

Electronic banking frustrating for customers

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Banks could save money and reduce customer frustration by better matching services to technology customers use says a Victoria University researcher.

Dr. Hartmut Hoehle has researched banking services via mobile phones, the internet, telephone banking and ATMs, and why customers choose one method over another.

The impetus for his research was scepticism about the viability of [mobile banking](#).

"Banks have been offering services via mobile phones for a decade but there's been very little uptake. My view was that the device is not suited to most banking activities," says Dr. Hoehle.

He interviewed banking executives and surveyed hundreds of consumers and found that while banks offer a full range of services on all platforms, people choose the banking channel that best suits a particular task.

One factor that affects this choice is time criticality. "For example, if you hear that BP has had a major oil spill while driving in your car you might want to use mobile banking to act quickly and sell your shares."

"But people applying for a loan or a mortgage don't usually act on the spur of the moment and are more likely to go on the internet or see a bank teller than use the mobile channel."

Another important consideration is the complexity of the task. He says mobile banking and ATMs work well for simple jobs, like checking balances, but are less suited to complex activities.

"Banks, however, try to offer as many services as possible on all the channels. For them, digital banking is cheaper and more effective. They are also trying to keep up with competitors—if another bank is offering a service they tend to do the same."

Dr. Hoehle says most banks mirrored the services available via the internet when setting up mobile banking platforms, tending "to do everything that was technically feasible rather than what was suitable".

As well as costing banks money, the results are frustrating for customers.

"Having lots of options takes up room on your phone and makes it harder to navigate. It would be less confusing if it was simpler."

Dr. Hoehle's analysis showed that around 70 percent of the variations in consumer choice of a banking channel can be explained by his theory that people match tasks with appropriate channels.

At the end of his research, Dr. Hoehle still doesn't believe that mobile banking will take off and predicts that mobile banking and Internet banking platforms will become one and the same.

"With the advent of iPads and similar devices with bigger screens and simpler menus, there is an incentive to just have one platform."

Provided by Victoria University

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