Relationship between Modern Banking Service and Specific Brand Value in Iranian Private Sector Banking
(A case study: The branches of Parsian and Saman Banks in Shiraz)

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Abstract
The purpose of present study is to evaluate the relationship between modern banking service and brand specific value in Iranian private sector banking. The branches of the banks in Shiraz were selected for this study due to their availability. The statistical population includes the customers of the private sector banking system in Shiraz (n=7506). The sample group (n=382) was selected randomly with proportionate stratified method. The questionnaire contained 52 items based on 5-item Lickert Method. The results showed that there is a positive and significant relationship between the perceived quality of modern banking services in the private sector banks by their customers and the banks specific brand value. It is noted that the study is applied form in terms of its goal and it is correlative with descriptive – heuristic approach.

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1. Introduction

Today, banking service is developing due to wider internet network availability for all. E-banking system facilitates transactions among personal accounts using such tools as cards and codes [1]. On the whole, banking system development has undertaken four stages: using coins, paper payment systems such as check, e-payment system using cards and internet-based databases. Today most countries are in stage 3 and stage 4. It means that the transactions are conducted via internet electronically due to increasing e-commerce as well as information and communication technology. Given that financial transactions and commercial transactions are integrated, worldwide financial organizations make use of information and communication technology increasingly to support and to facilitate e-commerce while we see global e-trade is booming. Therefore, in recent few decades e-banking is substituting conventional banking systems gradually very widely. While banks tend to modern financial services, e-banking has played a great role in higher e-commerce [2]. E-banking is considered an essential tool for surviving and it will result in fundamental change of banking industry in whole world. Today customers receive banking services instantly by clicking on computer mouse. Customers are also able to transact with optional sellers in a short time to meet their financial demands. Thus, e-banking has turned to a strategic weapon for banks [3]. Aaker asserts that brand specific value (related to customers) encompasses four components: perceived quality, brand knowledge, loyalty to brand and dependence to brand [4]. In this world of competition, all commercial organizations including banks try to attract customer, to increase customer satisfaction and to elevate their own brand value. This issue is specifically important for banks which transact continuously with their clients. On the other hand, the competition between banks (specifically between private sector banking systems) and so-called Good Loan Islamic Organizations are increasing. Therefore, it seems that raising the competitive advantage of bank brand value is essential to survive. Modern banking service which is closely related to communication and information technology is an important factor for creating competitive advantage, attracting customers and their satisfaction [5] So, we intend to focus on private sector banking system in Iran (Bank of Saman and Bank of Parsian) as a case study and to scrutinize the relationship between modern banking services and brand specific value for these banks to help the related researches as well as to offer decision-makers in the banks applied suggestions (based on the result of the study). It is noted that both above mentioned banks are regarded as most active banks in Iran private sector banking system in terms of marketing. In addition, only these banks have accepted to cooperate with the researcher.
2. Background of the study
The literature review shows how significance the e-service is in terms of raising customer service [6]. Studies often seek to evaluate e-service impact on customer perception of whole service. Below, there are significant indicators of customer perception from bank e-services:

- Comfort use: it is effective on customer perception of electronic service and it is directly related as well to customer satisfaction. [7]
- Saving time: Electronic service can raise customer-perceived quality only by satisfying customer demand more quickly via e-service[8]
- Appropriateness and using signs and guides: Berry et al and Komar et al studies in Islamic banking system in Malaysia showed that signs, guides and the way banking e-services are used impact significantly on customer-perceived whole quality of service.[9]
- Security and confidentiality: customers concern about their spiritual rights when they use banking e-service. For example the internet security or accessibility of all transactional operations impact on perception customer has about electronic services [10]. Also, secure conventional transactions as an important factor impacts on what customers perceive of conventional and electronic services [11]. Customer confident in a service is regarded as a basic requirement in both conventional and electronic services and impacting on customer perceptions [12].
- Operation accuracy: Customer higher satisfaction of electronic services is the result of lower faults in banking operations and higher accuracy of transactions. [13]
- Diverse banking operations and estimation of customer demands: Customers prefer diverse services. On the whole, they prefer to receive several services around a fundamental service as multiple services. It is also important in electronic service to estimate customer demand and to prompt solutions before the customer asks for [14].
- Higher information technologies: Using higher information technologies as hard wares and soft wares by service provider impact positively on customer perception of banking electronic services [15].
- Easy access to electronic services: This encompasses two components: access to equipments and tools for using services such as telephone or internet and access to hardware tools such as ATMs, virtual branches and computers. [16]
- First-step response to demands: Trust to banking electronic services is tested in the first time customer demands an operation. [17]
- Support service: It is especially important for electronic services when a fault occurs due to lacking direct interaction between customer and service provider. [18]

Following are the results of previous studies in this field:

- NorzalitaAbd Aziz &NorjayaMohdYasin studied "measuring factors impacting on brand specific value in banking services in Malaysia". They evaluated the way specific brand
value is established and concluded that organization performance impacts greatly on specific brand value for the organization [19].

