Generational Difference in Customer Expectations for Digital Transformation in Banks: A Case of Azerbaijani Banks’ Clients

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# Abstract

A growing body of financial literature has reported that digital transformation has substantially changed the banking industry in Azerbaijan. As banks introduce digital banking, customers have increased personal control over their finances and largely make educated and informed financial decisions. Available research has mostly been limited to the attitude and motivation for uptake and adoption of digital banking among bank customers. However, there is a paucity of research on whether generational differences influence customer expectations in digital banking. The objective of this research was to investigate customer expectations for digital transformation in Azerbaijani banks and examine whether generational age group differences influence variations in customer expectations in digital banking services and/or products. An explanatory mixed research method was used to examine the research objective where data was collected using survey questionnaires and interview questions. Results showed that customer expectations in digital banking are largely influenced by accessibility, transaction costs, accessibility, speed, service convenience, security concerns, ease of use, available digital products/services, level of innovation, and available information content. Generational age groups appear to influence customer expectations when focusing on services charges, ease of access, available information, and available products and services. Irrespective of age, however, bank customers are in consensus about the need for improving security, embracing innovativeness, introducing more products and services, improved customer support, and the need for personalisation. In conclusion, Azerbaijani banks meet most of the customer expectations through their digital transformation but there is a need for further product and service improvement such as access to comprehensive mean statements, increased daily transaction limit, and online depositing and clearing of the bankers’ cheques.

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# Chapter 1: Introduction

## 1.1. Background of the Study

Since the 2008 global financial crisis, technological advancements in the banking sector have resulted in substantial implications for customer experience (Mbama & Ezepue, 2018). Digital banking has greatly impacted traditional banking with most financial transactions executed on online platforms. According to Valsamidis et al. (2020), bank customers are able to access multichannel services through mobile, internet, and telephone further reducing the need for visits to traditional banking halls. Considering the digital transformation in banks, Baabdullah et al. (2019) reported that some banks have been pressured to reduce their branch numbers and cut down on their workforce. Such dynamic shifts towards digital transformation imply that banks’ financial and marketing management frameworks are changing. As a result, banks need to align their operations and create new services and products to meet changing customer expectations to remain sustainable and competitive (Mufarih et al., 2018).

Insights drawn from past studies show that changes in the banking industry structure, innovative financial services, changing customer expectations, and diversity in service delivery channels are actively reshaping the financial sector (Khan et al., 2021). According to Hough Chan (2018), an important enabler and facilitator of these dynamic changes in the banking industry may be attributed to increasing innovation, technological advancement, and the internet. Valsamidis et al. (2020) added that the internet and other digital transformations have transformed the banking industry by creating newer functionalities, innovative products, and 24-hour access to their financial needs in a cost and time-saving manner. Amid such technological transformations, digital banking has potentially dissolved traditional banking barriers between banks and empowered customers to select and define their financial experience (Dery et al., 2017; Khan et al., 2021).

Researchers and practitioners agree that one of the major digital transformations relates to the convergence of banking services and products (Mufarih et al., 2018). In elaboration, convergence has enabled different financial sectors to offer services that cross diverse sections of the population. As a result, traditional banks are increasingly losing their primary market differentiation characteristic (Mbama, 2020; Venkateswari, 2018). As such, a primary issue of concern is for banks to focus their attention and assess whether they are meeting customer needs compared to non-banking technology sectors such as fintech offering similar financial services (Alalwan et al., 2017; Venkateswari, 2018). By refocusing their attention on digital transformation, banks may identify customers’ financial needs to cope with evolving expectations and needs of their target market (Mufarih et al., 2020). Key among the evolving customer needs include personalized banking support, customized services and products, and cost savings (Dery et al., 2017; Hough & Chan, 2018).

Generational differences have been noted to be a potential factor influencing variations in customer expectations in the banking industry. Shams et al. (2020) conducted a quantitative study in Iran to investigate variations in customer experience and expectations by generational differences in the banking industry. Results showed that older generations above 41 years are likely to report the use of mobile banking as difficult and challenging (Shams et al., 2020). By contrast, the younger generational cohorts below 40 years felt like there was a need for more options in digital banking and supported the adoption of technology for online banking (Shams et al., 2020). These findings show that different generational cohorts are likely to have a varied online banking experience, thereby indicating that their expectations of digital banking are likely to vary.

