

# **The Impact of Electronic Banking of Mandiri on Customer's Satisfaction (Case Study Bank Mandiri Setiabudi Branch) 2014**

*By Halimi Jamakhoni Orifzoda (1201110389)*

*MBTI International 2011*

*Telkom University*

Electronic banking is receiving a lot of attention with many banks now offering the service because of its high demand among its customers and also as a means of the banks to remain competitive in the ever-changing world. In Indonesia there have been an increase among customers use of Internet banking in the last ten years. The growth of Internet banking can be attributed to several advantages among customers; e-banking has eliminated the space and time boundaries in relation to when and how customers can access their accounts. It has also eliminated the physical barriers between the banks and the clients. E-banking has also been associated with security among the customers, as third party doesn't get to know when customers visit the bank. The customers can access from anywhere.

Bank Mandiri has a wide collaboration with various types of industries particularly in the payment system by using Mandiri's product. The bank often offers many special deals as the result of its mutual collaboration with certain companies in order to enhance sales of the company and maintain loyalty of Mandiri's customers furthermore, Bank Mandiri is often acted as the medium of payment within government and educational institution such as payment of electricity through e-banking.

The methods used in this research are explanatory method and quantitative method as the basic foundation for doing research. In this research, the author aims to identify the relationship between X/cause variable (eight selected factors influencing Customer's Satisfaction with e-banking) and Y/effect variable (Customer Satisfaction). Sample convenience is the way to use the sampling technique with 83 respondents separated to customers of bank Mandiri Setiabudi branch who is using e-banking.

The results of path coefficient calculation is commonly assumed that the influence of Accessibility, Convenience, Privacy, Security, Design, Content, Speed and Fee & Charge by 73,0%, while the 27% is influenced by other variables out of this research.

Fees & Charge is the highest of classification assessment and categorized as good which is got 79.21% perceived by customers. Customer Satisfaction got 74.79% of the classification perceived by customers. Bank should focus on increasing the e-banking through accessibility, convenience, Speed and fees & charge.

*Keyword: Electronic Banking, Mandiri, Customer Satisfaction*

## **1.1 Introduction**

Bank Mandiri held its initial public offers (IPO) on July 2003 where the Indonesian government divested 20% (4billion share) of its shareholding to the public. The same year the bank issued a five-year US \$300million MTN listed on Singapore Stock Exchange. In 2004 the Indonesian Government divested an additional 10% of its shareholding in Bank Mandiri through secondary offering.

Bank Mandiri business units are: consumer banking, small and micro business, commercial banking, corporate banking and Treasury and International banking services. Subsidiaries of Bank Mandiri include: Mandiri Sekuritas (for businesses in the capital market), Bank Syariah Mandiri (for Islamic compliant financing), AXA-Mandiri Financial Services (for life insurance), Bank Sinar Harapan Bali (for micro and small businesses financing), and Mandiri Tunas Finance (for vehicle ownership financing).

As of December 31, 2010, 12 regional offices, 66 hub offices, 115 community offices, 1096 branch offices and cash outlets, 12,666 ATM networks, 4 international offices and representative office supported Bank Mandiri. Bank Mandiri has enjoyed numerous awards over the years, these include: Indonesia Good Corporate Governance Award 2010. The Most Trusted Company: Very Reliable Point at 91.67 and The Strongest Bank Award 2010 in Indonesia from The Asian banker among other awards.

Today, Bank Mandiri continues this tradition of more than 150 years of delivering outstanding banking and financial services that was developed by the four legacy banks, all of which played an integral role in the development of the Indonesian economy over many generations.

## **1.2. Literature Review**

The concept of electronic banking has been defined in many ways. Daniel, (1999. *The future of state owned financial institutions (electronic Resource)*). Washington DC: LexisNexis) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. According to (Arunachalam and Sivasubramanian, 2007. *Electronic Innovations and discoveries*. England: Pergamon Press). Internet (electronic) banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and

web-browser.

In addition, (Ongkasuwan and Tantichattanon 2002:82) further defines Internet (electronic) banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining a history statement on all accounts linked to the bank's customers' Auto Bank (ATMs). According to (Khan, 2007:303), Internet (electronic) banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Internet (electronic) banking is the act of conducting financial intermediation on the Internet. It is that process whereby the customer is able to access, control and use his/her account over the Internet.

Electronic banking has been defined variously. It may refer to the provision of banking information, services and products through a website page in the Internet (Al-Agaga and Nor 2012:54).

### **1.3 Research Methods**

In this research, researcher used explanatory method and quantitative method as the basic foundation for doing research. In this research, the author aims to identify the relationship between X/cause variable (eight selected factors influencing Customer's Satisfaction with e-banking) and Y/effect variable (Customer Satisfaction). Crossmedialab (2010: 4) state that explanatory is formal and controlled attempt to identify cause and effect of a certain phenomenon. The purpose of the author conducting a causal study is to be able to state the Variable X causes variable Y.

Also, the explanation of hypothesis testing conducted to know which independent variables that have significant influence towards dependent variable. This research methodology is part of Descriptive method analysis under the focus of causal study. Causal study is a study in which the researcher wants to delineate the cause of one or more problem (Sekaran and Bougie,

2010:110). While descriptive analysis is a method to gather the data and information, which is, at the end, this research is aimed to identify the relationship of the variables being observed.