Mari Juntunen studied "the relationship between bran specific value and loyalty to brand in inter companies market" and concluded that customer loyalty is a part of brand specific value and brand image results in brand specific value. It is also noted that the product brand specific value is developed in product brand point of view and brand value of companies must be also developed as the products (ibid).

Ching-fuchen & Wen shiangTeseng studied "impact of product loss crisis on the brand" and tried to improve understanding of the impact of product loss crisis on brand performance and market structure. The study used data collected when Nestle Corporation suffered lost due to the dried milk crisis in China. The results showed that product loss occurs through change of customer's shopping behavior.

Gharabi addressed the factors impacting on image brand in terms of marketing for Gostrash Steel Industry Company Iran and their priorities. The study showed that adherence to standards of quality impacts on the brand image of the company.

Sadeghiani studied "Home appliances specific brand value in views of customers in Tehran". He used Aaker's model of specific brand value and evaluated the independent variables such as loyalty to brand, perceived quality of brand, brand association and brand knowledge and their impacts on international and domestic brand specific value.

Helery evaluated relationship between specific brand value of Iranoil Company (in Iran) and customer response based on Aaker's model (with four components of awareness, perceived quality, association and loyalty to brand). The results showed that there is a significant relationship between specific brand value and tendency to extending brand range and there is also a significant relationship between specific brand value and brand purchase offer.

Krishnan Guru et al as multimedia professors in Malaysia evaluated modern trends of banking services and defined advancement of communication and information technologies as the benchmark factor for main change in Malaysian banking sector. The change resulted in many modern banking services such as ATMs, telebanking and home banking to response customer demand and to attract customer satisfaction. The most welcoming trend was ATM and the least was telebanking. Online banking has been not launched yet in Malaysia but it seems the government seeks to conduct it too.

John Evans and others as professors in Dubai evaluated internet banking and compared banking systems and main differences in banking network use in Jordan and USA. The results showed well the differences between developing and developed countries banking systems. The findings indicated that the differences are related to different services offered in their web sites. American banks offer many banking services such as investment, share purchase, financial bills payment while Jordanian banks suffer many shortcomings.
Imtiyaz Al-sabbagh et al. asked 225 respondents in Oman to reply questions about acceptability and use of modern banking systems including internet banking. The results showed that there are main obstacles for expansion of modern banking trends in Oman such as traditional habits, lack of government support, communication system shortcomings and web low speed.

Allahyarifard studied "Banking electronic services and its implementation requirements in comparison with diverse banking services expenses" and evaluated electronic banking trends (internet, intranet and mobile-based services) measuring the expenses in diverse banking systems in Iran. The results showed that average duration for each transaction in internet and intranet banking has been decreased significantly than conventional banking.

Shokrgozar in his M.S. Final Project studied "Evaluation of electronic banking feasibility in banks regarding that our country ranking is 58 among 60 countries in the world in terms of easy access to electronic trade". The feasibility of e-banking is measured based on economic, technical and human resource. Technical variable depends on factors such as feasibility of e-banking placement in banks, software and hardware feasibilities, adequate security, feasibility to provide higher speed and etc. Economic variables include expenses for providing software, lower expenses for customer services, long term budget for purchasing or creating software and etc. Human factors include competent experts to design, analyze and implement e-banking, senior management support and etc.

3. Conceptual model and hypotheses of the study

Following model is drawn for present study using specific brand value based on Aaker's Model (1991). The modern banking services variable is examined using the parameters drawn from the above background:
The hypotheses of study are developed based on above model as follows:

- The main hypothesis is: There is a significant relationship between the quality of modern banking services and specific brand value for the private sector banking.
- The minor hypotheses include:
  - 1. There is a significant relationship between modern banking services and perceived quality.
  - 2. There is a significant relationship between modern banking services and knowledge of brand.
  - 3. There is a significant relationship between modern banking services and loyalty to brand.
  - 4. There is a significant relationship between modern banking services and brand association (image).

