based self-services, which in turn increase the distance between the client and the branch office, *at the same time as* they want to have near/strong relationships with their profitable clients. How should the branch office management and the

co-workers of the bank relate to this distance and closeness paradox? How are the important relationships influenced by fewer and fewer branch office visits? How are corporate image, or brand strength, and loyalty influenced – two important drivers of sustainable profitability?

In 1996, Lynch formulated this paradox, which captures the claimed neglect of the branch offices' in the interplay with their clients:

> *Banks have vastly improved their methods of risk assessment, except in the area where it really matters – how clients behave.*

The banks' two primary purposes with e-banking are cost reductions and to replace time spent on routine errands with spending more time on business errands with the clients.
Thus, the innovation e-banking mean that the branch office and its co-workers should relate to the following distance and closeness paradox:

> Banks want to *cut costs* – through technology-based self-service use (i.e. a lot of the work is left to the clients, which can be perceived of as an increasing distance between the client and the branch office) – *and* at the same time to *have near/strong customer relationships*, in order to strengthen customer loyalty.

High-income e-banking clients are more behaviourally disloyal

A threat for the universal banks is that they get hold of the simpler everyday routine transactions, while they lose the more profitable businesses such as investments and loans. Brummer & Partners and Lannebo Fonder are examples of actors which successfully have taken market shares on their niche markets from the universal banks.

Thus, the universal banks are facing a dilemma: they make a rod for their own back through e-banking at the same time as they obviously can not refrain from this channel. The competition is gradually shifting from being local (which it still is to a large extent) to becoming national and in the next step global. In Sweden, one example of increased national competition is SBAB where the client–bank contact before a loan is granted is handled in an easy way through just Internet and a follow-up telephone call.

E-banking is particularly popular among high-income clients, which are important clients for the bank. Based on the findings from this study, a threatening e-banking induced chain of conclusions for the universal banks as regards their high-income clients can be identified, as suggested in Figure 11 below:

Important clients = high-income clients

↓

high-income e-banking clients perceive themselves to be more knowledgeable and competent

↓

these are more involved

↓

these have a lower degree of loyalty

↓

via e-banking is competitor comparisons 'just one click away'

↓

these do not find it troublesome to switch bank

↓

these keep everyday errands/transactions in the current bank and 'shop-around' loan services and investments

Figure 11: Suggested e-banking induced chain of conclusions for high-income e-banking clients

The suggested e-banking induced chain of conclusions for the universal bank as regards their high-income e-banking clients is a paradox. A primary purpose with e-banking, as mentioned, is to acquire more time for transforming more important clients to 'full clients' at the same time as e-banking has provided the same clients with new possibilities to be a client in many banks and to easily find the perceived best service, i.e. the service offering the highest client-perceived value. In the following, each step in the e-banking induced chain of conclusions will be briefly commented upon, based on findings from this study.

High-income clients are important

As 'high-income clients' we have classified those respondents that belong to a household with a monthly income exceeding 40 000 SEK. These high-income clients constitutes for 27% of the respondents. 81% and 75% of the high-income client respondents to the two studied branch offices respectively belong to the e-banking user group.

The absolute number of high-income clients, in the total client population of the two studied branch offices, was estimated to be 370 e-banking users and 330 office users. From a branch office profitability perspective, the e-banking users as a group therefore are at least as important as the office users.

Perceive themselves as more knowledgeable and competent

The e-banking users in high-income households perceive themselves to have a higher degree of knowledge about banking errands, about self-services, about the range of different banks and to have a higher degree of know-how concerning the use of Internet than how office users perceive themselves.

There is a significant correlation between perceived knowledge about the range offered by different banks and educational level: The higher education level, the higher the degree of perceived knowledge in this aspect. The majority (66%) of the surveyed high-income e-banking users have a university degree diploma.

Are more involved

The e-banking users on average also have a significantly higher level of involvement in their own household economy than what the office users on average have. Among the e-banking users, in turn, the level of involvement vary across different life-cycle phase groups.

The higher level of involvement in their own household economy in combination with their perceived higher degree of knowledge imply that the e-banking users have a higher ability and a stronger will to question their bank relationship and to use self-services, including e-banking.

High-income clients are also found to be more relationship-oriented than what mid- and low-income clients are. Despite this preference, a large share of the high-income clients prefer to use e-banking. The degree of relationship-orientation varies across the two studied branch offices, which manifests that 'all business is local' and not only influenced by individual characteristics.

