

2008-12

A STUDY ON THE CUSTOMERS EXPECTATION OF DUTCH BANGLA BANKI LTD'S ONLINE BANKING SERVICES

Aziz, Ashik

Independent University, Bangladesh

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**“A STUDY ON THE CUSTOMERS EXPECTATION OF DUTCH
BANGLA BANKI LTD’S ONLINE BANKING SERVICES”.**

Prepared by

Name: Ashik Aziz

Id: 0410085

Course Id: BBA4991, Section: 01

Date of Submission: 01/12/2008

Prepared for

Nawshad Naqueeb

Faculty Supervisor, Internship Project BBA Program,
School of Business, Autumn-2008.

An Internship Report Presented in Partial Fulfillment of the Requirements
for the Degree Bachelor of Business Administration.



**INDEPENDENT UNIVERSITY BANGLADESH (IUB), BARIDHARA,
DHAKA, DECEMBER, 2008.**

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**has been approved
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**INDEPENDENT UNIVERSITY BANGLADESH (IUB), BARIDHARA,
DHAKA, DECEMBER, 2008.**

Nawshad Naqueeb,
Faculty Supervisor, Internship Project BBA Program-BBA499A,
Independent University Bangladesh,
Baridhara, Dhaka, Bangladesh.

LETTER OF TRANSMITTAL

Dear Sir,

It has been a great pleasure for me to be able to submit the intern report on “**A STUDY ON THE CUSTOMERS EXPECTATION OF DUTCH BANGLA BANK LTD’S ONLINE BANKING SERVICES**” which you assigned me to do for the partial fulfillment of my internship program.

In preparing the report I have always followed the format of a formal report and specially the instructions given by you. I have tried my best to prepare this report to be as informative as possible.

This project was a very interesting assignment for me, contributing to my analytical skills and abilities, practical experience of my theoretical knowledge and many more. I will be available for further query and clarification regarding this report whenever necessary.

Thank you for providing me such an interesting topic to work on and your time and consideration.

Yours Sincerely,

Name: Ashik Aziz,
Id: 0410085,
Course Id: BBA499A.

Signature & Date

Acknowledgement

Nobody can do anything properly without others assistance. So if we want to get better output in any activity from a particular job, then assistance or co-operation is very much essential. I am personally in debt to a number of persons who helped me very politely and gently whose advice, direction and co-operation enable me to earn experiences and give opportunities to learn about Banking Procedure of Dutch Bangla Bank Limited.

At first I would like to thank the almighty Allah for blessing me with the strength, ability and patience to accomplish the study.

I would like to express my best regard, indebtedness and deepest sense of gratitude to my supervisor **Mr. Nawshad Naqueeb, Faculty Supervisor, Internship Project BBA Program-BBA499A, Independent University Bangladesh** for his cordial guidance enthusiastic encouragement and active help throughout the entire period of my internship report.

I would like to take this opportunity to thank my honorable sir **Md. Belayet Hossain, Sr. Assistant Vice President, Gulshan Branch, DBBL**. The last one month of my internship program I had the pleasure of working under him. I can never forget the experience of working with him. He is without any doubt the nicest person I have ever come across.

I thank **Mr. A.H.M. Zahurul Islam, Executive Vice President & Manager, Gulshan Branch, DBBL** who gave me the opportunity to do the internship program at DBBL. I also thank **Mr. Biswazit Das, Additional Executive Officer, Gulshan Branch, DBBL** for helping me with his valuable advice regarding my survey.

My special thanks to **Istiak Vai, Selina Apa, Aflak Vai** who are also Officers of DBBL. They have supported me and guided me like a little brother. I am truly grateful to them for the love and support they gave me. I also thank Anis Vai and all the staff of DBBL, Gulshan Branch who helped me throughout this program.

Finally would like to thank my colleges Mushfiq and Badhon. They were also interns at DBBL at that time. Without them this internship program could not be so interesting.

Sincerely,

Ashik Aziz.

Abstract

With recent move by the Bangladesh Govt. to establish e-commerce and m-commerce gateways, full service online banking is becoming a reality. The internship project will take into account of the existing limited online banking facilities provided by the Bangladeshi banking organizations. The aim of this project is to find out the service expectations of present online banking clients of DBBL. The findings will then help to develop a new cohesive online banking service package for DBBL. The project will start by investigating the limitations of present online banking services, the specific needs and service requirements of the existing DBBL clients regarding online banking and finally developing a new cohesive online banking package for DBBL (as a part of the new product development).

In today's world of a volatile economy, private commercial Banks play a very important role. Like any other country, the economy of Bangladesh is also influenced by the sound functioning and services of the private commercial Banks. In this study, a fervent appeal has been made to demonstrate and analyze the online banking services of Dutch-Bangla Bank Limited (DBBL). DBBL is one of the members of the schedule commercial Banks in the private sector focusing on the establishment and emerging markets in Bangladesh.

This paper analyzes the online products & services, online service quality and customers expectation on DBBL's online services. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. This is an exploratory report on DBBL's online banking that leaves the opportunity for further research in this field also. The report has been prepared by collecting information from Practical work exposures from the different division of the bank such as: General banking division, Card division, Credit division, Cash division, Foreign exchange division of the Gulshan Branch. A lot of research was done online too and a survey of 50 people was also conducted. However the main focus was on the online banking.

This report contains 10 (ten) chapters. The first chapter of the report describes the introductory words while the second chapter is all about the literature review which has been used in the preparation of this report. Third chapter contains a background research on DBBL. In the forth chapter research questions, hypotheses and conceptual framework has been developed. Chapter five explains the research methodology, data collection and sampling method used for this study. The chapter six describes and interprets the results of the survey conducted. In the chapter seven a new cohesive online banking model for DBBL has been suggested. Chapter eight describes the concluding remarks. Chapter nine contains all the reference that has been used for this research. And finally chapter ten the appendices contain the survey questionnaires that were used for this research.

Table of Contents

	Page Number
Chapter-1: Introduction	1-4
1.1 Background of the report	1
1.2 Origin of the report	2
1.3 Problem statement	2
1.4 Purpose of the report	3
1.5 Research timeline	3
<u>Table: 1</u>	3
1.6 Limitation of the report	3-4
Chapter-2: Literature Review	5-10
2.1 History of retail banking and online banking	5-8
2.1.1 Retail banking and its history	5-6
2.1.2 Online banking and its history	7-8
2.3 Service portfolio (Different online services available in the banking industry)	8-9
2.4 Services Quality in the banking industry	9-10
Chapter-3: Background Research	11-21
3.1 Pest analysis	11-13
3.2 SWOT analysis	13-16
<u>Table: 2</u>	14
3.3 Online banking services at Dutch Bangla Bank Limited	17-21
3.3.1 Available Online Services at DBBL	17-21

3.3.2 Security and Privacy of DBBL's Online Services	21
Chapter-4: Operational Definition	22-23
4.1 Research question	22
4.2 Hypotheses	22
4.3 Development of conceptual framework	22-23
Figure-1	23
Chapter-5: Research Methodology	24
5.1 Research design	24
5.2 Sampling method	24
5.3 Survey instrument and data collection	24
5.4 Analytical tools used	24
5.5 Data analysis	24
Chapter-6: Result Analysis	25-27
6.1 Analysis and interpretation of the results solicited through close ended and open ended questions	25-27
Table: 3	25
Table: 4	26
Chapter-7: Recommendation	28-29
Chapter-8: Findings and Conclusion	30
Chapter-9: References	31-32
Chapter 10: Appendices	33-35

Chapter-1: Introduction

1.1 Background of the report/Rationale of the research

The banking industry of Bangladesh consists of a total number of 54 banks. Among all the banks, 47 banks are local banks and among the local banks 4 banks are government owned banks. **Dutch-Bangla Bank Limited (DBBL) is a scheduled joint venture commercial bank between local Bangladeshi parties spearheaded by M Sahabuddin Ahmed (Founder & Chairman) and the Dutch company Netherlands Development Finance Company (FMO).** The FMO of the Netherlands with 30% equity holding is the international co-sponsor of the Bank. Out of the rest 70%, 60% equity has been provided by prominent local entrepreneurs and industrialists & the rest 10% shares is the public issue. During the initial operating year (1996-1997) the bank received skill augmentation technical assistance from ABN Amro Bank of the Netherlands.

DBBL is the largest bank in Bangladesh by market capital. **It started banking operations in Bangladesh on 3rd of June in 1996.** The Bank is listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The authorized capital is 1000 million and paid up capital of the bank is. The total number of securities is 10000000 of face value Tk 100 each and is fully paid by the sponsors. The reserve & surplus fund of the bank was Tk 1323.36 million in 2008.

