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The Impact of Mobile Banking Services on Customer Satisfaction and Retention: A Study on Turkey Banks

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Abstract: The study aims to determine the relationship between mobile banking services and customer satisfaction and customer retention in the banking sector in Turkey. The objectives of the study were to establish the effect of mobile banking services on customer satisfaction in the banking sector in Turkey and to determine the effect of mobile banking services on customer retention in Turkey. The study employed a sample of 400 respondents where data was attained from the customers of the selected banks in Turkey. The results are presented with a beta value of.322, a significant value of P = 0.000, indicating that there exists a positive effect between mobile banking services and customer retention. Secondly, the study results in the table above indicate that mobile banking services have a positive effect on customer satisfaction. The study results are presented with a beta value of.314, a significant value of P = 0.000, indicating that there exists a positive effect between mobile banking services and customer satisfaction. The study concludes that mobile banking services had a positive and significant effect on customer satisfaction in the banking sector in Turkey. The study concludes that improved mobile banking services in Turkey are a key inducement to customer satisfaction in the banks. It concluded that the improvement of mobile banking services can henceforth generate efficiency and customer satisfaction. It is concluded that mobile banking is significant in the attainment of customer retention. It is hence conclusive that mobile banking is an ideal contributor to customer retention. Although the effect is moderate, it significantly implies that the mobile banking system is an ideal contributor to the retention of customers.

Keywords: Mobile Banking Services, Customer Satisfaction, Customer Retention, Turkey

1. Introduction

The study provides an assessment of the study topic; the chapter provides the research background, the purpose for the study, objectives of the study, research hypothesis, scope of the study, study significance, and research model through its conceptual framework. The mobile banking revolution can be dated back to 1999 when United States banks introduced the use of Short Message Services banking services. A report by KPMG 2015 associates the origin of mobile banking with the early developments of Wireless Access Protocol and SMS offerings. The period between 2000 and 2005 reported a low mobile banking penetration rate. These minimal adoption rates were linked to the availability of multiple constraints regarding mobile banking scope of functionality and the service remaining relatively marginal .in the modern world, almost all banks practice some aspect of mobile banking offering, either developed by a third-party specialist vendor or designed in-house(Key and Martin 2004:1). Mobile banking is on the rise both worldwide and in Turkey. Banks are offering online services that can be accessed on a mobile device as well as providing dedicated mobile banking applications. The number of people with a mobile and use a mobile banking app doubled between 2010 and 2015 in the U.S., 111 million people in the U.S. were using Mobile banking which constituted 80 percent of 140 million total bank customers, while this figure stood at only around 35 percent in 2010. Also, in the UK, while 30 percent of people were mobile banking users in 2007, the number doubled by 2017 to 63 percent, according to a nationwide study According to the Consumers and Mobile Financial Services 2016 Report, most users of such applications use them for basic banking services such as checking their balance, transferring money between accounts, and viewing their recent transactions(Luigi 2022:18).