Have a lower loyalty

Our results show that high-income clients have a lower behavioural loyalty than the low-income clients. This behavioural loyalty was measured by the number of bank relationships and the number of times switching main bank during the last 10 years. Thus, the propensity to switch bank is higher among high-income clients. Also, the e-banking users are behaviourally less loyal than what the office users are. E-banking is to a higher degree appreciated by the more behaviourally disloyal clients at the same time as e-banking facilitates for them to switch bank (being 'just one click away').

As shown from the results presented in Table 31 below, the e-banking users on average are more attitudinally inclined to switch bank than what the office users are, if they perceive that they are dissatisfied with any of the five measured potential causes. These causes are: dissatisfaction with the service performance, the service charges, practical issues, with the interest rate or if a competitor presents a better offer.

Table 31: Perceived significance of different bank-switching intention determinants on the channel user group level

Intention to switch bank based on dissatisfaction with:	e-banking users		office users	
	Mean	**Ranking**	**Mean**	**Ranking**
… service performance	4.38	1	4.13	1
… service charge	4.24	2	3.82	2
… offer in general	4.03	3	3.87	2
… practical matters	3.96	3	3.87	2
… the interest rate	3.69	5	3.46	5

'Dissatisfaction with service performance' is perceived by the clients to be the most important reason, or determinant, for bank-switching intention among the dimensions measured in our survey. The secondly highest rated determinant is 'dissatisfaction with service charge'. Interestingly, 'dissatisfaction with the interest rate', distinctly is the least important determinant for bank-switching intention among the five determinants measured in our survey. The e-banking users on average consistently attribute more importance to the surveyed reasons (this pertain to four of the five surveyed determinants) for bank-switching intention, than what the office users do. Different rankings in Table 31 denote that the mean differences are significant.

Do not find it troublesome to switch bank

From the branch office profitability perspective, an interesting finding is that clients in high-income households to a lesser degree perceive it to be troublesome to switch bank than what clients in mid- and low-income households do. Interestingly, this result is contrary to what Gunnarsson et al. (2000) found. In addition, e-banking users strongly significantly perceive it to be lesser troublesome to switch bank than what office users on average do.

In practice it turns out that it is often troublesome to switch bank for the salary bank account. The reason is that it brings with it a number of resulting changes, which often in practice means errors. A client which has this experience, therefore is inclined to refrain from switching salary bank account, unless there is a severe crisis in the relationship with the branch office. Therefore, to switch bank for the daily bank errands is not worth the trouble. But to lend money, both for acquisition of real estate and consumption, is easy and might be profitable. To save 0.5% on a one million SEK loan means saving 5,000 SEK. Investments are also easy 'to shop around' even if there still is a distinct need of 'face-to-face' dialogues among the clients. Obviously, a necessary condition for this is that the advisor/Contact Person is competent enough to follow a powerfull line of reasoning. Otherwise, Internet comparison sites (such as, e.g., www.morningstar.se) might be a better alternative.

Keep everyday errands/transactions in the current bank

The official statistics tells that the share of Swedes switching bank is low (around 5% annually). This figure, however, concerns only switching of bank for salary bank accounts. Along with the emerging new customer behaviors, the share of customers switching bank for

salary bank accounts is increasingly uninteresting. There is good reason to believe that the clients' behavioural disloyalty is higher than what the banks believe. The 'full client' concept is therefore not as relevant as before: to increase the "share of wallet" is a better goal for governing the banking business operations.

Systematic differences in perceptions of relationship dimensions

The perceived corporate image influences on the degree of loyalty. Through a principal component analysis we formed different relationship factors, or indexes, from intercorrelated questionnaire items such as, e.g., corporate image and different perceived conduct and behavior aspects of the contact person at the branch office.

As shown from the results presented in Table 32 below, an e-banking user on average consistently perceive corporate image and different 'relationship dimensions' as regards the contact person at the branch office to be significantly lower than how an average office user perceives it. As seen, these 'relationship dimensions' are: responsiveness and empathy, perceived competence, reliability and communication, mutuality and client-orientation. The client's level of involvement in the own household economy is concurrently, as mentioned before, significantly higher for the e-banking users.

Table 32: Client perceptions about corporate image, different conduct and behaviour aspects of the Contact Person, and the client's own level of involvement

	e-banking users	office users
Corporate image	4.09	4.24
CP responsiveness and empathy	3.99	4.29
Perceived competence of CP	3.78	4.27
CP reliability and communication	4.02	4.20
Mutuality of CP	3.78	4.10
CP client-orientation	3.37	3.63
Level of involvement	3.30	3.10

Thus, an average e-banking user – compared to an average office user – has a weaker bond to the bank. For an e-banking user, this means that the bank to a higher degree is interchangeable. An essential managerial issue for the universal bank therefore is: How can we create conditions that make us well-liked by the e-banking users also in the future?