The bank conducts all types of commercial banking activities including customer services related to local and foreign remittances but its core business is trade financing. It also extends short and medium-term loans to industrial undertakings on a limited scale. Innovative products on credit and deposit scheme introduced by the bank are commission free remittance, the 'Money Plant' scheme, monthly term deposits, small credit facilities for shop owners, small-scale taxi cab loans, small-scale transport loans and consumer credit. The bank has correspondent relationships with 17 foreign banks

The advent of the Internet and the popularity of personal computers presented both an opportunity and a challenge for the banking industry. For years, financial institutions have used powerful computer networks to automate millions of daily transactions; today, often the only paper record is the customer's receipt at the point of sale. Now that its customers are connected to the Internet via personal computers, banks envision similar economic advantages by adapting those same internal electronic processes to home use. Banks view online banking as a powerful "value added" tool to attract and retain new customers while helping to eliminate costly paper handling and teller interactions in an increasingly competitive banking environment.

Online banking is a very new concept in the banking industry of Bangladesh. Recently DBBL has also started online banking. This research report will investigate the limitations of present online banking services and later on developing a new cohesive online banking package for DBBL.

1.2 Origin of the report

To provide fresh graduates with professional knowledge related to the academic training, Independent University Bangladesh (IUB) is conducting Bachelor of Business Administration (BBA) in marketing which contains indispensable practical orientation in different organizations as a part of the BBA program. Under this course framework the students are sent to gather practical knowledge about organizational environment and activities. As a requirement of the course internship, I, Ashik Aziz the student of the Department of (BBA) of (IUB), have prepared this report. I have been guided by my honorable academic supervisor Mr. Nawshad Naqueeb.

1.3 Problem statement

From the study of Kathryn Waite and Tina Harrison (2004) titled “Online banking information: what we want and what we get” I found several advantages of the internet. These advantages include: Firstly, accessibility to information: Search engines and search agents simplify and reduce the time and effort. Secondly, it provides complete availability: A virtual medium without physical form. Thirdly, it is conducive to interactivity: Enables two way communications and also provides greater control over the speed and sequence of information. Fourthly, it is dynamic in nature as it offers limitless information that can be updated and amended easily and quickly. Lastly, it offers multimedia friendliness through the provision of graphics, text, sound, and video.

Developments in internet technology have transformed an originally limited medium to one that has the potential to provide consumers with information quantity and quality in an easily accessible form (Wind and Mahajan, 2001). **Online banking in this study is defined as an Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments.** Therefore banks’ Web sites that offer only information on their pages without possibility to do any transactions are not qualified as online banking services. There is some suggestion that reducing the human element in banking may impact upon customer satisfaction, and impede the development of long lasting relationships with customers (Cox and Dale, 2001; Jabnoun and Al-Tamimi, 2003). To remedy this, it may be necessary for banks to design online services so as to not only satisfy, but “delight” their customers, ensuring both customer retention and loyalty.

Online banking has been introduced in our country very recently. It is still a new concept in the banking industry. However most of the private banks are becoming online very fast. Not many people in this country have the proper understanding of online banking. A very few people are using these services. Most people are not even aware of it. Those who knows a little about online banking thinks it is just checking account balance on the internet. Not much of a research has been done in this field yet.

However this study will help people to have a proper understanding about the online banking. And this will suggest what is to expect from a bank’s online services. This study will also enable the customers to compare the online services of different banks in Bangladesh.

1.4 Purpose of the report

The purpose of this report is to find out the service expectations of present online banking clients and later on develop a new cohesive online banking package in the context of Dutch Bangla Bank Limited in Bangladesh.

1.5 Research timeline

Table: 1

Year	Month	Topic
2008	September	Research Proposal Writing.
2008	October	Literature Review.
2008	October	Development of Conceptual Framework.
2008	October	Data Collection Procedure.
2008	October	Data Analysis and interpretation of findings
2008	November	Final redraft of complete manuscript
2008	November	Submission of research paper.

1.6 Limitation of the report

As a researcher while conducting this report I was faced with some challenges and there were some limitations as well.

First of all this research concentrates only on the portal definition of online banking. Online banking in this study is defined as an Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments. Therefore banks' Web sites that offer only information on their pages without possibility to do any transactions are not qualified as online banking services. Focus was just only on Online Portal. We didn't focus on Any Branch Banking, which is essentially another significant facet of online banking.

Secondly, Although the different service quality dimensions are also an essential part in determining service quality however this study concentrates only on the different products and services offered by the banks.

Thirdly, the computer literacy rate is low in our country is low. And the internet penetration rate is also very low. While my survey I also suffered from the fact that even though a lot of people are banking these days but a very few of them are using internet

banking. Thus one of my main challenge was to getting people talk about online banking, getting their opinions and views about their expectations and disappointments.

Fourthly, during my survey I have noticed that most people don't have a comprehensive understanding of online banking as this is a fairly new concept. By online banking most people understand checking balance from the internet. Some people have unambiguous idea about online banking. Most people are not even aware of it, or afraid, or just don't care and happy to use the traditional banking services.

Fifthly, the online banking which has started in our country has some restrictions such as: intra banking fund transfer, remittance transfer, third party fund transfer is prohibited by Bangladesh bank. Therefore even though these are very important aspect of online banking, the banks in our country are not allowed to practice these services.

Sixthly, time was another limitation. I had only three months to finish this report. And this also limited my sample size. Having got more time I could have surveyed more samples for this study.

Lastly, another problem was that only HSBC, Standard Chartered Bank, EBL and Dutch Bangla Bank in Bangladesh have started online banking in all of their branches. Although some of the other banks in Bangladesh have started online banking but still in most cases only one or two branches of these banks are online and rest of the branches are still not online. Thus any branch banking is still not possible.

Chapter-2: Literature Review

2.1 History of retail banking and online banking

2.1.1 Retail banking and its history

Retail banking refers to banking in which banking institutions execute transactions directly with consumers, rather than corporations or other banks. Services offered include: savings and checking accounts, mortgages, personal loans, debit cards, credit cards, and so forth.

Banking activities were sufficiently important in Babylonia in the second millennium B.C. that written standards of practice were considered necessary. These standards were part of the Code of Hammurabi (the earliest known formal laws). Obviously, these primitive banking transactions were very different in many ways to their modern-day counterparts. Deposits were not of money but of cattle, grain or other crops and eventually precious metals. Nevertheless, some of the basic concepts underlying today's banking system were present in these ancient arrangements. However, a wide range of deposits was accepted, loans were made, and borrowers paid interest to lenders.

Similar banking type arrangements could also be found in the ancient Egypt. These arrangements stemmed from the requirement that grain harvests be stored in centralized state warehouses. Depositors could use written orders for the withdrawal of a certain quantity of grain as a means of payment. This system worked so well that it continued to exist even after private banks dealing in coinage and precious metals were established.

We can trace modern-day banking to practices in the Medieval Italian cities of Florence, Venice and Genoa. The Italian bankers made loans to princes, to finance wars and their lavish lifestyles, and to merchants engaged in international trade. In fact, these early banks tended to be set up by trading families as a part of their more general business activities. The Bardi and Peruzzi families were dominant in Florence in the 14th century and established branches in other parts of Europe to facilitate their trading activities. Both these banks extended substantial loans to Edward III of England to finance the 100 years war against France. But Edward defaulted, and the banks failed.

Perhaps the most famous of the medieval Italian banks was the Medici bank, set up by Giovanni Medici in 1397. The Medici had a long history as money changers, but it was Giovanni who moved the business from a green-covered table in the market place into the hall of a palace he had built for himself. He expanded the scope of the business and established branches of the bank as far north as London. While the Medici bank extended the usual loans to merchants and royals, it also enjoyed the distinction of being the main banker for the Pope. Papal business earned higher profits for the bank than any of its other activities and was the main driving force behind the establishment of branches in other Italian cities and across Europe.

Much of the international business of the medieval banks was carried out through the use of bills of exchange. At the simplest level, this involved a creditor providing local currency to the debtor in return for a bill stating that a certain amount of another currency was payable at a future date often at the next big international fair. Because of the prohibition on directly charging interest, the connection between banking and trade was essential. The bankers would take deposits in one city, make a loan to someone transporting goods to another city, and then take repayment at the destination. The repayment was usually in a different currency, so it could easily incorporate what is essentially an interest payment, circumventing the church prohibitions. An example shows how it worked. A Florentine bank would lend 1000 florins in Florence requiring repayment of 40,000 pence in three months in the bank's London office. In London, the bank would then loan out the 40,000 pence to be repaid in Florence at a rate of 36 pence per florin in three months. In six months, the bank makes 11.1 percent that's an annual rate of 23.4 percent. It is also interesting to note that a double-entry bookkeeping system was used by these medieval bankers and that payments could be executed purely by book transfer.