According to Mirkishiyeva (2020), despite the increased use of digital banking in Azerbaijani, there is a lack of knowledge about what the customers experience and what they expect of mobile banking services. The uncertainty on this topic is exacerbated by the fact that different age groups of customers have not been widely examined to find the possible effect that generational differences have on influencing customer expectations. In this study, the focus was to explore the experience of the customers and identify what each generation expects from mobile banking. For this purpose, the mobile banking customers from different generations were interviewed and a qualitative content analysis was carried out to understand the experience of customer’s mobile banking. A key assumption is that each generation has a completely different approach and expectation.

## 1.2. Problem Statement

Despite the widespread adoption and use of mobile banking in the last decade, however, the topic of generational differences in digital banking remains under-researched. That is, this is a new topic and still at its nascent stages with a paucity of studies shedding light on how generational differences impact customer expectation and experience in mobile banking services (Valsamidis et al., 2020). In developing countries such as Azerbaijani, there is a knowledge gap in the extant literature, especially when examining customer expectations in digital banking. Considering the potential knowledge gap in this topic, there is a need to undertake this study and create new knowledge to understand the potential generational impact on customer expectations in Azerbaijan.

A growing body of research has raised concerns about the effectiveness of increasing digital transformation in banks and whether available financial technology is adequately developed to meet dynamic customer expectations of different generational cohorts (Mbama, 2020; Venkateswari, 2018). As such, there is a need to undertake this study to investigate customer expectations for digital transformation in banks with specific on whether the age of customers influences their expectations of digital banking products and services. Examining these generational cohorts would help fill the knowledge gap in the extant literature within the Azerbaijani financial sector concerning the potential impact generational differences might have on customer expectations.

## 1.3. Purpose of the Study

The purpose of this explanatory mixed-method research was to investigate customer expectations for digital transformation in Azerbaijani banks and investigate whether generational differences influence variations in customer expectations. Different age groups of customers are being analysed to find the generational differences between the customers. The study aimed to explore the experience of the customers and identify what each generation expects from mobile banking. For this purpose, the mobile banking customers from different generations were interviewed and a qualitative content analysis was carried out to understand the experience of customer’s mobile banking. Each generation has a completely different approach and expectation. One generation believed mobile banking is difficult to use. Another believed that it is very convenient and helps in immediate transactions. The younger generation felt like there was a need for more options. Therefore, all three generations from different timespan gave a different verdict on the use and expectations of mobile banking.

Available data from past studies show that generational differences influence customer experience and expectations in the banking industry (Lissitsa & Kol, 2019; Tan et al., 2017). However, a review of the literature on Azerbaijan shows that this topic has not been examined within the country. As a result, there is a need for this study to investigate whether customer expectations for digital transformation varies when exploring different generational groups. An explanatory mixed-method design was used in this study to investigate the research problem where data was collected from bank customers in Azerbaijan using survey questionnaires and interview questions. Collecting data from bank customers in Azerbaijan would help understand customer expectations and whether digital banking services offered by banks align with their needs, in addition to evaluating whether generational differences influence different customer expectations.

## 1.4. Research Aim and Questions

This explanatory mixed-method research aimed to investigate customer expectations for digital transformation in Azerbaijani banks and investigate whether generational differences influence variations in customer expectations. To investigate this study aim, three research questions were formulated. The research questions included the following:

RQ 1: What factors define customer expectations for digital banking services and products within the Azerbaijani Banks?

RQ 2: Does generational difference influence the level of customer expectations for digital banking services in Azerbaijani banks?

RQ 3: What advantages and shortcomings do customers experience when using digital banking in Azerbaijani banks?

The primary hypothesis upon which this study was anchored postulated that:

H01: *Generational differences do not significantly influence customer expectations for digital banking services in Azerbaijani banks*.

HA1: *Generational differences significantly influence customer expectations for digital banking services in Azerbaijani banks*.

## 1.5. Importance of the Study

Undertaking this study was important for a number of reasons. Findings from past studies show a paucity of information on factors that influence customer expectations for digital banking products (Dery et al., 2017; Khan et al., 2021). Insights from this study will be particularly important in the case of Azerbaijan banks where there is a knowledge gap related to customer expectations for digital banking products and services. Moreover, the extant body of literature in Azerbaijan has limited insights on whether generational difference influences the level of customer expectations for digital banking services (Valsamidis et al., 2020). Conducting this study was central to filling this knowledge gap and evaluating generational factors likely to inform variations in customer expectations. Finally, undertaking this study was key to identifying key challenges in online banking within the Azerbaijani financial industry in efforts to recommend approaches to address identified hurdles when customers use online banking.