These results indicate that e-banking has changed the basis for the client's relationship with the bank and this influences on the client (as Lynch 1996:xx phrases it):

> People in every area of their lives are changing the basis of their relationships and new types of relationships are changing people.

What should be done?

In order to attain sustainable profitability it is suggested that the co-workers of the universal bank should *converse more with* their *important clients* and that they should be *more pro-active*: Tell the clients about "bad news" so that no one else gets ahead with this, tell about opportunities – and improve the personal "touch" through starting to use the client's individual bank home page for "one-to-one marketing". It is also significant that the contact person provides the client with more competence than what Internet comparison sites do. Of critical importance for the universal banks is therefore to ensure that their co-workers have *competence advantages* in a time when investors demand more cost-efficient banking business operations. A constantly important question for the branch office is: How can we manage to attract the current e-banking clients also in the future?

Epilogue

It is obvious that e-banking is a necessary and important channel for retail banks, but it is hardly sufficient for building and sustaining relationships with its clients. Building and sustaining personal relationships is still a key building block in order to build client loyalty to the branch office (cf. Johnson *et al* 2001). Selnes and Hansen (2001) argue that *self-service without a minimum of personal interaction* will have a negative effect on customer loyalty. In the e-banking context, there is accordingly an obvious risk for decreased client loyalty among e-banking users, and particularly among those that never visit the office.

Another strong argument for the value of personal interaction is that regardless of whether a firm's core offerings are products or services, *superior service quality* is necessary for excellent market performance on a sustainable basis (Berry 1999). An important argument for this strategic issue consideration is that high service quality is much more difficult for competitors to effectively imitate than what product quality and price is.

Therefore, e-banking and "personal" channels – including the telephone form of contact – are complementary channels. E-banking is obviously particularly suitable for fairly simple transaction services, which have been the main object of study in this report, while "personal" channels are more suitable for more complex services.

Service encounters between clients and contact persons are a critical component of service quality and perceived service performance (Chandon *et al* 1997). Paulin *et al* (2000a) stress that an important role of a contact person is to balance technical, administrative and social competencies, which in turn requires a client-oriented organizational culture (Paulin *et al* (1999). Therefore it is felt important to repeat the quotation from Paulin *et al* (2000a:468), reported in the introductory chapter, with the message that *technology is not the main thing*:

> *Technology and administrative procedures should be considered as tactical rather than strategic in that they should provide support for the social interaction between the account manager and the business client rather than being ends in themselves.*

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Appendix A

Del A – Din relation till Handelsbanken och Din inställning till banktjänster

Vi inleder enkäten med några frågor om Din relation till Handelsbanken.

1. Hur många banker eller andra finansiella institutioner anlitar du regelbundet (konton, ev. bostadslån, kredit- och betalkort)?

   _____ stycken banker eller andra finansiella institutioner.

2. Är Handelsbanken din huvudbank (dvs är Handelsbanken den bank där du har merparten av dina bankaffärer)?

   1 ☐ Nej → Gå till fråga 4   2 ☐ Ja → Fortsätt med fråga 3

3. I hur många år har Handelsbanken varit din huvudbank?

   _____ år

4. Hur många gånger har du bytt huvudbank under de senaste 10 åren?

   _____ gånger

Nedan följer ett antal påståenden. Svara på påståendena med utgångspunkt från Din personliga uppfattning. Ringa in den siffra som Du tycker stämmer bäst överens med Din egen uppfattning!

	Stämmer inte alls				Stämmer mycket bra
5. Jag har goda erfarenheter av att vara kund i Handelsbanken.	1	2	3	4	5
6. Jag är mycket nöjd med den service som jag får hos Handelsbanken.	1	2	3	4	5
7. Jag tycker att Handelsbanken agerar på ett förtroendeingivande sätt.	1	2	3	4	5
8. Jag tycker att jag kan lita på Handelsbanken.	1	2	3	4	5
9. Handelsbanken har ett gott rykte på vår ort.	1	2	3	4	5
10. Jag rekommenderar gärna Handelsbanken till andra.	1	2	3	4	5
11. Jag är mycket intresserad av vår hushållsekonomi.	1	2	3	4	5
12. Jag tycker att det finns många fördelar med att ha affärer med flera banker.	1	2	3	4	5
13. Jag skulle kunna tänka mig att byta bank om jag inte vore nöjd med bankens räntor.	1	2	3	4	5
14. Jag skulle kunna tänka mig att byta bank om jag inte vore nöjd med bankens avgifter.	1	2	3	4	5
15. Jag skulle kunna tänka mig att byta bank om jag inte vore nöjd med servicen.	1	2	3	4	5