During the 17th and 18th centuries the Dutch and British improved upon Italian banking techniques. A key development often credited to the London goldsmiths around this time was the adoption of fractional reserve banking. By the middle of the 17th century, the civil war had resulted in the demise of the goldsmith (traditional business of making objects of gold and silver). Forced to find a way to make a living, and have the means to safely store precious metal, they turned to accepting deposits of precious metals for safekeeping. The goldsmith would then issue a receipt for the deposit. At first, these receipts circulated as form of money. But eventually, the goldsmiths realized that, since not all of the depositors would demand their gold and silver simultaneously, they could issue more receipts than they had metal in their vault.

Banks became an integral part of the US economy from the beginning of the Republic. Five years after the Declaration of Independence, the first chartered bank was established in Philadelphia in 1781, and by 1794, there were seventeen more. At first, bank charters could only be obtained through an act of legislation. But, in 1838, New York adopted the Free Banking Act, which allowed anyone to engage in banking business as long as they met certain legal specifications. As free banking quickly spread to other states, problems associated with the system soon became apparent. For example, banks incorporated under these state laws had the right to issue their own bank notes. This led to a multiplicity of notes. Many of which proved to be worthless in the (all too common) event of a bank failure.

With the civil war came legislation that provided for a federally chartered system of banks. This legislation allowed national banks to issue notes and placed a tax on state issued bank notes. These national bank notes came with a federal guarantee, which protected the note-holder if the bank failed. This new legislation also brought all banks under federal supervision. In essence, it laid the foundations of the present-day system.

2.1.2 Online banking and its history

Online banking (or **Internet banking**) allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank, credit union or building society.

The main purpose that banks have been serving since their inception is keeping our money safe for us. While keeping our money safe, they also let us earn a certain amount of interest on the money deposited with them. Traditional banks have been doing this, and internet banks continue the same function. The only difference is in the way the transactions are made.

Online banking has been around for quite a few years. In fact, it was introduced in the 1980s and has come a long way since then. The last decade has seen a profuse growth in internet banking transactions. Several pieces of legislation have also been introduced in this area.

The precursor for the modern home online banking services were the distance banking services over electronic media from the early '80s. The term online became popular in the late '80s and referred to the use of a terminal, keyboard and TV (or monitor) to access the banking system using a phone line. 'Home banking' can also refer to the use of a numeric keypad to send tones down a phone line with instructions to the bank. Online services started in New York in 1981 when four of the city's major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offered home banking services using the videotex system. Because of the commercial failure of videotex these banking services never became popular except in France where the use of videotex was subsidized by the telecom provider and the UK, where the Prestel system was used.

The UK's first home online banking services were set up by the Nottingham Building Society (NBS) in 1983 ("History of the Nottingham". Retrieved on 2007-12-14.). The system used was based on the UK's Prestel system and used a computer, such as the BBC Micro, or keyboard connected to the telephone system and television set. The system (known as 'Home link') allowed on-line viewing of statements, bank transfers and bill payments. In order to make bank transfers and bill payments, a written instruction giving details of the intended recipient had to be sent to the NBS who set the details up on the Home link system. Typical recipients were gas, electricity and telephone companies and accounts with other banks. Details of payments to be made were input into the NBS system by the account holder via Prestel. A cheque was then sent by NBS to the payee and an advice giving details of the payment was sent to the account holder. BACS was later used to transfer the payment directly.

Stanford Federal Credit Union was the first financial institution to offer online internet banking services to all of its members in Oct, 1994.

Though it began in the 1980s, it was only in the mid nineties that internet banking really caught on. What attracts customers to internet banking is the round the clock availability and ease of transactions. Studies estimate that internet banking still has a long way to go. There are several banks that have customers who prefer banking in the traditional ways.

Statistics released by the FDIC show that only 40% of the banks in the U.S. offer internet banking facilities worth mentioning. All the others may have an online presence but do not have enough online transactions to justify their presence on the internet.

Some customers have been known to turn to internet banking due to dissatisfaction with standard procedures and practices. The total absence of human interaction appeals to some people. Some customers turn to internet banking facilities for security reasons. This is mainly because of customers being assured of banks' ability to keep transactions safe and secured.

Most online transactions are made using the Internet Explorer interface. The Internet Explorer has been around for more than ten years now. *** [See reference websites: 1, 2, 3, and 4]

2.3 Service portfolio (Different online services available in the banking industry)

Online banking solutions have many features and capabilities in common, but traditionally also have some that are application specific.

The common features fall broadly into several categories

- Transactional (e.g., performing a financial transaction such as an account to account transfer, paying a bill, wire transfer... and applications... apply for a loan, new account, etc.).
 - Electronic bill presentment.
 - Funds transfer between a customer's own checking and savings accounts, or to another customer's account.
 - Investment purchase or sale.
 - Loan applications and transactions, such as repayments.
- Non-transactional (e.g., online statements, check links, cobrowsing, chat)
 - Bank statements.
- Financial Institution Administration - features allowing the financial institution to manage the online experience of their end users.
- ASP/Hosting Administration - features allowing the hosting company to administer the solution across financial institutions.

Features commonly unique to business banking include

- Support of multiple users having varying levels of authority.
- Transaction approval process.
- Wire transfer.

Features commonly unique to Internet banking include

Personal financial management support, such as importing data into a personal finance program such as Quicken, Microsoft Money or TurboTax. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions.

*** [See reference websites: 3]

2.3 Service Quality in the banking industry

Service and customer service

It is very important to draw the distinction between Service and Customer service. From the marketing perspective service is any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything. On the other hand customer service is the service provided in support of a company's core products. Customer service most often includes answering questions, taking orders, dealing with billing issues, handling complaints, and perhaps scheduling maintenance or repairs. Customer service can occur on site or it can occur over the phone or via the internet. Typically there is no charge for customer service and most banks maintain customer service centers and call centers to serve its customers. Customer service is important for building successful customer relationships.

Service quality and the banking industry

Across all service industries, service quality is a key driver of profit performance (Schoeffler, Buzzel, and Henry 1974) and a critical issue as businesses struggle to maintain a comparative advantage in the marketplace (Kandampully and Duddy 1999). Because financial services particularly banks compete in the marketplace with generally undifferentiated products, service quality often becomes the primary competitive weapon (Stafford 1996) and the most important factor in the success of new financial services (Easingwood and Storey 1993). Indeed, Brnnett (2003) maintains that a competitive edge in the banking originates almost exclusively from the service quality and is essential for success and survival in today's competitive banking environment (Trappey, Trappey, and Hwang 1996).

Researchers have shown that banks that excel in quality service have a distinct marketing edge and improved level of service quality relate to higher revenues, increased cross sell ratios, and higher customer retention (Bennett 2003). Quality products and services have also been shown to enhance a bank's reputation, improve customer retention, attract new customers, increase financial performance and profitability (Julian and Balasubramanian 1994; Zeithaml, Berry and, Parasuraman 1996), and expand market share (Bowen and Hedges 1993). Even though considerable research has been conducted separately on service quality (Bolton 1998, Parasuraman, Zeithaml, and Berry 1985;1991) and product quality (Garvin 1988). But yet despite the importance of service quality in the banking industry limited research has been conducted that considers customer requirements (needs and demands) and service elements together.

Service quality and online service quality

Service quality refers to the difference between customer expectations of what a firm should provide (i.e. expectations) and perceived service performance (Gronroos, 1982;

Parasuraman et al., 1988). Service quality is viewed as an organizational asset and key determinant of corporate marketing and financial performance (Yasin et al., 2004). The assessment of service quality is largely based upon the work of Parasuraman et al. (1988) who constructed a measure of perceived service quality termed SERVQUAL. SERVQUAL has been widely used in a variety of service industries, including the banking industry (e.g. Joseph et al., 1999; Jun et al., 1999; Caruana, 2002). The growth in internet-based services has changed the way that firms and consumers interact (Yang et al., 2001). E-service is conceptualised as an interactive information service (Rowley, 2006) that provides a means by which a firm can differentiate its service offerings and build a competitive advantage (Santos, 2003; Bauer et al., 2005).

