



Concept of Online Customers Experience in Digital Banking

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Abstract: Banking operations are increasingly moving from traditional to digital. Special attention of the paper is drawn to the concept of online customer experience. Montenegrin banking sector and customers are not lagging behind the world trends, so the focus of the practical part of research is, through a specially designed questionnaire, online customer experiences, in the opinion of the customers of the bank is ready to provide excellence in the online environment. The aim of this paper is to gain insight into the basic concepts of online customer experiences, which models are used, what are the constraints, and where the areas for improvement are.

Keywords: customer; banking sector; digital banking; online customer experience; multichannel interaction.

JEL classification: D91, M15, M31

Koncept uporabniške izkušnje online porabnikov v digitalnem bančništvu

Povzetek: Bančne operacije vse bolj prehajajo iz tradicionalnih v digitalne. Članek posebno pozornost namenja konceptu spletne izkušnje s porabniki. Črnogorski bančni sektor in kupci ne zaostajajo za svetovnimi trendi, zato je poudarek praktičnega dela raziskovanja na posebej zasnovanem vprašalniku o spletnih izkušnjah porabnikov, po mnenju katerih so banke pripravljene zagotoviti odličnost v spletnem okolju. Namen tega prispevka je vpogled v osnovne koncepte uporabniške izkušnje online porabnikov, kateri modeli se uporabljajo, kakšne so omejitve in kje so področja izboljšav.

Ključne besede: potrošnik; bančni sektor; digitalno bančništvo; online porabniki; uporabniška izkušnja; večkanalna interakcija.

JEL klasifikacija: D91, M15, M31

1. Introduction

Banks face changes every day at all levels of business. To be competitive they have to be innovative and introduce new ways of doing business that must have an on-line character. On-line business area dictates new business models with one and new expectations from digital users on the other. So, the new concept used by banks in securing new clients, maintaining existing and securing excellence at all levels of polling is the concept of online customer experiences. This concept represents a significant shift in business (Jain and Bagdare, 2009) and a new form of supply of banks (Pine and Gilmore, 1998; 1999) that has attracted its characteristics to the attention of the scientific and professional public. According to Sorofman, Virzi and Genovez (2015), online customer experience is one of the most

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important strategies and is one of the top five top managers in companies. According to some authors such as Pine and Gilmore (1999), Schmitt (2003) and Lemon and Verhoef (2016), the concept of customer experience has a multichannel character as it involves a relationship to any interaction and is the key to differentiating from the competition.

In the banking sector, today we are more and more challenging to do business because of the changes that we encounter in the organizational, as well as in the technological and conceptual sense. It is all the more difficult to keep the client and attract the new one, so the concept of creating customer experiences has emerged as a good response to the challenges of the environment and maintaining competitiveness. These challenges can be divided into two groups: the lack of differentiation of traditional banks and new competitors that use experience to attract clients. In its Accenture study of 2015, 8 trends have been identified that influence the strategy of banks to keep existing customers up to date and keep up with new trends: clients buy new financial products i.e. services, problem solving at first contact is crucial, digital channels are dramatically increased the number of interactions, the on-line channel dictates and new services that customers expect, high expectations of the client, tempting offer for psychedelic customers, non-traditional ways of business that customers increasingly give preference. The survey has shown that banks need to increase on-line business through the superior customer experience, continuous communication with clients, and maintaining loyalty and by creating better quality online interactions on the client bank. Chahal and Dutta (2015) found that the impact of customers' experience in the banking sector and the increase in experience has led to satisfaction, loyalty, and further on to better propaganda and increase the value of the brand.

On-line customer experience has been recognized by the new concept in modern banking operations and predominates by a broader notion of a simple use of a website or mobile application by which the client is in constant interaction with the bank. On-line customers' experiences are a set of messages, content and processes that create a superior relationship with the client, and in that way the client's loyal relationship grows and attracts new clients. The paper will deal with the strategy of customer experience and how it affects the use of digital services on the Montenegrin banking market. What are the basic preconditions and characteristics of on-line customer experiences and what are the areas of constraints and areas for advancement?

The subject of the research part of the work is how clients evaluate the components that influence the online customer experience, from the aspect of using digital banking services on the Montenegrin banking market.