4. Methodology of study

This study is correlative with applied approach. The statistical population (n=7506) includes the customers referred to the branches of Parsian and Saman banks in Shiraz, Iran approximated for a 6-month period and averaged for a week. The sample group (n=382) was selected randomly based on Kerssy-Morgan Table using proportionate stratified method. The main tool for data collection was a questionnaire with 52 items to measure variables of specific brand value (based on Aaker's model) and perceived quality banking services by customer in the banks. The validity of questionnaire was established using "content validity analysis" and its reliability (82.091) was measured using Cronbach's Alpha. Data was analyzed using SPSS software.

5. Data analysis results

The variables were explained and interpreted using mono variant t test (test value=3) with 95% certainty (error rate=0.05).

Table 1 shows that the variable "quality of modern banking service" has average rate because its p-value is P>0.05 and other variables exist very weakly in the statistical population since their p-values are lower than 0.05 and the average for all is lower than 3.

<table>
<thead>
<tr>
<th>Variable</th>
<th>P-Value (2-tailed)</th>
<th>Average</th>
<th>Std. d</th>
<th>T Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality</td>
<td>.90277</td>
<td>2.6285</td>
<td>.041</td>
<td>-3.482</td>
</tr>
<tr>
<td>Knowledge of Brand</td>
<td>.86105</td>
<td>2.1602</td>
<td>.063</td>
<td>-2.188</td>
</tr>
<tr>
<td>Loyalty to Brand</td>
<td>.73281</td>
<td>2.3155</td>
<td>.029</td>
<td>-4.262</td>
</tr>
<tr>
<td>Brand Association (Image)</td>
<td>.83441</td>
<td>2.0047</td>
<td>.111</td>
<td>-3.291</td>
</tr>
</tbody>
</table>
Table 2 shows that minor hypothesis 1 is established since it is positive and significant in 0.01 level s with correlation coefficient (0.73) for the two variables.

Table 2. Relationship between Quality of Modern Banking Services and Perceived Quality

<table>
<thead>
<tr>
<th>Quality of Modern Banking Services</th>
<th>Perceived Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>0.73 (**)</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>0.000</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>382</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

Table 3 shows that minor hypothesis 2 is established since it is positive and significant in 0.05 level s with correlation coefficient (0.21) for the two variables.

Table 3. Relationship between Quality of Modern Banking Services and Knowledge of Brand

<table>
<thead>
<tr>
<th>Quality of Modern Banking Services</th>
<th>Knowledge of Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>0.21 (*)</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>0.047</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>382</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.05 level (2-tailed).**

Table 4 shows that minor hypothesis 3 is established since it is positive and significant in 0.01 level s with correlation coefficient (0.44) for the two variables.

Table 4. Relationship between Quality of Modern Banking Services and Loyalty to Brand
Table 5. Relationship Between Quality of Modern Banking Services and Brand Association (Image)

<table>
<thead>
<tr>
<th>Quality of Modern Banking Services</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>382</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Table 5 shows that minor hypothesis 4 is established since it is positive and significant in 0.05 levels with correlation coefficient (0.18) for the two variables.

Table 6. Relationship between Quality of Modern Banking Services and Specific Brand Value

<table>
<thead>
<tr>
<th>Value</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Modern Banking Services</td>
<td>0.46 (*)</td>
<td>0.029</td>
<td>382</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

6. Conclusion
On the whole, the results showed that in private sector banking system in Iran, there is a positive and significant relationship between quality of electronic service and specific brand value for the banks. It implies that if the intended dimensions for measuring quality of electronic banking service (such as easy access, security, saving in time and etc.) are encouraged, their brand value would be improved by 46% certainty and vise versa. The results of this study are
reaffirmed by many previous studies. They have established that appropriate customer-perceived quality of service results in customer satisfaction and loyalty and higher brand value of the companies. Here, a few of the previous studies are mentioned:

- Gharabi (2009) also studied a research on steel industry in Iran and concluded that adherence to standards of quality may result in brand image improvement in view of its customers.
- Norzalita Abd Aziz & Norjaya Mohd Yasin (2010) conducted a study on banking industry and concluded that organizational performances of the banks impact directly on their specific brand values.
- Ching-fuchen & Wen shiang Teseng (2010) studied Taiwan Airline Industry and found that customer perceived quality of different airlines impacts directly on their specific brand values.

References