## 1.6. Organisation of the Dissertation

The rest of the dissertation is organised as follows: Chapter 2 presents a literature review of past studies on the topic. Chapter 3 discusses the research methods that were used to collect data in answering the study questions and testing the hypothesis. Chapter 4 discusses the findings of the study based on survey findings and interview responses. Chapter 5 discusses the obtained findings in the light of the research questions, past literature, and conceptual framework. Further, potential limitations of the study are discussed and recommendations for further research.

# Chapter 2: Literature Review

## 2.1. Introduction

The purpose of this explanatory mixed-method research was to investigate customer expectations for digital transformation in Azerbaijani banks and examine whether generational differences influence variations in customer expectations. In the current literature review chapter, past studies related to the topic are presented and discussed. The chapter first discusses the theoretical framework upon which this study is based detailing the expectation confirmation theory. Subsequent sections then identify potential factors that influence customer expectations concerning online or digital banking.

## 2.2. Theoretical Framework

Expectation confirmation theory (ECT) forms the basis upon which this study is based. Richard Oliver first formulated the ECT theory in 1977 to explain post-adoption satisfaction as a function of customer expectation, disconfirmation of beliefs, and perceived performance (Oliver, 1977). The ECT theory postulates that customers compare the performance of products or services against their previous expectations. If the perceived performance exceeds or meets previous expectations, then customer satisfaction occurs (Grimmelikhuijsen & Gregory, 2017; Zhang et al., 2021). Figure 1 presents the ECT framework that was used in this study.



**Figure 1: The ECT framework of customer expectation (Zhang et al., 2021)**

In line with Figure 1, customers first form expectations about a product or service before using or intending to use. Satisfaction with the product is a function of perceived disconfirmation, performance. Individual perceived disconfirmation is influenced by how best a product or service meets the initial expectations (Veysel et al., 2018). As such, customer satisfaction is a positive function of the difference between expectations and perceived performance. If perceived performance is high, customer expectations are exceeded or met resulting in a positive relationship between confirmation and perceived performance (Sreejesh et al., 2017). However, when customer expectations are negatively disconfirmed (i.e., the performance of a product is less than expected), customers are dissatisfied (Zouari & Abdelhedi, 2021).

Empirical studies in online banking have applied and used ECT and found its predictive capacity in digital services and products (Eren, 2021; Geebren et al., 2021; Khanra et al., 2021). Two primary variables determine consumer satisfaction and online banking use: initial expectation about digital banking services or products, and the level of confirmation (i.e., whether a product meets advertised standards) (Geebren et al., 2021; Khanra et al., 2021). A high level of satisfaction with online banking after confirmation results in the intention by customers to use the offered services through online services. By contrast, low-level satisfaction after disconfirmation discourages customers from using online banking services as they fail to meet prior expectations (Geebren et al., 2021; Veysel et al., 2018).

## 2.3. Customer Expectations in Digital Banking

The current section discusses potential factors that are likely to influence and inform customer expectations when using digital or online banking. Insights from past studies identify seven variables likely to inform customer confirmation or disconfirmation with digital banking. These factors include the level of customer support, security concerns, ease of use, digital products/services, transaction and payment costs, and available information content. These factors are briefly discussed in the next subsections.

### 2.3.1. Customer Support Services

Li et al. (2021) noted that the success of online banking is largely influenced by the level of support customers have with their banks. Lack of support is likely to create a lack of customer satisfaction and a lack of belongingness (Li et al., 2021). According to Hamakhan (2020), online banking is a new technological concept and customers aspire to close support to understand its usage and importance in their financial transactions. Close support is likely to help customers make correct use of an online banking platform and cost-effective decisions (Yaseen & El Qirem, 2018). Further, customers who experience problems using online banking require urgent and direct support in installing, using, maintaining, and troubleshooting problems associated with online banking applications (Zhang et al., 2018).