Hypothesis: The concept of online customer experience can contribute to the creation of excellence in the online banking environment, characterized by the multichannel orientation of most customers and a number of challenges from the online environment. If banks operating on the Montenegrin financial market are ready to provide all the necessary prerequisites, this, although a very difficult and demanding business, can be extremely grateful in terms of performance effects.

One of the first customer experience definitions given by Schmitt (1999) that says that he is experiencing a personal event that arises as a reaction to certain stimulation that occur before and after the purchase. The experience includes all that is directly observed or any participation of a complete being into a real or virtual process. There is another definition of customer experience, so we can define the customer experience of Carù and Cove (2003), where the perception of customers is viewed as a subjective feeling in the transformation of an individual with an emphasis on the emotions and feelings that are experienced during participation at the expense of the congruent dimension. Also, the definition considered the most complete because it combines several definitions and research on a given topic and comes from a group of authors Gentile, Spiller and Noci (2007) who says that customer experience comes from a set of interactions that occur on a relationship between buyer and product (company or of its part) and whose interaction results in a certain reaction. This experience is of a personal nature and involves the involvement of actors in a rational, emotional, physical sense. According to Pine and Gilmore (1999), the involvement of the buyer can be viewed in two different ways, at the level of participation or the type of connection. Also, the same authors identified four levels of experience: fun domain, educational experience, esthetic domain, and escape experience. These domains combine to make a concrete experience and companies that want to be successful are considering types and combinations to understand the customer experience. According to Carù and Cove (2007), types of customer experiences that were created and expanded from previous research by Schmitt (1999) are identified, by which six types of experiences are recognized: culinary experience, emotional experiences, cognitive experiences, pragmatic experiences, experiential lifestyle and relational experience. On the one hand, the experience is based on everything that comes from an environment that, through communication, visual identity, verbal identity, the presence of products, say through the web site, the media, people (Schmitt, 1999), and on the other, and the time dimension that is observed before, during and after consuming products/services. Thing that is remarkably interesting from the

aspect of the buyer, and thus from the point of view of the company are the meeting points of the meeting that give the company answers to what should pay attention and what are the expectations of the consumers.

Companies, who want to be competitive and successful in the marketplace, introduce experience customers and deal with that experience as part of their business. As business, now days, is increasingly happening on-line, the authors created models of on-line customer experiences. The first conceptual model was developed by Hoffman and Novak (1996), which is based on the state of the flow, i.e. the process of customer experience before, during and after the purchase. Based on it, the authors Novak, Hoffman, and Yiu-Fai (2000) developed a model of online customer experience (cognitive model) that is defined as a condition that is experienced during the review of the content. Following these models, Bilgihan, Kandampully, and Zhang (2016) developed a theoretical model of online experiences a buyer that consists of the preconditions and outcomes of the experience. On the prerequisite side there is easy locating, ease of use, hedonistic component, utility characteristics, usability, perceived benefit, perceived ease of use, perceived enjoyment and social interaction, compatibility on various devices, and on the output side are WOM (word-of-mouth), e-WOM (e-word-of-mouth), repeated purchase and brand engagement.

2. Materials and method

In Montenegro, according to the latest data from the Central Bank, 761,161 citizens and companies are users of electronic banking. The total number of internet payment users, at the end of 2018, was 66,534, and mobile payments were 43,626 (Bankar, 2019). Although the number of users of this type of banking is increasing, according to available data, it is still Montenegrin practice, far from the practice of developed countries in this field, such as Sweden, Turkey, Germany, where this type of banking is most prevalent. In Montenegro, this type of banking is mostly used by young people, who see its advantage in comfort, speed and lower fees when performing transactions. Banks are trying to stimulate clients to use this type of banking, through continuous education and presentation of benefits, lower fees. As example, CKB Bank continuously educates clients, presenting them the benefits of using CKB GO services, which motivates them to lower transaction fees by up to 20% compared to those they perform at the counter. The aim of the research work is to gain insight into the basic preconditions and characteristics of the client's on-line experience, what are the limitations and where the areas for improvement are.