		Stämmer inte alls				Stämmer mycket bra
16.	Jag skulle kunna tänka mig att byta bank om det gav mig praktiska fördelar.	1	2	3	4	5
17.	Jag skulle kunna tänka mig att byta bank om jag fick ett bättre erbjudande av någon annan bank.	1	2	3	4	5
18.	Jag inhämtar löpande information som rör vår hushållsekonomi.	1	2	3	4	5
19.	Jag tycker att det är viktigare med låga räntor och avgifter än en riktigt bra relation till min kontaktperson på banken.	1	2	3	4	5
20.	Jag tycker att min bank är klart bättre än andra banker.	1	2	3	4	5
21.	Jag tycker att det är viktigt att jämföra villkoren mellan olika banker.	1	2	3	4	5
22.	Som helkund bör man få bättre service än andra.	1	2	3	4	5
23.	Jag lägger ner mycket tid på vår hushållsekonomi.	1	2	3	4	5
24.	Jag tycker att det verkar vara besvärligt att byta bank.	1	2	3	4	5
25.	Jag har bra kunskap om olika bankers utbud av tjänster.	1	2	3	4	5
26.	Jag tycker att det är viktigt att det är enkelt att utföra betalningar.	1	2	3	4	5
27.	Jag tycker att det är viktigt att kunna lita på att mina betalningar utförs korrekt.	1	2	3	4	5
28.	Jag känner till vilken person/enhet inom banken som jag ska vända mig till för att få hjälp med mina bankärenden.	1	2	3	4	5

Del B – Internet

Nu några frågor som handlar om Din tillgång till Internet.

29. Har du tillgång till Internet?

 1 ☐ Nej → Fortsätt med fråga 30   2 ☐ Ja → Gå till fråga 31

30. Tror du att du kommer att ha Internet inom tre år?

 1 ☐ Nej   2 ☐ Ja

31. På vilka platser har du tillgång till Internet? *Flera alternativ är möjliga*

 1 ☐ Hemma   1 ☐ På jobbet   1 ☐ I skolan   1 ☐ Bärbar dator   1 ☐ På annan plats

32. Hur ofta använder du Internet?

1 ☐ Dagligen
2 ☐ Flera gånger i veckan
3 ☐ En gång i veckan
4 ☐ Två till tre gånger i månaden
5 ☐ En gång i månaden
6 ☐ Mer sällan än en gång i månaden
7 ☐ Vet inte

Del C – Banktjänster på Internet

I denna del är vi intresserade av Din eventuella användning av Handelsbanken på Internet.

33. Brukar du utföra dina bankärenden via Handelsbanken på Internet?

1 ☐ Nej, jag har aldrig använt Internet för att utföra bankärenden → Gå till fråga 70
2 ☐ Nej, men jag har använt Internet för att utföra bankärenden → Gå till fråga 70
3 ☐ Ja, men endast betalningar → Fortsätt med fråga 34
4 ☐ Ja, jag utför olika typer av bankärenden → Fortsätt med fråga 34

34. Hur länge har du använt Handelsbanken på Internet för att göra dina bankärenden?

1 ☐ Mindre än en månad
2 ☐ En till sex månader
3 ☐ Sex till tolv månader
4 ☐ Mer än ett år

35. Hur ofta använder du Handelsbanken på Internet för att göra dina bankärenden?

1 ☐ Dagligen
2 ☐ Flera gånger i veckan
3 ☐ En gång i veckan
4 ☐ Två till tre gånger i månaden
5 ☐ En gång i månaden
6 ☐ Mer sällan än en gång i månaden

36. Hur många gånger i månaden gör du betalningar via Handelsbanken på Internet?

1 ☐ Högst en gång per månad
2 ☐ Två till fem gånger i månaden
3 ☐ Sex till tio gånger i månaden
4 ☐ Mer än tio gånger i månaden

37. Varifrån använder du vanligtvis Handelsbanken på Internet för att göra dina bankärenden?

1 ☐ Från hemmet
2 ☐ Från jobbet
3 ☐ Från skolan
4 ☐ Från någon annan plats

38. Utför du någon annans bankärenden via Handelsbanken på Internet?

1 ☐ Nej, jag gör endast mina egna bankärenden
2 ☐ Ja, jag gör andra hushållsmedlemmars bankärenden
3 ☐ Ja, jag gör bekantas bankärenden

39. Hur betalade du vanligen dina räkningar innan du började betala dem via Handelsbanken på Internet?

1 ☐ Genom besök på bankkontor
2 ☐ Genom besök på postkontor
3 ☐ Via bankgiro
4 ☐ Via postgiro
5 ☐ Annat sätt

Nedan följer ett antal påståenden. Svara på påståendena med utgångspunkt från Din personliga uppfattning. Ringa in den siffra som Du tycker stämmer bäst överens med Din egen uppfattning!