Service quality dimensions

Key themes within the e-service quality literature include the dimensions and measurement of e-service, elements of the web experience and the relationship between the web-experience, trust, customer satisfaction, intention to purchase, and loyalty (Rowley, 2006). This emphasis on the role of technological service facilitators contrasts to traditional service quality research which emphasizes the human element of service delivery (Jabnoun and Al-Tamimi, 2003). The e-service dimensions for this study were taken from the book “Services Marketing” by Zeithaml and Bitner (4th edition), pages - 98, 99. For measuring e-service quality some key service quality dimensions are:

1. **Security and privacy:** The degree to which banking online by using a banks website is safe and how well it protects customer's information.
2. **Efficiency and reliability:** Efficiency is the ease and speed of accessing and using a banks website for banking online. Reliability is the correct technical functioning of a banks website.
3. **Fulfillment:** It is the extent to which banks website promises about a particular order delivery and item availability are fulfilled.

Again when the customers face problem or have quarries with a banks website some additional dimensions are used to judge e-service quality. These are:

1. **Responsiveness:** Handling of problems and returns through the banks website.
2. **Compensation:** The degree to which the customers are compensated for problems.
3. **Contact:** The degree to which help can be accessed by telephone or online representatives.

However this study does not concentrates on the different service quality dimensions. My focus is the number of services people can perform online.

Chapter-3: Background Research

3.1 PEST Analysis of Dutch Bangla Bank Limited

Political-legal And Economic Factors

According to Bangladesh Bank the **Minimum Capital Standards are:** Each bank will maintain a ratio of capital to risk weighted assets of not less than 9% with at least 4.5% in core capital and this requirement will have to be achieved by 30 June 2003. However, **minimum capital requirements (paid up capital and reserve) for all banks will be Tk.100 crore as per Bank Company (Amendment) Act, 2003.** Banks having capital shortfall will have to meet at least 50% of the shortfall by 09 March 2004 and the rest by 09 March, 2005.

Dutch Bangla Bank Limited (DBBL) a public company limited by shares, incorporated in Bangladesh in the year 1995 under companies Act 1994. With 30% equity holding, the Netherlands Development Finance company (FMO) of the Netherlands is the international co-sponsor of the Bank. Out of the rest 70%, 60% equity has been provided by prominent local entrepreneurs and industrialists & the rest 10% shares is the public issue. During the initial operating year (1996-1997) the bank received skill augmentation technical assistance from ABN Amro Bank of the Netherlands.

DBBL resumed its operational activities initially with an authorized capital of Tk.400 million and paid up capital of Tk.202.14 million.

As per **Bangladesh Banks Asset Liability Management Policy** Banks must have a committee comprising of the senior management of the bank to make important decisions related to the Balance Sheet of the Bank. The committee, typically called the Asset Liability Committee (ALCO), should meet at least once every month to analysis, review and formulate strategy to manage the balance sheet. **DBBL also have an ALCO committee consisting of eight people.**

(http://www.dutchbanglabank.com/About_Us/aboutus_management_committe.htm)

Specific functions of ALCO includes: 1.Receiving and reviewing reports on liquidity risk, market risk and capital management. 2. Identifying balance sheet management issues like balance sheet gaps, interest rate gap/profiles etc. that are leading to under-performance. 3. Reviewing deposit-pricing strategy for the local markets. 4. Lastly reviewing liquidity contingency plan for the bank.

According to Bangladesh Banks Internal Control Policy: ---

Board of Directors – All the Banks must have a board of directors that is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the company is appropriately and effectively managed and controlled. **DBBL started with an 8-member board of directors comprising a chairman and four representatives from local sponsors and three representatives from the Netherlands Development Finance Company**

oversees the management of the bank. The managing director was appointed by the board with the approval of Bangladesh Bank.

Management Committee – All the banks must have a management that actively manages and operates the company in a sound and prudent manner. **DBBL also has a management committee consisting of nine members.**

(http://www.dutchbanglabank.com/About_Us/aboutus_management_committe.htm)

Dutch-Bangla Bank Limited is a scheduled commercial bank. The Bank was established under the Bank Companies Act 1991 and incorporated as a public limited company under the Companies Act 1994 in Bangladesh with the primary objective to carry on all kinds of banking business in Bangladesh. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. DBBL- a Bangladesh European private joint venture scheduled commercial bank commenced formal operation from June 3, 1996. The head office of the Bank is located at Senakalyan Bhaban (4th floor), 195, Motijheel C/A, Dhaka, Bangladesh. The Bank commenced its banking business with one branch on 4 July 1996.

After completion of all the necessary formalities to start its online banking operations, such as floating of international tender's, evaluation of tender documents the board of Directors of DBBL formally approved the project at a cost of Taka 250.00 million in September, 2003.

Sociocultural Factors

- DBBL extends free medical facilities under its “Rural Health Service Program” to the members of the general public around the rural branches.
- DBBL supports humanitarian and philanthropic activities and causes and spends a substantial amount from its income for these purposes.
- DBBL promotes different socio-cultural and sports activities.
- DBBL also provides fellowship for the researchers conducting researches at M. Phil, PhD and post doctoral level.
- DBBL distributes up to 2.50 % of its annual profit among its employees as profit sharing for motivating and bringing sense of belongingness.
- DBBL has set up the Dutch-Bangla Bank Foundation for carrying out social and charitable activities. From the year 2004, the annual contribution to the Foundation was increased to 5.00% of its operating profit from the previous 2.50% in order to carry out its altruistic activities in greater intensity.
- DBBL's sponsoring shareholders did not take any dividend in the initial 5 years in order to increase the capital base of the bank.

Technological Factors

As there is no R &D department in the DBBL therefore the technological factors would include the technologies that are being used in the banking operations of the bank. For example the introduction of online banking at DBBL required some new technologies.

The main components of the recently started online banking project were the world renowned, robust and tested banking software **FLEXCUBE** from 'I-flex solution limited India world famous server from IBM USA switching software from oasis technology, Canada, world renowned Die bold ATM machines and Hyperion POS Terminals. The project also included an online disaster recovery site (DRS), first of its kind in Bangladesh to have effective disaster management system in place.

3.2 SWOT Analysis of Dutch Bangla Bank Limited

Strengths (S)

- The bank has 284 ATM booths and 614 POS Terminals throughout the country which is still the highest in the country. The bank has four types of ATM cards: DBBL NEXUS Card (first year free, from the 2nd year the annual fee is= Tk 200), DBBL NEXUS MAESTRO CIRUS (first year free, from the 2nd year the annual fee is= Tk 500), DBBL NEXUS CLASSIC (first year free, from the 2nd year the annual fee is= Tk 200), DBBL NEXUS CLASSIC MAESTRO CIRUS (first year free, from the 2nd year the annual fee is= Tk 200).

By using its ATM cards the customers can withdraw money at any time of the day or night from any of its massive network of ATM booths. A customer can withdraw up to 50,000 Tk from a ATM booth at anytime of day or night. The easy availability of its ATM booths and its ATM cards has made the bank famous. The bank's main concentration is on its card products.

- Unlike many private banks in Bangladesh all the branches of DBBL are online. It enables customer to access his/her personal or business accounts anytime anywhere from home, office or when traveling. Internet Banking gives customer the freedom to choose his/her own banking hours.
- The bank charges lower interest rates on loans comparing with other private banks in the banking industry. The interest rates ranges from 7%-18%.
- DBBL is the largest bank in Bangladesh by market capital. The market capital of the bank as of 2008 is Tk33232.50 million.
- The Bank is listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The authorized capital is 1000 million. The total number of securities is 10000000 of face value Tk 100 each and is fully paid by the sponsors. The earnings per share of the bank is Tk45.78 and the reserve & surplus fund of the bank is Tk 1323.36 million as of 2008.
- For the safety and protection of depositor's benefit, capital adequacy must be maintained at 9%. It is also the coverage of financial debacles like loan loss, share market loss, foreign currency dealing loss, interest rate fluctuation loss and the protection for off balance sheet affairs hit. During the year 2007 the DBBL has been able to keep an average 11.79% capital adequacy against the minimum

requirement of 9%. The Regulatory capital of the bank as on December 31, 2006 stood at Tk.190.93 crore. The bank also allows all local remittances such as DD, PO etc **at a minimum cost**.