The survey was conducted in the period April / May 2019 on the territory of Montenegro and included a sample of 232 respondents, users of mobile and electronic banking. For research purposes, a questionnaire was designed, based on the theoretical model of the unique online customer experience (Bilgihan et al., 2016). The questionnaire covers the following prerequisites for an online customer experience: ease of location; ease of use; hedonistic characteristics; utilitarian characteristics; perceived enjoyment; personalization; social interaction and compatibility of different devices. For each of the prerequisites for an online customer experience, one or more claims are offered, explaining the prerequisite, and representing it in the best way. Respondents rated from 1 (lowest grade) to 5 (highest grade) the degree of agreement / disagreement with this statement, and thus received an average rating of the online customer experience.



Figure 1: Antecedents of unique online customers experience
Source: Edited according to Bilgihan, Kandampully and Zhang, 2016

3. Results, discussion and conclusions

Descriptive statistics found that the same number of male and female sex participants participated in the survey. The age of the respondents is as follows: from 20-30 years - 17,24% of respondents, 31-40 years - 24,14%; 41-50 years 29.31%; 51-60 years 15.52% and over 60 years 13.79% of respondents. The largest number of respondents 44.83% have completed the faculty, followed by respondents with secondary education 32.76% and postgraduate education 22.41%.

The respondents rated the ease of location with an average score of 3.14, which relates to the ease with which a website can be found based on easy-to-remember domains, search engine optimization, and paid advertising, which influences the formation of a positive online customer experience even before visiting the website. In a way, this means visibility of the site and its ease of remembering and receptiveness to the client.

The ease of use influences whether the customer will use the site or not. If it decides to use the site, the question arises: Does the site contain all the necessary information? For this prerequisite, the grade is 3.5.

Utilitarian characteristics include the speed of transaction execution and cost level and are particularly important for instrument-oriented customers. The speed is rated 4.06, costs 4.02, while the overall average rating of this prerequisite is 4.04.

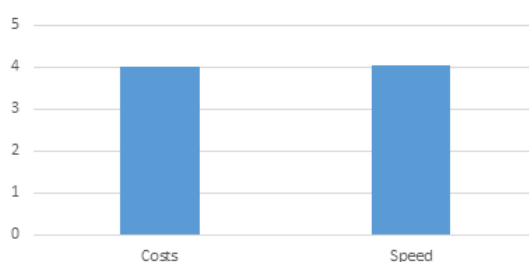


Chart 1: Utilitarian features (average score)

Source: Author's research

Today, increasing attention is given to hedonic features, such as: continuous updating of content that stimulates hedonistic search and cross-selling based on customer profiles, as well as creative banking services. With hedonistic characteristics, the precondition is perceived enjoyment, which implies fun in the use, interaction, and active engagement of users, which are for the purpose of encouraging users to visit the site again. The overall average score for these two preconditions is 3.46, whereby the rating for the claim that the sites of banks were created as interesting and interesting to use is 3.24; to be updated regularly and provide useful information that encourages repeated visits to site 3.71 and 3.43 is a rating for interactivity and active engagement of users.

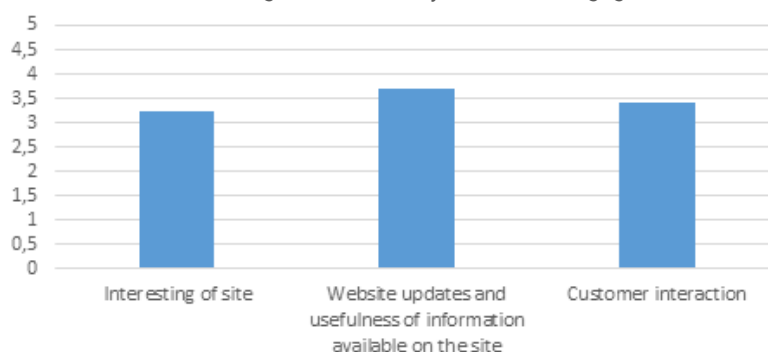


Chart 2: Hedonic features and perceived usefulness (average score)

Source: Author's research

Personalization of sites and transactions through the customer / bank's product / service cropping is a field that appears as a new option for banks. The ability to personalize websites or transactions is a higher level that allows users to market their ideas, with the potential to become a new product / service. The level of personalization is rated with a score of 2.55.

Social interaction is estimated based on the use of social media and the average rating of this feature is 3.73. Social interaction is very important for the customer and for a positive online experience. The customer as a social being wants to be in touch with the company, other customers, and the community itself.