Thus, a major concern with online banking relates to satisfying various customer queries in a faster and reliable manner. Resolving customer problems through online platforms is likely to result in positive expectations and intention to use offered online services (Wang et al., 2020). However, there is a paucity of information in past studies in terms of the possible influence of the generational gap on customer expectations and available services. Undertaking this study would help examine whether generational differences are likely to contribute to varied expectations of customer support among different generational groups with a specific focus on online banking in Azerbaijani.

### 2.3.2. Security Concerns

Customer privacy, safety, and privacy play a key role in influencing customer satisfaction. Wang et al. (2017) noted that if online banking is perceived to lack strong security measures and personal information authentication, most customers would likely express their dissatisfaction. As such, there is a need for banks to ensure their online banking platforms secures personal data and prevent potential breaches that may occur due to hacking. van Esterik-Plasmeijer et al. (2017) added that customer trust in online banking is enhanced when information security is maintained such as secure passwords, strong encryption, and instant notifications during security threats. Strong trust aligns with customer expectations and influences personal intention to use online banking (Suresh & Rani, 2021). Khedmatgozar (2021) elderly persons are more likely to express concerns about online safety when using internet banking than younger individuals. Similar observations have been reported by Alalwan et al. (2018) and Balapour et al. (2019) further necessitating the need for this study within the Azerbaijani banks.

### 2.3.3. Perceived Ease of Use

The ease of use of online banking services and products contribute to customer satisfaction, while is a key consumer expectation when enrolling for online services (Geebren et al., 2021). In this case, an online platform that is perceived to be easier to access and use results in customer confirmation thereby fulfilling individual expectations (Siyal et al., 2019). Salem et al. (2019) shared that the ease of use may be influenced by generational differences. That is, older adults may be considered less tech-savvy than younger generations. As such, banks should ensure their online banking applications are easier to use for all customers with enhanced features, navigation, and appealing menu (Eren, 2021; Khanra et al., 2021). Sharma, S. and Sharma, M. (2019) shared that every customer expects online banking to have essential tools such as alerts, balance checks, deposits, different ways to log in, spending habit trackers, and essential information such as chatbots. Therefore, online banking applications with easy-to-understand features are likely to confirm individual expectations and increase intention for use.

### 2.3.4. Available Digital Products and Services,

The nature of offered products and services in online platforms creates the basis for customer acceptance or rejection of online banking services. At the least, Khanra et al. (2021) noted that customers expect products or services such as low overhead in terms of deposit and interests, low fees, commissions, or levies, online payments, efficiency, and speed of services, and 24/7 access to services and personal account. Lack of such basic services would result in low customer satisfaction, implying that customer expectations have not been met (Shareef et al., 2018). Shankar and Jebarajakirthy (2019) noted that bank customers expect a simplified and robust security process, anywhere access, real-time transactions, low fees, fraud and security protection, and high-quality customer services. Offering these services and products largely align with customer expectations informing the need by customers to access and use online banking products.

### 2.3.5. Cost of Transaction and Payments

The cost of services in online platforms need to provide service differentiation that compels customers to leave traditional banking for online services. Zhou (2018) reported that low transaction costs and service charges for payments would increase uptake of online services due to customer satisfaction. When customers are satisfied with the charges of online payments, they are likely to confirm their service expectations (Baabdullah et al., 2019). Dery et al. 2017) added that customers expect cost-effective levies, fees, or commissions on online products than those offered in traditional banking settings. However, despite the cost issues that may influence customer expectations, there are limited studies on whether generational differences influence customer expectations thereby the need for this study.

### 2.3.6. Available Information Content

The quality of the information in online banking also influences customer expectation and satisfaction. Online platforms with easy-to-understand content would likely generate interest to use online banking services since they align with customer expectations (Kiljan et al., 2018). Highly detailed and confusing information in the online platform would negatively influence customer expectation and reduce the individual appeal to use offered services (Chaudhary et al., 2019). Hough and Chan (2018) added that customers are more likely to be satisfied with offered services and products when the information is brief, clear, and uses simple language to understand. Clear information would ensure that all diverse customers understand offered services and products irrespective of their literacy levels. In terms of generational cohorts, there are limited insights on its influence on information content and customer expectations. Thus, undertaking this study would help in determining whether the age of customers impacts customer expectations regarding availed information content in online banking.

## 2.4. Conclusion

The current chapter has discussed past studies concerning customer expectations for digital transformation. Specific focus has been anchored on detailing the expectation confirmation theory that was used to examine factors that are likely to affect customer expectations in online banking within Azerbaijani. Further discussions have presented six constructs likely to influence and inform customer expectations in online banking including customer support, security, ease of use, products/services, costs of transactions, and information content. The next chapter discusses the methods and strategies that were used to collect relevant data to answer the formulated research questions and hypothesis.