		Stämmer inte alls				Stämmer mycket bra	
40.	Jag har goda erfarenheter av att utföra bankärenden via Handelsbanken på Internet.	1	2	3	4	5	
41.	Mina bekanta har berättat för mig hur bra det fungerar att utföra sina bankärenden via Internet.	1	2	3	4	5	
42.	Handelsbankens personal har rekommenderat mig att börja utföra mina bankärenden via Handelsbanken på Internet.	1	2	3	4	5	
43.	Jag tycker att det är mycket enkelt att göra betalningar via Handelsbanken på Internet.	1	2	3	4	5	
44.	Jag trivs med att använda Handelsbanken på Internet för att göra mina betalningar.	1	2	3	4	5	
45.	Jag tycker att det går snabbt att göra betalningar via Handelsbanken på Internet.	1	2	3	4	5	
46.	Jag tycker att det är mycket bekvämt att göra betalningar via Handelsbanken på Internet.	1	2	3	4	5	
47.	Jag använder Handelsbanken på Internet för att följa noteringarna på mina värdepapper.	1	2	3	4	5	Inte aktuellt
48.	Jag använder Handelsbanken på Internet för att handla med värdepapper (aktier och fonder).	1	2	3	4	5	
49.	Jag litar på att mina betalningar utförs korrekt via Handelsbanken på Internet.	1	2	3	4	5	
50.	Jag tycker att jag har full kontroll över situationen när jag gör mina betalningar via Handelsbanken på Internet.	1	2	3	4	5	
51.	Jag får god hjälp av banken med Handelsbankens Internettjänst när jag så behöver.	1	2	3	4	5	Inte aktuellt
52.	Jag tycker att jag får mycket bra service när jag ställer frågor via Handelsbanken på Internet.	1	2	3	4	5	Inte aktuellt
53.	När jag har ett problem med mina banktjänster tycker jag att det är lätt att förklara problemet via Handelsbanken på Internet.	1	2	3	4	5	Inte aktuellt

	Stämmer inte alls				Stämmer mycket bra
54. Jag tycker att utbudet av banktjänster hos Handelsbanken på Internet är väl anpassat för mina behov.	1	2	3	4	5
55. Jag tycker att Handelsbanken på Internet är ett bra verktyg för att söka information om bankens produkter.	1	2	3	4	5
56. Jag tycker att Handelsbanken på Internet är bra för att betala räkningar.	1	2	3	4	5
57. Jag skulle i större utsträckning vilja kunna använda Handelsbanken på Internet för att få hjälp med problem med bankens tjänster.	1	2	3	4	5
58. Jag skulle i större utsträckning vilja kunna använda Handelsbanken på Internet för att öppna fondkonto eller annat konto.	1	2	3	4	5
59. Jag skulle i större utsträckning vilja kunna använda Handelsbanken på Internet för att ansöka om lån.	1	2	3	4	5
60. Jag tycker att en stor fördel med min användning av Handelsbanken på Internet är att jag har kunnat minska mina besök på bankkontoret.	1	2	3	4	5
61. Vissa bankärenden lämpar sig bättre att utföra på bankkontoret.	1	2	3	4	5
62. Jag upplever att jag har en god kontakt med banken enbart genom att jag använder mig av Internet och andra självbetjäningstjänster.	1	2	3	4	5
63. Jag upplever att ju mer jag använder mig av Internet och andra självbetjäningstjänster desto svagare blir min relation till banken.	1	2	3	4	5
64. Jag kan tänka mig att utföra alla mina bankärenden via Internet.	1	2	3	4	5
65. Jag saknar inte alls den förlorade personliga kontakten med en bankman som Internetanvändning innebär.	1	2	3	4	5
66. Jag föredrar att diskutera vissa bankärenden vid personliga möten.	1	2	3	4	5
67. Jag är en van Internetanvändare.	1	2	3	4	5

68. Om det uppstår problem med min användning av Handelsbanken på Internet vill jag helst lösa problemet genom att (Välj endast ett av alternativen):

1 ☐ besöka min kontaktperson på banken
2 ☐ besöka en bankman på bankkontoret
3 ☐ kontakta min kontaktperson per telefon
4 ☐ kontakta en bankman per telefon
5 ☐ använda Internet

69. Vad anser du är en acceptabel väntetid för att få hjälp när du får problem med din användning av Handelsbanken på Internet?