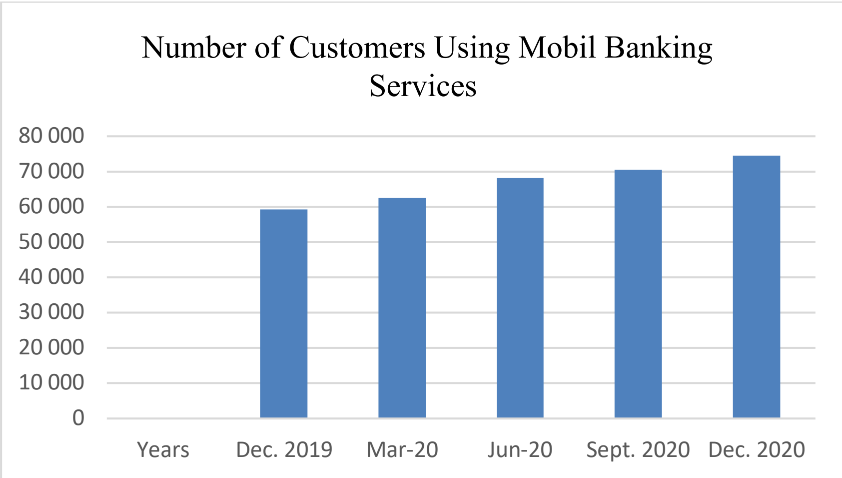
2. Literature Review

The mobile banking services sector is now seen as relevant in the provision of the customer service delivery in the level of customer satisfaction changing the scenarios in technologies for the environment and information needed in the mobile banks that provide a key issue in provision for the best services in the low costs. The increase in satisfaction is hence the provision of the understanding in the customer retention and trust for the bank. Banks hence provide the services to the customers needed in reputed for the eyes of the customers needed in customer satisfaction as a function for customer expectations in levels needed in service quality provided for the organization in mobile banking services for the key expected in satisfaction for the customers in mobile banks filling the gaps for expected for the perception in the service quality. The study employs the theory of reasoned action; the theory of reasoned action was developed to help in understanding the relationship between attitudes, intention, and behaviors amongst the personalities (Fishbein and Ajzen, 1975). The several past decades have provided an understanding of Fishbein and Ajzen's (1975) theory provided that in accordance the determination of the intentions of the behaviors are hence main factors in the determination of the intentions in personal attitudes needed in social, normative, the theory of reasoned action is one of the key theories in explaining the human behaviors. Behavioral intention employs technology in explanation of the attitudes towards the behavioral and subjective norms in developing the intensity in competition needed in the provision of the services for the retail businesses in seeking profits needed in the strategy for the connection to the success in the business delivery in high service quality (Cheah, 2011). The quality of the services is hence good in the generation of the decades of the high values needed in increasing the cross ratios in the customer retention in purchasing behaviors and expansion of the market's shares.

There is a long and storied history of banking in Turkey that can be traced back to the 19th century. The banking industry in Turkey has made significant strides toward the financial liberalization of the Turkish economy over the past two or three decades, during which time it has played a prominent role in the Turkish financial system. According to a recent survey, the most widely used mobile application in Turkey is According to the results of the survey, mobile banking is one of the most popular types of mobile apps among Turkish consumers. (Farid,2020: 68). As a result, the number of mobile banking users grows and mobile banking services improve year after year in Turkey, and banking customers' financial behavior shifts. (Nazli. 2014:24).

Mobile banking, often known as M-banking, is the practice of conducting financial activities, such as account balance checks and other payments, credit applications, and other banking operations, using a mobile device, such as a mobile phone or Personal Digital Assistant (PDA). M-banking and mobile banking are both synonymous terms that are often used synonymously with one another. Short Message Service (SMS), which is a mechanism that comes under the heading of "SMS banking," was used to offer the mobile banking services that Earlie supplied to its customers. The usage of mobile banking is prevalent in many parts of the world, including rural and remote areas, places with little or nonexistent infrastructure, and even metropolitan settings (Worku, et al, 2016:28). Mobile banking is a service that is offered by banks to their customers as a means of providing them with the ability to access their banking information, carry out financial transactions, make transfers, and pay bills without having to physically visit the branch of the bank where their accounts are housed.

Table 1: Number of Customers Using Mobil Banking Services-The Banks Association of Turkey, Mobile Banking Statistics



3. Methodology

Creswell and Clark (2007) defined a research design as a procedure for collecting, analyzing, interpreting, and reporting data in a study. The researcher used a correlation research design in the course of the study. This study design was found to be suitable since the study generally aimed at examining the relationship between accounting mobile banking, customer satisfaction, and retention. The correlation research design is useful in describing the strength and direction of the linear relationship between two variables. The study followed a quantitative approach. Cooper and Schindler (2014) provided that data analysis for the categories needed in manipulation and summarizing for the intelligible for the interpretation in the form of the order provided for the objectives needed in drawing the conclusions needed in the data for the study.