- A total of 60.7% assets of banking sector were used as loans and advances. But the high rate of classification has enhanced vulnerability of assets. During the year 2007 DBBL has been able to keep an average 69.82% classified loan which a good number of banks are not able to maintain from the profit. DBBL maintains general provision on unclassified loans and advances at 2.86% instead of minimum requirement of 1% as set forth by Bangladesh Bank's regulatory provision. DBBL provides 28% of its total advances as Term Loan and a substantial amount as working capital loan to support industrial development and boost up export earnings of the country.
- Dutch-Bangla Bank Limited won the Asian CSR Award-2005 for its outstanding program on Corporate Social Responsibility (CSR). Mr. Yeasin Ali, the Managing Director of DBBL received the Asian CSR Award-2005 from the Chief Guest, Dr. Juwono Sundarsono, the Honorable Minister for Defense, the Republic of Indonesia at a ceremony held on September 09, 2005 in Jakarta. The bank was also nominated for the CSR awards in 2006. Thus it has a good reputation in the market.

Weaknesses (W)

- Currently the bank is providing lower interest rates on FDRs and other deposit schemes. A comparative scenario on FDR interest rates is presented below:

Table: 2

	Dutch Bangla Bank Limited	Brac Bank Limited	Jamuna Bank Limited	Social Investment Bank limited
One Month	8%(Tk 50000 & Above)	8.25%(Tk 50000 & Above)	8.50% (Tk 50000 & Above)	8.25%(Tk 50000 & Above)
Three Months	Below Tk 10 Lac = 11.25% Tk 10 Lac & Above = 11.75%	Tk 50000 & Above = 11.50%	8.75%(Tk 50000 & Above)	Tk 50000 & Above = 11.50%
Six Months	Below Tk 10 Lac = 11.50% Tk 10 Lac & Above = 12%	Tk 50000 & Above = 11.75%	11.75%(Tk 50000 & Above)	11.75%(Tk 50000 & Above)
Twelve Months	Below Tk 10 Lac = 12%	Tk 50000 & Above = 12.50%	12.75%(Tk 50000 & Above)	12.50%(Tk 50000 & Above)

	Tk 10 Lac & Above And Below 3 Crore = 12.50%	Tk 1 Crore & Above = 12.75%	Tk 1 Crore & Above = 13.25%	
	Tk 3 Crore & Above = 12.75%	Tk 5 Crore & Above = 13%		

[Interest rates are subjects to change at any time]

- The bank has only 56 branches in only 14 districts of the country. Thus it's not available countrywide.
- Minimum balance for maintaining accounts are high. For savings accounts the minimum balance is Tk 500 and for current accounts the minimum balance is Tk 2000.
- The salary package of the bank is lower comparing to other private banks. It has not been revised since 2005.
- The number of employees working at most of the branches is a lot less than what's needed to successfully meet the customer demand. The variation of task especially at the front desk is very high. More than twenty types of job are done by only two Assistant Officers.
- The bank has a little concentration on its loan products. The existing loan products are also actually designed for the upper class. Getting a loan from DBBL is very hard. As the requirements are very high considering other private banks. For example The Brac Bank has provided loan of Tk 6500 Crore in the Bangladesh market so far. And everyday the bank is making a huge quantity of money simply as interest. Thus the loan products are one of main profitable products of a banks business. Therefore the bank is losing business opportunity for its difficult loan requirements and limited weak loan products.
- Some of the ATM booths are placed in such locations where the amount of transactions are very low on the other hand there are some places in the country which badly requires new ATM booths.

Opportunities (O)

- DBBL has a good reputation for providing good quality banking services. However currently the bank has only 56 branches in only 14 districts. The bank has the opportunity to increase its number of branches and expand into new areas.
- Developing more products to reach new customer segments. Especially for the middle class and lower class. The bank has the opportunity to create more loan products for the middle class and the lower class.

Threats (T)

- The bank is heavily depended on some corporate clients. Losing them would result in a loss for the bank.
- Some of the other private banks such as Social Investment Bank, Jamuna Bank, Mercantile Bank, Brac Bank etc are offering higher interest rates on fixed deposits.

- In the retail banking sector especially in the case of salary accounts the bank is facing great challenges from HSBC and Standard Chartered Bank. For example HSBC has an established salary account department for about 200 years now whereas DBBL has only started recently. There are lower chances that the bank can make profit from this sector in a shorter period. And the chances of loss are on the higher side.
- Cooperation means coordination or making the inter connection. At DBBL there is a lack of coordination among the subunits and this creates different problems. Such as--- customer dissatisfaction, less effectiveness in work, productivity decrease, and work environment is also affected.

(SO) Strategies

The bank should expand into new different areas of the country by increasing its number of branches so that people throughout the country can enjoy its services.

The bank should revise its loan requirements to make it more reasonable and develop new loan products especially for the lower class and middle class. Perhaps the bank can introduce micro credit loans as a new product. The BRAC bank has been highly successful in this section.

(WO) Strategies

To support its good reputation in the market the bank should provide attractive interest rates on its FDRs and other deposit schemes. If the bank can't provide higher interest rates then the bank should at least match the rates of other banks operating in the market currently.

The bank should set up more ATM booths throughout the country where it has good demand to meet up the growing public demand.

Increase the number of employees according to the customer demands at each branch and place more officers especially at the front desk of the bank to provide quality customer service.

(ST) Strategies

The bank should undertake promotional activities such as: advertisements on television, newspapers & magazines and expand its number of branches to increase its personal and individual consumer base to reduce its higher dependency on corporate clients.

The bank should revise its interest rates on FDRs and other deposit schemes to make it attractive so that it can keep up with the market.

(WT) Strategies

Rather than operating on a loss it's always better to quit or shutdown. That's why I believe that the bank should shutdown those ATM booths which have lower transactions and think of placing new booth where it has good demand.

3.3 Online banking services At Dutch Bangla Bank

The year 2004 will always be a landmark in the history of DBBL. It is the year which witnessed successful implementation of its on-line computerization project, culminating tow years of massive planning, research, hard work and dedication displayed by all the members of DBBL family.

The journey for ‘ Truly On-line Banking of DBBL ’ started in the year 2002, when the Board of Directors of DBBL conceived the idea of a fully on-line banking in its truest sense with a view to materializing their dream of providing world class banking facilities to its valued customers.

After completion of all necessary formalities, such as floating of international tender’s, evaluation of tender documents the board of Directors of DBBL formally approved the project at a cost of Taka 250.00 million in September, 2003. The main components of the project were the world renowned, robust and tested banking software **FLEXCUBE** from ‘I-flex solution limited India word famous server from IBM USA switching software form oasis technology, Canada, world renowned Die bold ATM machines and Hyperion POS Terminals. The project also included an online disaster recovery site (DRS), first of its kind in Bangladesh to have effective disaster management system in place.

The customers of DBBL can now enjoy the following world class banking service locality at a reasonably and affordable price through the fully automated real-time anywhere any-brace banking services covering 24 hours a day and 365 days year.

3.3.1 Available Online Services at DBBL

The banks online services include the following:

1. Any branch banking:

DBBL’s internet banking enables customer to access his/her personal or business accounts anytime anywhere from home, office or when traveling. Internet Banking gives customer the freedom to choose his/her own banking hours. It can save time, money and effort. It’s fast, easy, and secure. Customers can avail services from any branches of DBBL. He /she can withdraw, deposit, pay loan installment money or cheques in any branch of DBBL. It does not have to be his/her home branch anymore.

2. Account information:

This section enables a customer to enjoy the following services:

- Account Summary – The Customer are able to see the list of Current, Saving, Term Deposit and Loan accounts with the current balance.
- Account Details – The Customer can choose a particular account and see the account details including unclear fund, limit, interest accrued etc. For demand accounts people can see the account details of balances, interest amounts, minimum balance, amount hold, and unclear funds etc. For term deposit accounts tenure, principal, interest particulars, maturity particulars, and tax applied are

displayed. For the loan accounts the loan details included installment, interest, principal, and loan amount particulars are displayed.

- Account Activity – The customer can see or print his transaction activity in a given account for a particular period. The information displayed for the transactions include the value date, description, amount, and running balance people can choose to print the details or download the statement.

Specifying the period for the statement

- Current period - If this option is selected then the transactions will be displayed for a period fixed by the bank
- Specified period - If this option is selected then the customer can specify the period for which they want the transaction details. In this case they have to specify a start date and an end date for the period. The dates should be typed in the yyyy/mm/dd format.
- Unclear Funds - The customer can see the details of cheques deposited in their savings or current accounts which have not been cleared. It also displays the details of the cheques that have not been returned in the last thirty days.