1 ☐ 0-15 minuter   2 ☐ 15 minuter–1 timme   3 ☐ 1-4 timmar   4 ☐ 4-24 timmar   5 ☐ 24 timmar eller mer

70. Tror du att du kommer att ha tillgång till banktjänster via din mobiltelefon inom tre år?

1 ☐ Nej   2 ☐ Ja

Del D – Bankkontoret
Här vill vi veta hur Du använder bankkontoret, hur Du skulle vilja använda bankkontoret, och vad Du tycker om de tjänster som finns där.

71. Besöker du bankkontoret för att utföra bankärenden?

1 ☐ Nej → Gå till fråga 95   2 ☐ Ja → Fortsätt med fråga 72

72. Hur ofta har du besökt bankkontoret under det senaste halvåret?

1 ☐ Dagligen
2 ☐ Flera gånger i veckan
3 ☐ En gång i veckan
4 ☐ Två till tre gånger i månaden
5 ☐ En gång i månaden
6 ☐ Mer sällan än en gång i månaden

73. Utför du någon annans bankärenden på bankkontoret?

1 ☐ Nej, jag gör endast mina egna bankärenden
2 ☐ Ja, jag gör andra hushållsmedlemmars bankärenden
3 ☐ Ja, jag gör bekantas bankärenden

74. Varifrån brukar du vanligtvis komma när du besöker bankkontoret?

1 ☐ Hemifrån   2 ☐ Från jobbet   3 ☐ Från skolan   4 ☐ Från annan plats

75. Hur lång tid tar det dig vanligtvis att ta dig till närmaste bankkontor?

1 ☐ 0-15 minuter   2 ☐ 15-30 minuter   3 ☐ 30 minuter-1 timme   4 ☐ 1 timme eller mer

76. Brukar du försöka att kombinera besök på bankkontoret med andra aktiviteter?

1 ☐ Nej
2 ☐ Ja, i samband med inköp
3 ☐ Ja, i samband med arbete
4 ☐ Ja, i samband med annat besök i närheten av kontoret

77. Om kontoret skulle hålla öppet andra tider: Vilka öppettider skulle du då föredra? (Flera alternativ är möjliga)

1 ☐ Behövs inte: Bra som det är

Om behövs …
A   1 ☐ Vardagar 07.00-09.00
B   1 ☐ Vardagar 09.00-12.00
C   1 ☐ Vardagar 12.00-13.00
D   1 ☐ Vardagar 13.00-15.00
E   1 ☐ Vardagar 15.00-17.00
F   1 ☐ Vardagar 17.00-19.00
G   1 ☐ Lördagar 10.00-12.00
H   1 ☐ Lördagar 12.00-14.00

78. Jag tycker att det är viktigast att kunna nå bankkontoret med personlig kontakt under följande tider (Välj endast ett av alternativen):

1 ☐ 08.00 – 16.45
2 ☐ 09.00 – 17.45

79. Vilken väntetid kan du normalt acceptera för dina bankärenden på bankkontoret?

1 ☐ 0-5 minuter
2 ☐ 5-10 minuter
3 ☐ 10-30 minuter
4 ☐ 30 minuter eller mer

80. Vilken väntetid kan du acceptera runt månadsskiftena för dina bankärenden på bankkontoret?

1 ☐ 0-5 minuter
2 ☐ 5-10 minuter
3 ☐ 10-30 minuter
4 ☐ 30 minuter eller mer

Nedan följer ett antal påståenden. Svara på påståendena med utgångspunkt från Din personliga uppfattning. Ringa in den siffra som Du tycker stämmer bäst överens med Din egen uppfattning!