The scale used in this study is ordinal scale. According to Zikmund et al (2010:298), Ordinal scale allows things to be arranged in order based on how much of some concept they possess. In other words, an ordinal scale is ranking scale. In this study, the measurement scale used is a Likert scale. Likert scale used to measure attitudes, opinions, and perceptions of a person or group of persons. Based on the Sekaran and Bougie (2010:152) The Likert scale is designed to examine how strongly subject agree or disagree. The responses over a number of items tapping a particular concept or variable can be analyzed item by item, but it is also possible to calculate a total or summited score for each respondent by summing across items.

1.Independent variables in this research factor of e-banking which consists of accessibility (X1), convenience (X2), privacy (X3), security (X4), design (X5), content (X6), speed (X7), and fees &charge (X8)

2.Dependent variable in this research is the customer satisfaction.

Based on Sekaran and Bougie (2010: 263) sample is a subset of the population. The population in this study is customers of bank Mandiri Setiabudi branch with the total population 500 customers. In this study, why the sampling is customer, because we would like to see whether the customer is understand and in same perception with bank Mandiri or not about the e-banking offered by bank Mandiri Setiabudi branch.

The method that is used in the data analysis is the Path Analysis Method. The intended use of this method is to describe the data pairs of independent variables and the dependent variable of the study sample. With path analysis will be known significant amount of influence and the influence of variables X1 X2 X3 X4 X5 X6 X7 X8 to variable Y.

Path analysis is a technique for analyzing patterns of causal relationships in order to determine the direct effect simultaneously or independently due to multiple variables (Sarwono (2012).

#### **1.4 Discussions and Analysis**

Overall performance from the factors influencing customer satisfaction with e-banking, which is consist of accessibility, convenience, privacy, security, design, content, speed and fee & charge categorized as good performance. The statement is proven by the result of questionnaires

that has been distributed towards 83 customers who using e-banking at bank Mandiri Setiabudi branch as respondents. Based on respondent' assessment:

Accessibility obtained 74.89% in performance, which is categorized as good with the item number 1, "Internet accessibility" has the biggest number of total.

Convenience obtained 77.30% in performance, which is categorized as good with the item number 9, "Save time as compared to conventional banking" has the biggest number of total.

Privacy obtained 75.59% in performance, which is categorized as good with the item number 14, "Customer's financial information may be passed in to other companies among the banks" has the biggest number of total.

Security obtained 75.9% in performance, which is categorized as good with the item number 19, "Trust affect the demand for e-banking service" has the biggest number of total.

Design obtained 71.18% in performance, which is categorized as good with the item number 21, "Attractiveness the design of screen layout" has the biggest number of total.

Content obtained 72.70% in performance, which is categorized as good with the item number 26, "Information credibility" has the biggest number of total.

Speed obtained 70.61% in performance, which is categorized as good with the item number 33, "Speed of e-transactions flow is faster than traditional banking channels" has the biggest number of total

Fees & Charge obtained 79.21% in performance, which is categorized as good with the item number 37, "E-banks charge annual fee" has the biggest number of total.

## **1.5 Conclusion**

Simultaneously, eight selected factors of e-banking that have been done by bank Mandiri Setiabudi branch in Bandung, which is involving Accessibility, Convenience, Privacy, Security, Design, Content, Speed, and Fees & Charge has significant influence on Customer Satisfaction. This statement proven by the F test, where  $F_{count} > F_{table}$ , study found that  $F_{count}$  was 25.029  $>$  2.07 as  $F_{table}$ , then  $H_0$  rejected and  $H_1$  accepted. The sig also support the statement where  $Sig < 0, 05$ , study found the sig. value is 0.000. Therefore  $Sig (0,000) < \alpha (0, 05)$ , it means  $H_0$  rejected and  $H_1$  accepted.

## 1.6 Suggestion

The most important factors of e-banking that need to be maintain by the bank Mandiri Setiabudi branch in Bandung is Design. Based on Standardized Beta Coefficient, Design partially affected the Customer Satisfaction by 29.0% and in total, Design influence the Customer Satisfaction by 21.1% and followed by Privacy is 27.2% with total influence is 20.8%, Security by 25.3% with total influence is 18.4% and Content is 21.8 % with total influence is 11.5%. It would be better to bank Mandiri Setiabudi branch to find out the problems for factors, which don't effect customer satisfaction and improve them. Because those factors are very important for bank, such as accessibility, convenience, speed and fees & charge.

## References

- Ainscough, T.L., & Lockett, M.G. (2006).The internet for the rest of us: marketing on the World Wide Web. *Journal of Consumer Marketing* , 13 (2), 36
- Al-hawari and Ward, 2005. *E-satisfaction and e-loyalty: a contingency framework*. *Psychology and Marketing*, Vol. 20 No. 2,123-38) indicate that Internet banking is positively related to customer retention.
- Alabar, T. Timothy 2012. Electronic banking service and customer satisfaction in the Nigerian banking industry, *International Journal of business and management tomorrow*, Vol.2 No.3
- Arunachalam and Sivasubramanian, (2007). *Electronic Innovations and discoveries*. England: Pergamon Press.
- Boateng and Molla, 2006 Customer loyalty: towards an integrated conceptual framework. *Journal of the Academy of Marketing Science*, Vol. 22 No. 2, 99-113)
- Boateng and Molla, 2006, (*Electronic finance: A new approach to financial sector development*. Washington DC: Dalesmon
- Chen Hsiao and Hwang, 2012:67 *Total quality management & business excellence: an official journal of the European Society for Organisational Excellence*.- Abingdon, Oxfordshire : Routledge, ISSN 1478-3363, ZDB-ID 21017797. - Vol. 23.2012, 7, p. 67
- Daniel, (1999). *The future of state owned financial institutions (electronic Resource)*. Washington DC: LexisNexis.