3. Fund transfer:

The transfer fund menu has three submenus:

- Transfer funds – The customer can transfer funds from one of his accounts to another of his accounts within the bank.
- Third party transfers – The customer can not transfer funds from one of his accounts to another customer's account within the bank or with other banks. This option has been disabled for the customers. **Third Party transfer is not allowed as per Bangladesh Bank permission.**
- Banker's cheque request - The customer can make a request for the issuance of a banker's cheque debiting their own account for any beneficiary. The bank manually services this request. The account holder can collect it himself or send some one to collect it by giving him a letter of authorization.

4. Pay bills:

Customers can make payment of Telephone, Gas, Water, Mobile (Grameen, Aktel, City Cell, Bangla Link, and Tele Talk), Internet Service Provider (ISP), and Electricity (PDB, DESA, DESCO, REB) bills, payment of fees of schools and universities. Before using this service the customers have to inform the bank with the names of the bill pay companies with the customers own account/mobile numbers provided by those companies to the customers. The bank links these companies with the customer's internet user id. Once the links are made then the customer can see them in the "Pay Bills" screen and can choose any one of them for payment of their bills/fees. The internet banking

application form contains a list of such companies where the customers have to put tick marks and provide their account numbers or mobile numbers. If someone already have a login id and want to add a company as a “Bills Pay” company they have to write to the branch manager who will verify the customer’s signatures and send the application to the data center. Then the data center will link the company with the customer’s internet user id.

5. Standing instructions:

A standing instruction (SI) allows the customer to instruct the bank to transfer funds from one account to another account in a pre defined day of every month/quarter/year etc. The customer can set up multiple instructions for each account and define the priority in which they are to be executed. The instructions can be setup for recurring transfers at a predefined frequency. The standing instruction menu has four submenus:

- SI View – The customer can inquire/search for existing standing instructions and see them..
- SI Initiate – The customer can set up a new standing instruction from the internet.
- SI Delete – The customer can delete an existing standing instruction.
- SI Modify – The customer can modify an existing standing instruction for: - Transfer amount, Transfer currency, SI execution frequency, SI priority, Next execution date, Final execution date, and narrative. After modifying a SI it needs to be submitted.

6. Term deposits:

This service facilitates opening a term deposit account online by transferring funds from a customer’s own accounts (current or savings). This menu has two submenus as:

- Term deposit view – The customer can open a term deposit (FDR) by transferring funds from one of his saving or current accounts with the bank. The customer will get the TD number online.
- Term deposits modify – The customer can modify the maturity and interest instruction details of the existing term deposit accounts.

7. Refill pre-paid card:

The DBBL internet banking provides the customers the refill-prepaid-card-number for mobile phone and ISP. There are two ways to refill prepaid card:

- Get a number – After giving request of Get-a-number to the service provider the customer gets the refill number on the screen.
- Auto-refill – The customer can refill any amount by choosing this option. After successful transaction the service provider will top up the customer’s mobile phone or internet connection automatically.

8. Stop cheque:

The customer can stop the payment of a cheque or a range of cheque leaves issued from his or her own account.

9. Cheque status inquiry:

The customer can choose an account and enter the cheque number which is linked to his/her account.

10. Change password:

By using this opting a customer can change his/her old internet banking password. The password policy includes the following:

- Minimum length of the password: 06
- Maximum length of the password: 12
- Number of identical characters: 02
- User id is not allowed as a part of the password
- The password should have 1-upper-case, 1-lower-case, 1-number, and no symbolic characters.

12. Update profile:

The customer can update his/her profile like (updating name and address) using this service.

13. Payee maintenance:

This feature enables a customer to store details of payees that he/she can access at the time of transferring money to a third party's account with the bank. Only payees having existing accounts with the bank can be included in the customers list of payees registered with the bank. The customer can do the following task to maintain payee details:

- Register new payees.
- Modify existing payee information.
- Delete existing payee information.
- View existing payee information.

14. Interest rate inquiry:

The customer can find out the bank's interest rates for current & savings accounts all kinds of term deposit accounts by using this option.

15. Foreign exchange rate inquiry:

The customer can find out the current exchange rate against the local currency by using this feature.

16. Statement request:

The customer can make a request for account statement for a required period. The bank will manually service this request.

17. Loan repayments:

The customer can make payment of the loan installment from his CASA account.

18. Letter of credit:

The customer can initiate the LC application through Internet Banking (for corporate customers).

19. Bank guarantee:

The customer can initiate the Bank Guarantee through Internet Banking (for corporate customers).

20. Limits query:

The customer can view his Loan Limits and Limits Utilization through Internet Banking (for corporate customers).

3.3.2 Security and Privacy of DBBL's Online Services

DBBL Data Center is equipped with world's number 'one' networking equipment from CISCO, such as switch, router and PIX firewall. The internet user is only able to access the internet banking when he is allowed by two firewalls- named as **Check Point Firewall** and **CISCO Firewall**. These firewalls will only allow the http and https traffic.

DBBL's internet banking web server is certified by 128 bit data encryption SSL (Secure Socket Layer). A server certificate was issued by Verisign. Inc, USA. So when a customer hits the website, the web browser automatically checks whether the certificate of the server and the public id are valid. Only then a customer's request is executed with high level encryption.

Login id of internet banking is mapped with the Customer id, so there is no change to get other account with a customer's login id. Transaction limit has been set with each login id. So the customer can do daily certain amount of transaction which has been specified in the account product. Customer's login id of the internet banking and their passwords are printed in security PIN (Personal Identification Number) mailer and sent to the customer, so that they can only access their own account with proper authentication.

Actually it is up to the customer to maintain the privacy of their online bank account. A customer is expected to change his password after getting the initial PIN number. The bank recommends that a customer under any circumstances should not disclose or share their password with anyone or write it down anywhere. If the password is stolen or lost or forgotten the customer must immediately notify the bank.

Chapter-4: Operational Definition

From the literature review the operational definition of the measured variables are identified as follows:

Table: 3. Operational Definition of Measured Variables

Bank	A bank is a financial intermediary, a dealer in loans and advance. It is a financial institution or body, which accepts money through different types of deposit accounts and schemes and allocates credit to borrowers and influence interest rates and engages in international finance and trade.
Online Banking (Internet Banking)	Online banking in this study is defined as an Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments.
Service quality	Service quality refers to the difference between customer expectations of what a firm should provide (i.e. expectations) and perceived service performance (Gronroos, 1982; Parasuraman et al., 1988).
Service Portfolio	Services people can perform through online such as: Account summary, account details, account activity, uncleared funds, fund transfer, pay bills, standing instructions, term deposit, refill cards, stop a cheque, change password, interest/foreign exchange rate query, online help, address location and contact information, request check books/atm/debit card

4.1 Research questions

The following research questions can be addressed from the above study:

1. What are the customers expected high quality online services?
2. How the customer's expectation of DBBL's online services are formed?
3. What are the online banking services, that the customers of DBBL wants to enjoy?

4.2 Hypotheses

The following hypotheses can be addressed from the above study:

1. There is a significant relationship between service quality and customer's expectation of online services in the context of Dutch Bangla Bank Ltd.
2. There is a significant relationship between service portfolio and customer's expectation of online services in the context of Dutch Bangla Bank Ltd.

4.3 Development of conceptual framework

My conceptual framework includes three variables. Two independent variables and one dependent variable. My two **independent variables** are:

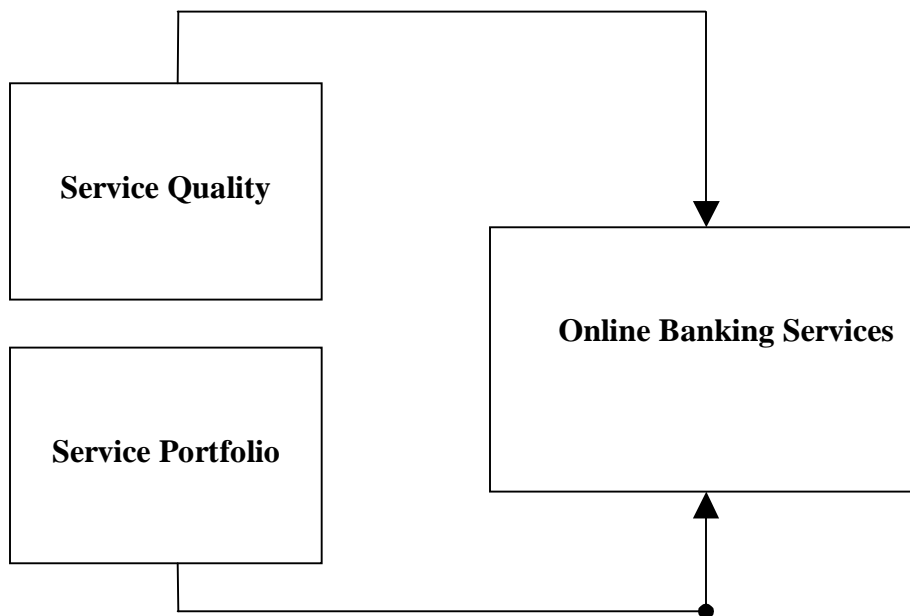
1. **Service Quality** (service, customer service, service quality, and different service quality dimensions), And

2. **Service Portfolio** (Services people can perform through online such as: Account summary, account details, account activity, uncleared funds, fund transfer, pay bills, standing instructions, term deposit, refill cards, stop a cheque, change password, interest/foreign exchange rate query, online help, address location and contact information, request check books/atm/debit card).