	Stämmer inte alls				Stämmer mycket bra	
81. Jag tycker att det är mycket enkelt att göra mina betalningar genom besök på bankkontoret.	1	2	3	4	5	
82. Jag trivs med att besöka kontoret för att göra mina betalningar.	1	2	3	4	5	
83. Jag tycker att det går snabbt att göra mina betalningar genom besök på bankkontoret.	1	2	3	4	5	
84. Jag tycker att det är mycket bekvämt att göra mina betalningar genom besök på bankkontoret.	1	2	3	4	5	
85. Jag litar på att mina betalningar utförs korrekt på bankkontoret.	1	2	3	4	5	
86. Jag tycker att jag har full kontroll över situationen när jag gör mina betalningar genom besök på bankkontoret.	1	2	3	4	5	
87. Jag tycker att tjänsteutbudet på bankkontoret är väl anpassat för mitt behov av banktjänster.	1	2	3	4	5	
88. Jag tycker att besök på bankkontoret är bäst för att söka information om bankens produkter.	1	2	3	4	5	
89. Jag tycker att besök på bankkontoret är bäst när jag behöver ekonomisk rådgivning.	1	2	3	4	5	
90. Jag tycker att besök på bankkontoret är bäst när jag ska betala räkningar.	1	2	3	4	5	Inte aktuellt
91. Jag tycker att besök på bankkontoret är bäst när jag behöver lösa ett problem med bankens tjänster.	1	2	3	4	5	Inte aktuellt

		Stämmer inte alls				Stämmer mycket bra	
92.	Jag tycker att besök på bankkontoret är bäst när jag ska öppna fondkonto eller annat konto.	1	2	3	4	5	Inte aktuellt
93.	Jag tycker att besök på bankkontoret är bäst när jag ska ansöka om lån.	1	2	3	4	5	Inte aktuellt
94.	De bankärenden som jag utför sällan går bäst att utföra på bankkontoret.	1	2	3	4	5	

Del E – Din kontakt med banken

I denna del är vi intresserade av hur Dina kontakter med bankkontoret ser ut, och hur Du uppfattar den/de person/er som Du - eventuellt - brukar kontakta på bankkontoret.

95. När du ringer bankkontoret:

A   – ringer du då till bankkontorets växel?
1 ☐ Ja   2 ☐ Nej

B – ringer du då ett direktnummer till en kontaktperson på banken?
1 ☐ Ja   2 ☐ Nej

96. När bankkontoret kontaktar dig: Hur vill du då helst bli kontaktad?

1 ☐ Per telefon   2 ☐ Per brev   3 ☐ Per e-post   4 ☐ Genom personligt besök

97. När du kontaktar bankkontoret: På vilket/vilka sätt vill du då helst kontakta banken?

1 ☐ Per telefon   2 ☐ Per brev   3 ☐ Per e-post   4 ☐ Genom personligt besök

98. Vänder du dig återkommande till samma person eller samma personer när du kontaktar bankkontoret?

1 ☐ Nej, aldrig → Gå till fråga 132
2 ☐ Ja, för rådgivningsärenden, m m → Fortsätt med fråga 99
3 ☐ Ja, alltid → Fortsätt med fråga 99

Den/de person/er som jag brukar kontakta på bankkontoret:

	Stämmer inte alls				Stämmer mycket bra
99. – förstår vår ekonomiska situation.	1	2	3	4	5
100. – förser mig med noggrann och läglig information.	1	2	3	4	5
101. – anstränger sig för att anpassa den aktuella utformningen av bankens tjänster till förändringar i vår ekonomiska situation.	1	2	3	4	5

		Stämmer inte alls				Stämmer mycket bra
102.	– baserar affärerna mellan banken och oss på ömsesidig tillit och nytta.	1	2	3	4	5
103.	– mäter regelbundet hur nöjd jag är med bankens rådgivningstjänster.	1	2	3	4	5
104.	– förstår hur jag ser på vår hushållsekonomi.	1	2	3	4	5
105.	– håller mig underrättad om förändringar och nyheter i bankens tjänster.	1	2	3	4	5
106.	– skulle anstränga sig för att behålla mig som kund.	1	2	3	4	5
107.	– är pålitliga när det gäller att hjälpa oss i ekonomiskt besvärliga situationer.	1	2	3	4	5
108.	– lyckas att identifiera våra reella behov av banktjänster.	1	2	3	4	5
109.	– bemödar sig med att hålla sig à jour med vår ekonomiska situation.	1	2	3	4	5
110.	– diskuterar saker med mig ordentligt för att undvika missförstånd.	1	2	3	4	5
111.	– strävar efter att åstadkomma en ömsesidigt acceptabel lösning på frågor där vi har olika åsikter.	1	2	3	4	5
112.	– lever upp till sina åtaganden gentemot oss.	1	2	3	4	5
113.	– är snabb(a) att rätta till eventuella fel eller brister i relationen med mig såsom kund.	1	2	3	4	5
114.	– är insatt i de utvecklingar i samhället som påverkar vår ekonomiska situation.	1	2	3	4	5
115.	– bemödar sig med att jag ska förstå deras förklaringar och förslag.	1	2	3	4	5
116.	– är intresserad av att behålla mig som kund på lång sikt.	1	2	3	4	5
117.	– har en sakkunskap som jag respekterar.	1	2	3	4	5
118.	– kan alltid kontaktas utan att jag känner att jag är till besvär.	1	2	3	4	5
119.	– är mer intresserad(e) av att behålla sina aktuella kunder än av att skaffa nya.	1	2	3	4	5
120.	– återkommer till mig om ett ärende inte är avslutat.	1	2	3	4	5
121.	– är mer intresserad(e) av att jag är nöjd som kund än att alla regler och rutiner efterföljs till punkt och pricka.	1	2	3	4	5