# Chapter 3: Methodology

## 3.1. Introduction

The purpose of this explanatory mixed-method research was to investigate customer expectations for digital transformation in Azerbaijani banks and examine whether generational differences influence variations in customer expectations. The purpose of this methodology chapter is to details strategies that were used to collect data to answer the research questions and hypothesis. The research philosophy upon which this study was based is first presented before elaborating on the research design. Further sections then present the research setting, population, and participant sampling. Data collection instruments are also discussed focusing on semi-structured interview questions and survey questionnaires. The data collection process, data analysis, and potential ethical issues related to the study are discussed.

**3.2. Research Philosophy— Pragmatism**

Ontology and epistemology form the basis of research philosophy in social science research. According to Saunders et al. (2017), defined ontology is the nature of reality and properties that defined the social world, while epistemology relates to the origin, nature, and form of social reality. Positivism and constructivism are the main theoretical positions related to ontology and epistemology. Positivists argue that knowledge is only constructed through valid and objective scientific methods such as the use of surveys to collect quantitative data (Bryman, 2017). By contrast, constructivists oppose the positivism position and argue that knowledge is socially constructed and independent of the researcher (Bryman, 2017). That is, individuals are not passive in knowledge creation, but actively reflect on their experiences and build personal views about the experience and contribute to pre-existing knowledge.

Pragmatic philosophy was used in this study to avoid the theoretical debates of truth and reality largely evident between positivist and constructivist researchers (Saunders et al., 2017). Creswell (2017) shared that pragmatic philosophy enables researchers to distance themselves from contentious debates of right and wrong. Instead, pragmatism supports the notion that inquiry should use research methods that best help researchers answer study questions or understand the phenomenon under assessment. As such, reality and knowledge are based on habits that are socially constructed (Bryman, 2017). In this study, the use of pragmatism philosophy advocated the use of a mixed research method to avoid contentions between truth and reality and instead focus on a research design that facilitates examination of the research problem.

**3.3. Research Design**

The research design used in this study was based on the explanatory mixed method. Relevant data for the study was collected using both survey questionnaires and interview questions. Specifically, the rationale for using the mixed method design was informed by the pragmatic philosophy that supports the use of research methods that best contributes to assessing the study questions (Kaushik & Walsh, 2019). Through explanatory research design, the researcher used both quantitative and qualitative methods to undertake the study, chronologically. As noted by Klave and Brinkmann (2019), explanatory mixed-method design is suited when a researcher needs in-depth information to answer observed statistical trends that are surprising or uncertain.

Creswell (2017) added that explanatory mixed-method design contributes to triangulation where data is collected from different sources using multiple methods. As a result, the obtained responses help to establish the internal validity of the findings. On the one hand, quantitative data helps a researcher collect numerical information to examine key trends, statistics, and correlations among variables. Davies (2020) shared that quantitative data uses a large sample size that ensures the objectivity of the findings. Also, since the researcher is detached from participants during data collection, the responses are objective and nonbiased (Davies, 2020). However, quantitative data does not facilitate capturing of human elements such as emotions, feelings, opinions, and perceptions about the topic under study (Bryman, 2017; Creswell, 2017).

On the other hand, using qualitative research helps a researcher to address some of the shortcomings of quantitative data, thereby contributing to robust findings. Specifically, Bryman (2017) shared that qualitative research focuses on enabling a researcher to collect non-numerical data using interviews or focus group discussions. Through interviews, a researcher collects in-depth responses from participants on the topic (Flick, 2018). In this study, the collection of qualitative data was important in understanding survey responses and helping to understand customer views about their expectations in online banking. Another advantage of qualitative data is related to helping capture information to understand the lived experiences of the participants based on their past engagement with online banking (Flick, 2018). However, the use of a small sample size might affect the transferability of the findings to other settings (Creswell, 2017).