My **dependent variable** is: **1. Online Banking Services.**

]

Figure-1:-- Conceptual Framework of Research Variables and their Relationships.



Chapter-5: Research Methodology

5.1 Research design

An **Exploratory study** was undertaken to research the relationship between these variables here. Exploratory studies tend toward loose structures with the objective of discovering future research task. The immediate purpose of exploration is to develop hypotheses or questions for future research, Cooper and Schindler (2002). The purpose of the study was to measure correlation among variables. Here in this study, an exploratory research design was selected in order to find out the appropriate answers of the research questions, which are, in fact, the hypotheses that the study is trying to find out.

5.2 Sampling method

To investigate the research questions, as a researcher I choose only those clients of Dutch Bangla Bank Ltd who are currently enjoying online banking here. Most of my population was from the DBBL, Gulshan branch. Due to time limitation I concentrated mostly on the Gulshan branch. I verbally explained to all the participants about the context of the research focus, so that they can understand my questions. I had prepared a three page questionnaire for my survey. My questionnaire had two parts: close ended questions (10 questions), and open ended questions (4 questions). The questionnaire was approved my honorable supervisor Mr. Nawshad Naqueeb.

To collect the data, as a researcher I followed the **convenience sampling method of non-probability sampling technique**. Non-probability samples are those which are not restricted are called convenience sample. That is why the study followed the convenience sampling approach of non-probability sampling technique. Because of the size, length, and time limitation my sample size was limited to 50 samples. My s

5.3 Survey instrument and data collection

I chose to use questionnaire to collect my data. This instrument was chosen because of two reasons: To save time of the study, and to get direct feedback from the customers. My questionnaire was highly characterized. It was only designed for the people who use online banking at DBBL. The questionnaire had two different parts. The first part had close ended questions. There were total ten questions in this one where the last question was a list of table. The second part of my questionnaire had four questions. These were all open ended questions.

The nature of my present research is very unique and it is also a new concept in the banking sector of Bangladesh. As a result, secondary sources of data were not available for the present study. In this research primary data was used to investigate the research questions.

5.5 Analytical tools used

This research was conducted from a marketing perspective. Therefore, I used **PEST analysis** and **SWOT analysis**. I also added a detailed description of the current available **online services at the bank** to find out what is the current situation of the online banking at Dutch Bangla Bank Ltd.

Chapter-6: Result Analysis

6.1 Analysis and interpretation of the results solicited through close ended and open ended questions

1. Close ended phase

The purpose of this phase was to gain insight about how customers value and evaluate the internet as a source of banking and what are the different services they want to enjoy by using the internet.

Among my 50 samples 48 were males and only 2 female. Most of my samples were highly educated graduates and post graduates. Most of my sample aged within the range 25-45. My sample had mostly the service holders and a few business men. The people whom I sampled were mostly medium internet users and were doing online banking with Dutch Bangla Bank Ltd.

My question number 9 gave me some interesting findings. The question was:

Online banking services offered at DBBL are satisfying. I

Table: 4

Not Satisfying (Disagree)	No comments (Neither agree nor disagree)	Satisfying (Agree)	Highly Satisfying (Strongly agree)
13 samples (26%)	11 samples (22%)	21 Samples (42%)	10 samples (20%)

Among my 50 samples whom were using online banking 21 of them said DBBL's online banking is satisfying. 11 of them said they don't have any opinion because they can't compare as this is the only bank they do online banking with. 5 of my samples said they are highly satisfied with DBBL's online banking. Lastly 13 of my samples said DBBL's online banking is not satisfying and it needs to improve its online service facilities. These were the samples whom were also using online banking with other banks such as HSBC and SCB.

My last close ended question contained a detailed list of different online banking facilities people can enjoy. Some of which were offered at DBBL and some were not. This was measured on an importance scale. However my findings are shown in the table below.

Following is a list of services you may expect to have with your DBBL online banking accounts. Please put a tick mark according to their order of importance to you. Feel free to ask the interviewer for any clarification.

Table: 5

	Extremely Important	Very Important	Neither Important Nor Unimportant	Not Very Important	Not At All Important
1. User Friendly Websites	31 samples (62%)	10 samples (20%)	09 samples (18%)		
2. Call Centre Support		42 samples (84%)	08 samples (16%)		
3. Onsite Demo For First Time Users	11 samples (22%)	09 samples (18%)	08 samples (16%)	12 samples (24%)	10 samples (20%)
4. Security & Privacy	50 samples (100%)				
5. Online Banking Manual (Guide Book)	23 samples (46%)	10 samples (20%)	17 samples (34%)		
Number of Services You Can Perform Through Online:					
6. Learn About Account Information (Account Summary, Account Details, Account Activity, And Uncleared Funds).	19 samples (38%)	25 samples (50%)	06 samples (12%)		
7. Fund Transfer	08 samples (16%)	24 samples (48%)	08 samples (16%)	10 samples (20%)	
8. Pay Bills	20 samples (40%)	10 samples (20%)	20 samples (40%)		
9. Standing Instruction		20 samples (40%)	05 samples (10%)	13 samples (26%)	12 samples (24%)
10. Term Deposit (Open & Modify Deposits)	05 samples (10%)	08 samples (16%)	11 samples (22%)	10 samples (20%)	13 samples (26%)
11. Refill Pre-paid Card	10 samples (20%)	10 samples (20%)	10 samples (20%)	10 samples (20%)	10 samples (20%)
12. Stop A Cheque	27 samples (54%)	12 samples (24%)	11 samples (22%)		
13. Change Password	12 samples (24%)	13 samples (26%)	05 samples (10%)	12 samples (22%)	08 samples (20%)
14. Interest Rate Query	26 samples (52%)	24 samples (48%)			
15. Foreign Exchange Rate Query	12 samples (24%)	22 samples (44%)	16 samples (32%)		
16. Online Help (Help To Technical Questions, Help With The Internet Log In Process)	20 samples (40%)	09 samples (18%)	08 samples (16%)	08 samples (16%)	05 samples (10%)
17. Address, Location & Contact Information of Different DBBL Branches, ATM Booths & POS Terminals.	29 samples (58%)	11 samples (22%)	10 samples (20%)		
18. Request A Cheque book Or An ATM Card	36 samples (72%)	08 samples (16%)	06 samples (12%)		

2. Open ended phase

The purpose of this phase was to gain about the customer's service expectation of online in Bangladesh. In this part I had four questions in total. My first question was a sentence completion. Where I tried to find out what do people think when they hear the words

banking services, online banking services and sms banking services. I got many answers however here I will mention some significant ones.

Banking services → Customer service.

Online banking services → DBBL, banking at your doorsteps, security and privacy, customer service, website quality, smooth performance

SMS banking services → Helpful, balance inquiry, banking at our finger tips, just a click away banking.

In my second question I tried to find out what other services a customer wants to enjoy other than checking their balances when they bank online. Different answers included:

- Fund transfer with other banks accounts.
- Requesting checkbooks and debit cards.
- Paying bills.
- Stopping a cheque etc.

In my third question I tried to find out from the clients what they think can be done to improve the existing online service quality at DBBL. Different answer included:

- Making the website user friendly.
- Introducing more online products in the retail and loan section.
- Introducing third party fund transfer.
- Introducing depositing through ATM.
- Charging lower online fees.

In my fourth question I tried to find out from the clients what difficulties they face when they use DBBL's online banking services. Different answers include:

- The website is a mess. It has a puzzling interface.
- Fund transfer with other bank's accounts is disabled.
- Online charges.
- Limited online products.
- Fewer loan and retail products offered online.
- Website is not updated frequently. It does not have information about those branches which have been opened recently.
- Sometimes the website becomes very slow. The server shows error.
- Giving standing instruction process online is very complicated.
- In addition to online charges there is also an annual charge for using internet banking.