Nedan följer ett antal påståenden. Svara på påståendena med utgångspunkt från Din personliga uppfattning. Ringa in den siffra som Du tycker stämmer bäst överens med Din egen uppfattning!

		Stämmer inte alls				Stämmer mycket bra
122.	Jag föredrar att boka tid när jag vill träffa min kontaktperson på banken.	1	2	3	4	5
123.	Jag tycker att min kontaktperson på banken är intresserad och engagerad i mina bankärenden.	1	2	3	4	5
124.	Jag tycker att min kontaktpersons bemötande är mycket viktigt.	1	2	3	4	5
125.	Jag tycker att min kontaktperson på banken är hjälpsam.	1	2	3	4	5
126.	Jag tycker att min kontaktperson på banken lyssnar och bryr sig om mina problem.	1	2	3	4	5
127.	Jag tycker att jag får gehör för mina önskemål hos banken.	1	2	3	4	5
128.	Jag tycker att min kontaktperson på banken och jag känner ett ömsesidigt engagemang för varandra.	1	2	3	4	5
129.	Jag litar på att min kontaktperson på banken vet bäst.	1	2	3	4	5
130.	Jag känner mig inte alltid jämbördig med min kontaktperson på banken.	1	2	3	4	5
131.	Jag föredrar att diskutera vår hushållsekonomi med samma bankman varje gång.	1	2	3	4	5

Del F – Bakgrundsinformation

Så till sist några enkla bakgrundsfrågor om Dig och Ditt hushåll.

132. Jag som svarar är:

_____ År

133. Jag som svarar är:

1 ☐ Man   2 ☐ Kvinna

134. Jag/vi är:

1 ☐ Ensamstående

2 ☐ Ensamstående med hemmavarande barn

3 ☐ Gift(a) eller   4 ☐ Sammanboende utan hemmavarande barn

5 ☐ Gift(a) eller   6 ☐ sammanboende med hemmavarande barn

7 ☐ Annat, nämligen:_____

135. Hur många personer ingår i ditt hushåll?

_____ personer

136. Vem är det som sköter ekonomin i ditt hushåll?

A– betalar räkningar   1 ☐ Jag   2 ☐ Min hushållspartner   3 ☐ Båda

B – gör inköp   1 ☐ Jag   2 ☐ Min hushållspartner   3 ☐ Båda

C – större investeringar/bankaffärer   1 ☐ Jag   2 ☐ Min hushållspartner   3 ☐ Båda

137. Inom vilket intervall ligger er **hushålls**inkomst per månad (före skatt)?

1 ☐ 0-10.000   2 ☐ 10.000 - 20.000   3 ☐ 20.000 - 30.000

4 ☐ 30.000 – 40.000   5 ☐ 40.000 - 50.000   6 ☐ 50.000 – 60.000

7 ☐ 60.000 eller mer

138. Vad har du för högsta utbildning?

1 ☐ Folk- eller grundskola
2 ☐ Yrkes-, real- eller fackskola
3 ☐ Studentexamen eller gymnasium
4 ☐ Universitets- eller högskoleutbildning

139. Vad är din och din hushållspartners nuvarande huvudsakliga sysselsättning?

A Jag   B Min hushållspartner

1 ☐   1 ☐   Anställd

2 ☐   2 ☐   Chef

3 ☐   3 ☐   Egen företagare

4 ☐   4 ☐   Hemmaman/-fru

5 ☐   5 ☐   Studerande

6 ☐   6 ☐   Pensionär

7 ☐   7 ☐   Inget arbete för tillfället

8 ☐   8 ☐   Annat, nämligen:_____

Ett stort och varmt tack för att Du har tagit Dig tid med att besvara våra frågor !