**3.4. Research Setting, Population, Sampling and Recruitment**

The setting of this study was limited to Azerbaijani with a specific focus on online or digital banking. Currently, there are an estimated 26 banks in Azerbaijani; 25 private commercial banks and one Central Bank of Azerbaijan (Mukhtarov et al., 2018). According to Murshudli (2018), most of the private commercial banks in Azerbaijan offer digital banking services and products. The percentage of people with Banks in Azerbaijani as of 2019 was 34.6% representing about 3.5 million of the adult population (Huseynova, 2020). According to Ismaylova (2020), internet banking has experienced substantial growth in Azerbaijani over the past five years, necessitating the need for this research to examine whether digital banking meets customer expectations.

The population of research interest in this study was the estimated 3.5 million bank customers in Azerbaijani. However, since it is difficult to survey and interview all these participants, a representative sample was selected to participate in this study. G\*Power analysis was used to estimate an ideal sample size for the surveys Qualtrics, 2021). At a 95% confidence level and population size of 3.5 million, and a margin of error of 5%, the ideal sample size for this study was 385 (Bryman, 2017). Convenience sampling, a non-probability sampling technique, was used to sample participants into the study. Creswell (2017) reported that the convenience sampling method focuses on recruiting participants from a target population or group of people easy to contact.

Recruitment of survey participants was done through the use of flayers based on pre-determined inclusion and exclusion criteria. The inclusion criteria were limited to the following: (1) adults above 18 years, (2) have a bank account in Azerbaijani, and (3) be enrolled for online or digital banking services. The flyers were distributed in public places such as shopping malls, barbershops, salons, and local stores. Through these flayers, potential participants were informed about the aim and purpose of this study. Participants were informed about their privacy and confidentiality and assured that participating in the study was voluntary. An online link to the survey was provided in the flayer where potential participants who met the inclusion criteria could anonymously fill and submit completed surveys. Phone contact and an email were attached in the flayers in case participants needed further clarifications about the study.

For the interview participants, purposive sampling (a non-probability sampling method) was used to recruit 12 participants into the study. The choice of 12 participants was informed by the need to attain rigour where no new information may emerge even with the addition of new participants (Bryman, 2017). Creswell (2017) shared that a sample size of between 8-20 is enough to reach rigour and collect in-depth qualitative data. To identify the 12 participants for the interviews, purposive sampling, also called judgemental sampling or selective sampling (Davies, 2020), enables researchers to use pre-established contacts to recruit participants with desired characteristics or qualifications related to the topic under study. In this study, the researcher used pre-established contacts with bank customers from different generational cohorts (18 years to 59 years) to participate in the study. Table 1 summarizes the demographic characteristics of participants who were recruited into the study.

**Table 1: The demographic characteristics of participants who participated in the interview sessions.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Synonym | Gender | Education degree | Customer (years) | Banks |
| 1 | Interviewee 1 | Female | Undergraduate | 21 | Bank A |
| 2 | Interviewee 2 | Male | Masters | 18 | Bank B |
| 3 | Interviewee 3 | Male | College | 17 | Bank A |
| 4 | Interviewee 4 | Male | Doctorate | 15 | Bank C |
| 5 | Interviewee 5 | Female | Masters | 13 | Bank F |
| 6 | Interviewee 6 | Male | Undergraduate | 11 | Bank D |
| 7 | Interviewee 7 | Female | Undergraduate | 10 | Bank C |
| 8 | Interviewee 8 | Male | Masters | 9 | Bank E |
| 9 | Interviewee 9 | Male | College | 3 | Bank D |
| 10 | Interviewee 10 | Female | Undergraduate | 2 | Bank C |
| 11 | Interviewee 11 | Male | College | 4 | Bank B |
| 12 | Interviewee 12 | Male | Undergraduate | 2 | Bank A |

**3.5. Data Collection Instruments**

The primary data collection instruments included survey questionnaires (Appendix A) and interview questions (Appendix B). The survey questionnaire was modified using the survey constructs by Wang et al. (2001) related to the instruments for measuring customer satisfaction toward websites that market digital products and services. The customer satisfaction scale towards digital products and services has been verified using 21 constructs. These 21 constructs are related to customer support, security, ease of use, digital products/services, transaction and payment, information content, and innovation.

Test-retest reliability coefficients predict the scale to have Cronbach’s alpha of 0.74, which shows good internal consistency. The 21 items include statements such as “My bank website understands my problems and requests”, and “The output format is easy to read.” The 21 items are on a 5-point Likert scale with the highest scores towards digital products or services showing the highest level of customer expectation. The survey questionnaire also includes questions 1-9 that capture participants’ demographic data such as age, gender, level of education, access to digital banking, and the number of times in a week they use online banking.