Chapter-7: Recommendation

After all the research, analysis and survey I would like to suggest the following features which I think the Dutch Bangla Bank Limited should try to add/modify to their existing online services:

- 1. Redesign the website to make it more user-friendly:** The condition of the website currently is a mess. It's not well organized. People can lose patients looking for what they want. I got lost looking for deposit schemes. At times some of the links of the website don't work. The bank management needs to take this under consideration. I believe a lot can be done with the website. After comparing a few banks' website I suggest that DBBL should learn from the website of Bank Asia Limited (<http://www.bankasia-bd.com/>).
- 2. Introducing intrabanking fund transfer online:** People should be able to transfer money from their accounts to other bank's accounts.
- 3. Requesting ATM-cards and cheque-books online:** If people can request ATM cards and cheques books online this would save a lot of their time. This would also increase the number of card users. Thus the bank could make more money from its card products.
- 4. Placing pay-order requests online:** If people can request for pay-orders online this will not only benefit the clients but also reduce a lot of work load at the front desk of the bank. It would also save a lot of time. After placing the order the automated system may provide the time of delivery and then the client can come on that time to collect it.
- 5. Call-center support for online user:** The bank should provide call center support for its online customers. This will be very helpful for the new users. My survey results also showed that 84% people thought that it's very important.
- 6. Onsite demo for the first time users:** The bank should consider adding an onsite demo considering those who are interested to use online banking. The demo would show various features people can enjoy from online banking. Bank Asia Limited has added this feature to their website. I believe this is very helpful.
- 7. Introducing locker services online:** Although the place I worked (DBBL, Gulshan Branch) was providing locker service. However the website had no information about it. I believe offering locker services online would increase the banks revenue and also customer base. The Southeast Bank Limited in Bangladesh has placed a detailed description of its locker service online (http://www.sebankbd.com/locker_service.php). DBBL can learn from them.
- 8. Customer service:** It is the secret of a banks success. Therefore in the banking industry customer service is very important. Surprisingly DBBL's website does not have any information on how to get online help. The banks website should add information about its customer service enabling users to get help when they face problems. The AB

bank has done it. I liked how they have made an extra segment on customer service online (<http://www.abbank.com.bd>).

9. Adding a search within the website can be very helpful for those people who are in a hurry. The IFIC bank has done it (<http://www.ificbankbd.com>).

10. Surprisingly there aren't any loan products introduced online in the banks website. The bank management should seriously take this under consideration.

11. Enabling loan applications and transactions, such as paying loan installments online.

12. Reducing online banking charges and annual fees for online banking.

13. Enabling requests for account statements online for a particular period. Some other banks are offering this service. For Example: Bank Asia Limited.

14. Removing un-necessary and fancy areas of the website by replacing them with important ones. For example there is a section called Foreign Trade. What use does it have to a general user? It was not necessary to fill out most of the front page with mission, vision and core objective. An extra added linked webpage would have done the job.

15. Adding a FAQ (Frequently Asked Questions) to the website could be very useful for new customers. The FAQ would contain those common problems, questions and answers a user may face while banking online.

Chapter-8: Findings And Conclusion

As an intern at DBBL I have noticed that the front desk of the bank has the highest work load. It is also the place where customer service is provided. The variation of the tasks at front desk is also very high. More than twenty types of job are done here at the front desk by only two or three Assistant Officers and a few interns. However the common practice here as I have noticed that most of the workload is pushed upon the interns. The officers take easy way out. The risk associated with this practice is that the interns are not trained nor have any sort of experience. And they make mistakes. As a result providing a quality customer service becomes impossible. This results to customer dissatisfaction. And the customers spread bad word of mouth about the bank. This is a threat to the banks reputation. My suggestion is that the bank should provide more employees at the front desk or open new sections by dividing the work for providing these services and the officers should take more responsibility while working at the front desk rather than putting pressure on the interns.

Again as an intern I also felt that there is a lack of coordination between the different divisions of the bank at the Gulshan branch. Coordination in this case implies cooperation, respecting each others work, appreciating good performance, helping out at the times of pressure. At DBBL Gulshan branch I didn't see much of coordination among the different divisions. For example some people think that not much of work is done at the foreign exchange division. This can create different problems in the near future. Such as: internal rivalry among the employees, customer dissatisfaction, less effectiveness in work, productivity decrease, and thus the work environment is also affected. I just hope this is not a common picture at the other DBBL branches.

DBBL is one of the most potential Banks in the banking sector. It has a large portfolio with huge assets to meet up its liabilities and management of this bank is equipped with the export bankers and managers in all level of management. So it is not an easy job to find out the drawbacks of this branch. I would rather feel like producing my personal opinion about the ongoing practices in Gulshan Branch.

There are computers almost in every branch in the DBBL. The bank is maintaining a network among all of its branches. The networking system obviously charges a high installation cost, but it will definitely reduce the overhead cost and an error free banking may be in progress. Moreover by adopting this system the bank join the modern banking along with e-commerce concept. For DBBL it is a great advantage that all of its branches in the country have become online. However the foreign banks and other private commercial banks have also started online banking. So to keep its position as a market leader it is necessary to provide improved online services with more products.

DBBL uses the latest modern and internationally recognized banking software. The name of this software is FLEXCUBE bank solution software. It produces large amount of investment. DBBL also provides an up-to-date training program to its all employees from top to bottom. This program helps the employees to provide a better service to their respective customer.

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Others:

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Chapter 10: Appendices

Close ended questions

1. Please specify your Gender (tick the applicable option)?

☐ Male

☐ Female

2. Please specify your age (put a tick mark)?

☐ Below 18

☐ 18-24

☐ 25-35

☐ 36-4

☐ 46 and above.

3. Educational Qualification

☐ Passed HSC or Class 12

☐ Graduate (Business)

☐ Graduate (Social Science / Humanities)

☐ Graduate (Medicine / Science / Engineering / IT)

☐ Post Graduates (Business)

☐ Post Graduates (Non-Business)

4. Please specify your profession (tick the applicable option)?

☐ Self-employed professionals (e.g. doctor, private practitioners) ☐ Service holder (private and public)

☐ Self-employed Business person

☐ Others (specify): _____

5. In a month how often do you come to the bank for banking purpose (tick the applicable option)?

☐ Everyday

☐ Twice in a week

☐ Once in every two weeks

☐ Once in a month

☐ Others (specify): _____

6. Do you use internet at home (tick the applicable option)?

☐ Yes

☐ No

7. Please grade your internet proficiency below (tick the applicable option)?

☐ Heavy user

☐ Medium user

☐ Hardly used internet

☐ Use once in a week

☐ Others (specify): _____

8. With which bank are you doing online banking (tick the applicable options)?

☐ Standard Chartered

☐ Dutch Bangla Bank

☐ HSBC

☐ Jamuna Bank

☐ Others: _____

9. The online banking services offered at DBBL are satisfying. I

Strongly
disagree

Disagree

Neither agree
nor disagree

Agree

Strongly
agree

1.....

2.....

3.....

4.....

5.....

10. Following is a list of services you may expect to have with your DBBL online banking accounts. Please put a tick mark according to their order of importance to you. Feel free to ask the interviewer for any clarification.

	Extremely Important	Very Important	Neither Important Nor Unimportant	Not Very Important	Not At All Important
1. User Friendly Websites					
2. Call Centre Support					
3. Onsite Demo For First Time Users					
4. Security & Privacy					
5. Online Banking Manual (Guide Book)					
Number of Services You Can Perform Through Online:					
6. Learn About Account Information (Account Summary, Account Details, Account Activity, And Uncleared Funds).					
7. Fund Transfer					
8. Pay Bills					
9. Standing Instruction					
10. Term Deposit (Open & Modify Deposits)					
11. Refill Pre-paid Card					
12. Stop A Cheque					
13. Change Password					
14. Interest Rate Query					
15. Foreign Exchange Rate Query					
16. Online Help (Help To Technical Questions, Help With The Internet Log In Process)					
17. Address, Location & Contact Information of Different DBBL Branches, ATM Booths & POS Terminals.					
18. Request A Chequebook Or An ATM Card					

Customer Service Expectation of online banking in Bangladesh

Open ended questions

1. What is the first word that comes to your mind when you hear the following?

Banking (services) _____

Online banking (services) _____

SMS banking (services) _____

2. In addition to checking your balances, name one online service you would want most from your online banking account?

Ans.

3. If I were a policy maker at DBBL, then to improve its online service quality I would

Ans.

4. What sort of difficulties you faced while using DBBL's online banking services?

Ans.