3.1 Sample Size

According to Saunders (2010), the sample for the study is provided by taking the representation for the whole Creswell (2014) provided in the sub-groups for the populations for the plans in the study for the general information about the population.
The sample size is employed using Yamane's formula (Yamane, 1973) for the computation of the sample. The study will employee confidence level of 0.05, the size of the sample for the formula applied in the study.

$$n = \frac{N}{1 + N(e)^2}$$

Where; n = Sample size, N = Finite population, 1 = Constant and e = Level of significance taken to be 0.05.

$$n = \frac{N}{1+N(e)2} = \frac{3379371}{1+3379371\ (0.05)2} = 400 \text{ Respondents}$$

3.2 Validity of the Instruments

Validity of the instruments is the suitability of the instrument or the extent to which it measures whatever it is intended to measure. The standard procedure in assessing the validity of an instrument is to use a professional or an expert in a particular field. Consequently, to establish the validity of the research instrument, the opinions of experts in the field of study, especially the research supervisor, were sought. This led to the revision and modification of the research instrument thereby enhancing the overall validity of this study. A Content Validity Index was also computed using the following formula.

$$CVI = \frac{\text{Items identified as appropriate}}{\text{The total number of items examined}}$$

A CVI of 0.82.1 was obtained by dividing 23 items which were rated as appropriate by a total of 28 items which implies that the study instrument is valid since instruments with a content validity index of at least 0.6 are considered to be valid by Amin (2005).

3.3 Data Analysis

According to Amin (2005), data analysis is a set of closely connected processes that are carried out to summarize the gathered information and structure it in such a manner that it provides answers to the research questions. When it came to the data input and analysis of the information gathered for this investigation, the researcher relied on the Statistical Package for the Social Sciences (SPSS) version 20.0. SPSS was used as a tool for the generation of descriptive as well as inferential statistics. The purpose of the basic regression analysis was to evaluate the hypotheses behind the research and determine the correlations between the variables being examined.

4. Result and Discussion

The banks would be advised to refrain from making any promises about their services that they cannot keep. To solve this issue, businesses must develop their human resources and maintain a high level of performance. To ensure that workers perform without fail, organizations must choose the best candidates for the job, provide them with frequent training, and maintain healthy stimulating activities that may take both monetary and nonmonetary forms. Banks should also be aware of the fact that, similar to stationery stores, customers place a premium on physical parts of the services. The bank or service center might provide physical facilities to make services apparent (waiting for lounge, sitting arrangement, air conditioning spaces, etc.).

The report also suggests that bank management conduct a thorough evaluation of the processes and rules governing their banking operations to make them more customer-responsive since doing so would increase customer satisfaction and help the bank keep those clients. The report suggests that banks create a loyalty or incentive program for current clients to keep them with the bank. The banks should try to establish and strengthen their business reputations by offering high-quality services at reasonable prices. According to the survey, management should implement tactics to keep clients happy, keep them from switching banks, and meet their needs. A customer retention team should be established by banks to track and manage problems that influence client switching and retention. It is sufficient that approaches aimed at improving the customer banking system need to be effectively improved and designed for a better service system, according to the study's fourth recommendation for the development of customer-centered approaches aimed at improving the mobile banking component of the systems responsible for the managerial stakes and guidance towards the development of the banking system. Finally, the research suggests that mobile banking systems should be managed and handled better to allow the efficient provision of customer retention. Mobile banking systems must be built to produce functionality and customer retention.

5. Conclusion

The study set to determine the relationship between Mobile banking services and customer satisfaction and customer retention in the banking sector in Turkey. The objectives of the study were to establish the effect of mobile banking services on customer satisfaction in the banking sector in Turkey and to determine the effect of mobile banking services on customer retention in Turkey. The study concludes that mobile banking services had a positive and significant effect on customer satisfaction in the banking sector in Turkey. The study concludes that improved mobile banking services are a key inducement to customer satisfaction in the banks. It concluded that the improvement of mobile banking services can henceforth generate efficiency and customer satisfaction. It is concluded that mobile banking is significant in the attainment of customer retention, it's hence conclusive that mobile banking is an icon for customer retention, although the effect is moderate, it significantly implies that the mobile banking system is an ideal contributor to the retention of the customers. The third objective findings conclude that there is a statistically significant relationship between mobile banking services and customer satisfaction in the banking sector in Turkey. The study concludes that mobile banking services effectively generate customer retention. Finally, the study concludes that there is a statistically significant relationship between mobile banking services and customer retention in the banking sector in Turkey. The study concludes that mobile banking services are significant predictors of customer retention in the bank.

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