Semi-structured interview questions (Appendix B) were also used to collect qualitative data for the study. A total of 11 interview questions were used to conduct in-depth interviews. Participants were asked to share their motives for using online banking services, ways in which their banks meet their online banking or digital financial expectations, and the advantages and disadvantages of online banking. Further, participants were encouraged to share their experience in terms of ease of use, security issues, customer support, available products and/ or services, payment costs, quality of available content, and nature of innovativeness.

**3.5. Data Collection Procedure**

The data were collected both quantitatively and qualitatively. First, quantitative data was collected through online surveys where participants were given flyers with a link to the online survey at Qualtrics.com. Participants who expressed interest in the study visited the online survey and took 5-10 minutes to complete the survey. An online consent form was attacked on the first page of the survey with an option of EXIT or CONTINUE. Participants who completed and returned the surveys were assumed to have voluntarily given online consent to participate in the study. The obtained survey responses were used to conduct quantitative analysis.

Second, qualitative data analysis was conducted using audio-visual interviews due to COVID-19 to minimize physical contact. The 11 interview questions were used as a guide asking each participant the same questions. Each interview session lasted 30-45 minutes. Participant responses were recorded after informing the participants that the interviews were to be audio-recorded. Each interview was conducted in a private room to maintain the privacy of the participants and also reduce disruptions. Upon completing the interviews, participants were thanked respectively. Recorded audio responses were immediately transcribed verbatim, coded using synonyms, and stored in a password protected computer for thematic analysis.

**3.6. Data Analysis Procedure**

Collected survey data were analysed qualitatively, while interview responses were analysed using thematic analysis. First, descriptive statistics and inferential statistics were used to analyze survey responses. Descriptive statistics were used to capture information such as means, standard deviations, frequencies, and percentages. For the Likert scale data, the responses were assigned numerical scores (1 = Strongly Disagree, to 5= Strongly Agree). For convenience in results comparison, the 5-point Likert scale was merged into a three-point scale: Strongly Disagree/Disagree, Neutral, and Strongly agree/Agree. Inferential statistics such as t-test and Pearson’s correlation were used to determine whether there was a significant difference between the means of the two groups who responded to the options of Strongly Disagree/Disagree and Strongly Agree/Agree. P-values that were ≤ 0.05 at a 95% level of confidence were considered significant. Further, Cohen’s *d* was used to examine the difference between two means using effect sizes (Bryman, 2016).

Qualitative data were analysed using the thematic analysis using the six-step process proposed by Braun & Clarke (2019); familiarization, coding, creating themes, reviewing themes, defining, and naming themes, and writing up. Step 1 focused on familiarizing with the data by taking initial notes and keywords. Step 2 entailed open coding of raw data where key phrases, sentences, and keywords from the interviews were identified. Step 3 entailed theme generation by merging initially created codes from Step 2. Step 4 entailed the reviewing of developed themes to ensure they align with the study questions. Step 5 defined and renamed the themes, while Step 6 focused on writing the findings based on the captured information from the thematic analysis process, supporting the insights using direct quotes and interview excerpts.

**3.7. Ethical Issues**

There are potential ethical concerns that emerge from this study related to the use of human participants. These ethical issues include privacy, informed consent, data confidentiality, and storage. Participants provided their consent before participating in the study. Also, participants were assured of their privacy and no personal data such as names, places of residencies, or place of work was collected (Davies, 2020). Participants were informed that participating in the study was voluntary and could leave the study at any time without negative consequences (Bryman, 2017). Collected data was coded and securely stored in a password-protected computer and backed up to Google drive for future reference before permanent deletion after 5 years (Creswell, 2017).

**3.8. Conclusion**

The methodology chapter has detailed the research philosophy, design, and target population for the study. Data collection instruments such as surveys and interview questions have been presented. The chapter has also detailed how data was collected from the participants and how it was analysed. Potential ethical issues associated with this study have also been discussed. The next chapter presents the survey results and interview findings from participants recruited to participate in this study.

