

**THE ROLE OF KNOWLEDGE AND CONFIDENCE IN REDUCING COST OF
ELECTRONIC BANKING CUSTOMERS: A CASE STUDY OF IRAN**

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ABSTRACT

The rapid spread of technology has made the Internet the best channel to provide banking services and products to customers. The goal of this study is to examine e-banking in Iran and propose strategies to utilize e-commerce into traditional retail banking services. New electronic systems and especially the "Internet business development in the last century led to fundamental are changed how cultural exchanges, economic and social communities. Internet has changed the dimensions of competition in the retail banking sector. This study seeks to discover the answer to this question by reviewing the literature and other studies in Iran. The main objective of this paper is investigating and studying the most important factors in the field of e-banking services in an Islamic country and customer 's evaluation of the electronic banking services. The paper shows that the Iranian customers have not enough knowledge and trust with relation to the e-banking, the consequences of the study indicates that electronic banking services reduce customers cost.

Keywords: *Internet, electronic banking, Electron, Likert Scale, electronic commerce and Iran*

1. INTRODUCTION

In recent years, information technology (IT) is changing into the most important factor in the future development of banking, influencing banks' marketing and business strategies. The admission of e-banking began to occur completely covering a large area as a channel of distribution for financial services due to rapid advances in IT and intensive competitive banking markets. A very effective banking industry is important in every country and can have a meaningful affect in supporting economic development through efficient financial services.

An online banking user performs at least one of the following transactions online:

- Check account balance and transaction history,
- Pay bills,
- Transferring funds between accounts,
- Request credit card advances,
- Order checks,
- Manage investments and trade stocks.

E-banking involves consumers using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its products and services. At an advanced level, it involves provision of facilities such as accessing accounts, transferring funds, and buying financial products or services online.

In the 1990s, banks realized that the rising popularity of the World Wide Web gave them an added opportunity to advertise their services. Initially, they used the Web as another brochure, without interaction with the customer. Early sites featured pictures of the bank's officers or buildings, and provided customers with maps of branches and ATM locations, phone numbers to call for further information and simple listings of products.

In Iran banking industry needs to change, both at the practical level and at the educational level to achieve economic development. This change will include moving from traditional banking to electronic banking. Despite this growth of IT worldwide, Iranian banks continue to manage most of their banking transactions using traditional methods. The research analyzes the reasons for the lack of such technology in developing countries such as Iran. The goal of the study is to observe the

advantages of e-banking in Iran.

2.0 MATERIALS AND METHODS

According to the above literature e-banking caused so many advantages, so the research questions are as below:

Q₁: Does lack of enough knowledge and trust about electronic banking has reduced to use of electronic banking?

According to the above research question the hypothesis of the study as follow:

H₁: non-existing of enough knowledge have led to decrease in using e-banking in Iran.

Two research methods were occupied an exploratory research and Survey questionnaire. The exploratory research based on secondary information obtained through the web, books and related journals. Since the paper aims to find out the factors that influence adoption of electronic banking services from Iranian customers, point of view, the method, which suits for this study, is a survey. Survey is a technique in which information is collected from a sample of people through a questionnaire. Survey questionnaire was supplied to empirically estimate the level of adoption of e-banking in Iran. A survey questionnaire was completed by the banks customers, at the end of 2011. The questionnaire contains two sections namely (A) the first section conclude demographic data such as gender, age, Education and occupation and (B) this section includes several questions regarding to the e-banking services which rendering in Iran. Five-Point Likert Scale questionnaire was employed in the research. The Five-Point Likert's scale having the ratings of "not important" (1) and "extremely important" (5) and also the ratings of "strongly disagree" (1) and "strongly agree" (5) were used. For analyzing data X2 is employed which is the most relevant test to this kind of study.

A total of 1,200 questionnaires were randomly supplied to business men and customers in the general public. Seven hundred and thirty (730) were returned, which represents 77.5% of the total respondents. The demographic information of participants is summarized in Table 1.

Table1. Demographic information of participants

Variable	Category	Frequency	Percentage
Gender	Male	490	52.7
	Female	440	47.3
Age	20-30	130	14
	31-40	405	43.5
	41-50	290	31.2
	50 and upper	105	11.3
Education	Diploma	245	26.1
	B.S	395	42.5
	M.S/M.A	262	28.2
	PhD	28	3.2
occupation	Governmental	220	23.7
	Private	283	30.4
	Self employed	252	27
	Others	175	18.9

As Table 1 show, out of 930 participants 440(47.3%) are female and 490 (47.3%) are male. It means that the majority of participants are female. The Maximums of the respondents were ages 31 to 40 years (43.5%) and the least number of participants were upper than 50 years (11.3%). Related to educational background, out of 930 respondents 395 had bachelor degree which represent 42.5% followed by master degree of 262 participants in percentage 28.2%. The minimums of participants had PhD degree (3%).

Regarding to job position, majority of the respondents are employed in private sector, which states 283 (30.4%) followed by self employed with 27% Out of 930 participants 169 were governmental in percentage 18.9%. The least number of participants fall in the category of others (housewife, student, etc).

3.0 RESULTS AND DISCUSSION

In order to analyzing data, as it is mentioned before, X2 test is employed. The results of testing hypotheses is summarized in Table.2

Table2. The results of testing hypotheses

Hypotheses	X2 amount	Table	Mono-sample X2 amount	D.f	Alpha P-value	Results
Hyp.No.1	9.352		11.43	3	0.003	Accepted

The hypothesis is:

H₁: non-existing of enough knowledge have led to decrease in using e-banking in Iran.

With reference to table 2 the results of this study show that this hypothesis is also accepted and a null hypothesis is rejected, in other words, the Iranian costumers have not enough knowledge related to e-banking in Iran.

The third hypothesis is:

Q₁: Does lack of enough knowledge and trust about electronic banking has reduced to use of electronic banking?

In order to answer the research problems, were employed two ways exploratory research and Survey questionnaire. Five-Point Likert Scale questionnaire was employed in the research. The results show opportunity cost of lost of Iranian banks customers will reduce to use of electronic banking and also indicate non-existing of enough knowledge and trust have led to decrease in using e-banking in Iran and education can increases using of electronic banking services among the banks' customers in Iran. Therefore government and Bankers should attempt to introduce e-banking very well in Iran as early as possible. According to the above findings, the research is interesting to know effective factors to develop electronic banking services in Iran and we hope this study could provide it.

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