Compatibility for different devices has been rated with a high average score of 4.26. It involves simple use and good design of elements on all platforms for performing transactions both via mobile, tablets, laptops, and desktop devices, which is very important in a multichannel world.

Results of the research are summarized and presented in The Table 1 and Chart 3.

Table 1: Antecedents of online customers' experience in Montenegrin digital banking

<i>Antecedents</i>	<i>Average score</i>
Easiness to locate	3,14
Ease to use	3,50
Utilitarian features	4,04
- Costs	4,02
- Speed	4,06
Hedonic features and perceived usefulness	3,46
- Interesting of site	3,24
- Website updates and usefulness of information available on the site	3,71
- Customer interaction	3,43
Personalization	2,55
Social interaction	3,73
Compatibility for different devices	4,26

Source: Author's research

We can conclude that the Montenegrin banking system has even more room to improve the preconditions that will improve the online customer experience. Especially in the field of personalization. Improving all these characteristics should aim at more outcomes that influence the improvement and improvement of oral propaganda - WOM; e-WOM; re-purchase and brand engagement. These prerequisites influence the customer experience, formed through cognitive and affective states, which leads to consequences of the type of customer satisfaction and the intention to buy again.

The paper presents the concept of online customer experiences through a theoretical and practical aspect. The practical part explores the basic preconditions and characteristics of on-line customer experiences, which are the areas of constraints and areas for advancement. Based on the conducted research, it can be concluded that the respondents are most satisfied with the criteria: compatibility for different devices and utilitarian characteristics. The lowest average score is in the part of personalization. For all other criteria, the average grade is uniform and ranges from 3.14 to 3.73. All this leads to the conclusion that although the Montenegrin banking system does not lag behind the observation of world trends in the field of digital banking, there is space for improvement of all criteria that motivate customers to opt for this type of banking. The research part of the paper proved the hypothesis from which the concept of online customer experience can contribute to the creation of excellence in the online banking environment, characterized by the multichannel orientation of most customers and a number of challenges from the online environment. If banks operating on the Montenegrin financial market are ready to provide all the necessary prerequisites, this, although a very difficult and demanding business, can be extremely grateful in terms of performance effects.

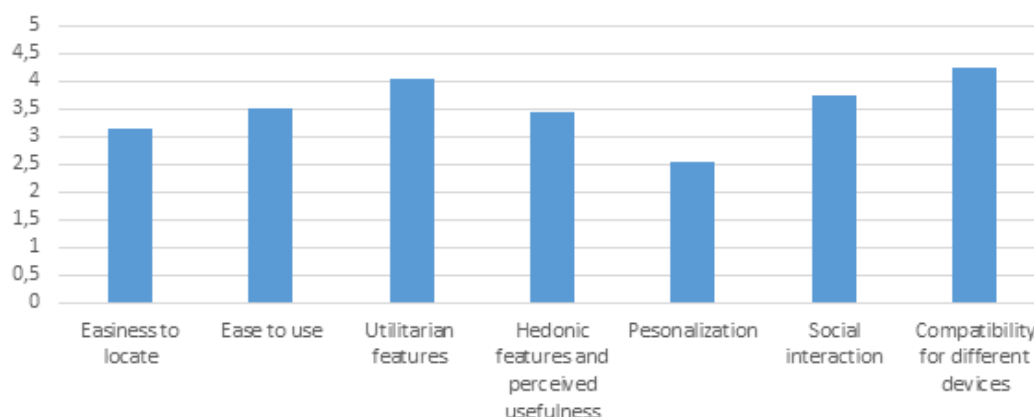


Chart 3: Antecedents of online customers' experience

Source: Author's research

The contribution of the work is reflected in the presentation of the concept of online customer experience and its application in the field of digital banking, through definitions, dimensions, models, types of experiences and stimulus. The practical part of the paper gives an overview of how customers evaluate individual pre-conditions for the formation of a positive online customer experience, starting with the criteria set out in the unique model of the online experience of customers (Bilgehan, Kandaphully, and Zhang, 2016).

The limitation of work is reflected in the fact that the research did not consider both the online customer experience and the creation of a bid, through suggestions for improvement, and the concept of customer relationship management. Future research can be focused on reviewing additional literature in the area of close online customer experience, as well as more comprehensive research on the practice of online customer experience with suggestions for improvement in the field of digital banking.

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