

# Innovation, M-Banking, and Customer Satisfaction: An Empirical Evidence From Bangladesh

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## ABSTRACT

Innovation through information technology (IT) has made advances all over, and banking is no exemption to it. The utilization of technology has gotten pervasive in the present banking institutions. Mobile banking is a recently included service in the banking area that facilitates banking by means of mobile gadgets. Mobile banking has stamped itself as a rising technology embraced by banks the world over. That's why this investigation is to recognize the effect of innovation, mobile banking on customer satisfaction and decide the elements that lead to customer satisfaction. By reviewing literature, the authors propose a model and to demonstrate the model accuracy dependent on information gathered from 269 respondents utilizing on the web media. To examine the aforesaid relationships, they use the partial least squares (PLS)-structural equation modeling (SEM) technique. The aftermath of their investigation uncovers that there is a noteworthy connection between innovation (I) and mobile banking (MB) on customer satisfaction. Then again, innovation has positive effect on mobile banking.

## KEYWORDS

Customer Satisfaction (CS), Innovation (I), Mobile Banking (MB), Structural Equation Modeling (SEM)

## 1. INTRODUCTION

The service sector is compactly connected with technology advancements and therefore the access to services, their arrangement is optimized. The banking industry is no exclusion to it. It is sharply dominated by technology advancements and attempts to face with new challenges and so to improve more to itself (Markoska & Ivanochko, 2018). Due to current technological improvements in mobile installations, the exercise of mobile banking is becoming flourishingly extensive (Gumussoy, 2016). Banking customers increasingly favor mobile devices to access their bank account. Hence, banks have to amplify of a positive digital experience to enhance customer satisfaction (Witt & Mumm, 2017).

The improvement of technology, particularly information technology has currently reached a level that is very attractive; simplify activities in the transaction, member convenience to *customers, quick, applied, useful, and skillful*. The ease of introducing an online feature real time abilities of banks, technological charged multiple delivery channels to engage with customers are: *ATM, Telephone Banking, Internet banking, TV Banking and Mobile Banking* (Yunus, 2014). The banking of business has shifted by the improvements in technology. The growing adoption of information technologies empowered banking applications to be transformed to mobile devices (Akturan, Tezcan, & Planning,

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2012). Today, mobile banking is escaping as a new pathway. The innovations in telecommunications have driven the exercise of mobile devices in mobile banking services (Suoranta & Mattila, 2004).

*Innovation* has been narrated as “an idea, material or artifact realized to be new by the pertinent unit of acclimatization.” (Agarwal & Prasad, 1997). The features of an innovation dominate the consumer’s conviction of the product. (Rogers, 1995) identified five major innovation. The first one is relative advantage. Relative advantage is the degree to which an innovation is taken as better the concept it abolishes. The second one is compatibility. Compatibility is the degree to which an innovation is realized as being compatible with the subsisting values, past expertise and necessities of effective values. The third one is complexity. Complexity is the degree to which an innovation is understood as hard to realize and exercise. The fourth one is trial ability. Trial ability is the degree to which an innovation may be examined with on a restricted basis. The fifth and final one is observability. Observability is the degree to which the outcomes of an innovation may be noticed to others.

*Mobile banking* is stated as “a type of accomplishment of financial services in communication skills in alliance with mobile devices.” (Pousttchi & Schurig, 2004). Mobile banking is “the exercise of mobile terminals such as cell phones and personal digital assistants to entry banking networks via the wireless application protocol (WAP)” (Zhou, Lu, & Wang, 2010) In the mobile commerce environment, it is essential for the prosperity of mobile banking to realize the user’s faith dynamic development procedure, both non-users and users of mobile banking are considered about transaction security (Lin & Zhang, 2011). In the increasingly competitive markets of financial services, Mobile Banking can be viewed as an attempt to give wanted added value for customers by providing more advantages for leading different banking activities. Mobile Banking assimilates the elements of ubiquity, elasticity and dynamism to those electronic banking services handed over fixed networks. There are two measures obstructing the prosperity of online and mobile banking. These are occurred in absence of domination from market place and government abridgement that range the ability of private firms and individuals to contribute to internet infrastructure (Barati & Mohammadi, 2009)

*Mobile Banking Development* is so fast, because the m-banking service is capable to provide pliability and practicality and ease of transactions such as balance inquiry, payment, transfer, or other financial services anytime and anywhere only by using mobile phone network and Internet connection so far. M-Banking service is comparatively secure because it uses a layered security system. With Mobile banking, customers can engage with banking services 24 hours a day without having to visit a bank branch (Yunus, 2014).

M-Banking service is an extension for the banks to give added an incentive as a motivation to customers. As per, M-banking service gives customers simple passage to account information and transaction capabilities continuously. The benefits of m-banking account isn’t simple to be broken by some untrustworthy gatherings. In view of the benefits of m-banking account, banks are sure to attract customers to utilize banking activities.

The customer satisfaction and arrangement of the services similar to desire are effective of forming satisfaction through structure long haul organizations between the bank and its customers. Marketing strategies are more seen on the maximum satisfaction of customer and advancing the effectiveness of services to alter the bank offices to the fixed changes in the outer environment, to hold and continue co-employable association with the individuals who as of now practice banking services and to draw new ones (Ishmuhametov, 2017) Growing consumer trust in mobile commerce is a dynamic methodology, which overstate from primary trust formation to support trust improvement. Mobile commerce primarily maintain the previous factors of trust established on fixed cross-sectional information (Lin and Zhang, 2011).

The most huge benefits of a customer satisfaction measurement review are customer satisfaction measurement programs build up the communication with the all-out demographic, given that they comprise nonstop and methodical attempts of the business association, business associations may ask whether the given services accomplish customer desires and to test whether current capacities, tries, and programs have any effect on the association customers, the critical satisfaction degrees that

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