

Study on Factors Influencing Customer Loyalty of using Electronic Banking: Special Reference to Electronic Banking Users in Kandy District

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In the recent years, the way to do banking has changed. Internet banking has grown and a lot of niche banks working mainly with the internet as a medium has entered Srilankan bank market. How to keep the customer loyal online in a very competitive environment has become a main question for the banks. The aim of this study is to analyze the factors which influence the customer loyalty in electronic banking. To attain the objectives, the quantitative method was used and data were collected through questionnaires. The total population of the study was 160. The target sample in this study was 120 experienced internet banking users. The questionnaire survey was distributed among internet banking users in Kandy district. Eventually, very positive response is received and 112 questionnaires were received back duly filled in by the respondents. Univariate analysis, correlation analysis and regression analysis has been used for the analysis purpose. The outcome of the regression analysis shows that all the factors have positive effects on customer loyalty. Such as, the impact of service quality on customer loyalty stalks from positive relations between service quality and factors such as reputation and trust. The universal experience of marketing experts also verifies that such an impact is valid. These findings indicate that reputation to a lesser extent, trust is crucial factors for customer loyalty as service quality. Lastly, the regression analysis indicated that only 47% variance in customer loyalty can be attributed to the variance in trust, service quality and reputation. This reveals managers especially should take into consideration on factors affecting on customer loyalty of using electronic banking in formulating strategies for developing customer loyalty.

Key words: Electronic banking, customer loyalty, reputation, trust, service quality

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