# Chapter 4: Results and Findings

## 4.1. Introduction

The purpose of this explanatory mixed-method research was to investigate customer expectations for digital transformation in Azerbaijani banks and examine whether generational differences influence variations in customer expectations. In this chapter, the results obtained from the survey questionnaires and the interview responses are presented. The demographic characteristics of survey participants are detailed before highlighting participant responses on customer expectations in online banking in Azerbaijani. Subsequent sections then present key themes identified from the interview responses on customer expectations. The advantages and shortcomings associated with online banking and their relationship with customer expectations are also detailed. The chapter concludes with a summary of the main findings.

## 4.2. Demographic Characteristics of Survey Participants

In the current study, 65 participants participate in the study. Of these respondents, 55.38% were male participants and 44.62% identified as female. In terms of Age, the majority (36.92%) were fell within the 30-39 age bracket, followed by 30.77% who fell in the 40-49 age bracket, 29.23% fell within 20-29 years, and 1.54% were within 50-59 years and above 60 years. In terms of education, most of the participants (81.54%) held a higher education degree, compared to 16.92% and 1.54% who held a high school certificate and a primary school certificate, respectively. Table 2 presents the demographic results of the 317 participants who participated in this study.

Table 2: The Demographic characteristics of participants who participated in the study (n = 65)

|  |  |  |
| --- | --- | --- |
| Demographic characteristic | Frequency (n = 317) | Percentage (%) |
| Gender*Male* *Female* | 3629 | 55.3844.62 |
| Age*20-29**30-39**40-49**50-59*60+ | 19242011 | 29.23%36.92%30.77%1.54%1.54% |
| Education level*Primary School**High School**Higher Education* | 11153 | 1.54%16.92%81.54% |

Participants were asked: *Do you have access to, or currently actively using online or digital banking services with your bank*? The majority of the participants (93.85%) are currently using online banking, while 6.15% currently lack access to digital banking although they have previously registered for online banking services. Figure 1 summarises the proposition of participants who currently have and do not have access to online banking services.

**Figure 2: The proportion of participants who have access and those who do not have access to online banking services (n = 65)**

Participants were also asked: *How many years have you been a customer at your current bank?* Results showed that 53.85% have been customers with their current bank for between 1-5 years, compared to 23.08% who have been customers for 6-10 years, 20.00% for 11-19 years, and 3.08% for more than 20 years. Figure 2 presents a summary of the main findings on the number of years participants have been customers at their current bank.

**Figure 3: The number of years participants have been customers in their current banks (n = 65)**

Participants were asked: *How many years have you been using online or digital banking services*? Figure 3 presents results showing that 36.92%have been using online banking for 3-5 years, while 24.62% have used it for 1-2 years, and 38.46% for more than 5 years.

**Figure 4: The number of years participants have been customers in their current banks (n = 65)**

Survey participants were asked to share: *How many times in a week do you use online or digital banking services*? Results showed that on average, 40.00% use online banking 1-2 times in a week, 21.54% use online banking 3-5 times a week, while 38.46% use online banking services 5+ times in a week. Figure 4 presents the obtained results.

**Figure 5: Number of times participants use online banking services in a week (n = 65)**

Further, participants were asked the following: *What are your key reasons for staying with your current bank*? Results showed that 20.00% remained in their current bank because of its competitive rates or charges, 43.08% remained because of available products or services, 13.85% remained because it took too much effort to change to another bank, while 23.08% remained because of loyalty. The findings indicate the banks may have limited investments in resources likely to facilitate customer loyalty. Figure 5 presents the obtained findings from the survey of 65 participants.

**Figure 6: Participants’ responses on the reasons to remain in their current banks (n = 65)**

Participants were asked to share the following: *Is your current bank meeting your online or digital financial expectations*? Results showed that 56.92%were positive that their banks meet their expectations compared to 43.08% who felt that their banks did not meet their expectations regarding online banking. Insights and demographic characteristics obtained in this study show that participants who participated in this study have substantial knowledge about online banking. Considering their current active participation and weekly use of online or digital banking services in Azerbaijani, their responses were considered relevant to understanding the research aim and research questions in this study. The subsequent sections present factors related to customer expectations in online banking, highlighting areas of strengths and shortcomings based on customer experiences with Azerbaijani banks.

## 4.3. Survey Responses on Customer Expectations

Table 3 presents t-test results on participants’ responses to survey question 10: *What services would you prefer to access most from your bank*? For ease of results analysis, the Likert scale responses were grouped into three: Disagree/Strongly Disagree, Neither Agree nor Disagree, and Strongly Agree/Agree. Results show the mean (M) and standard deviation (SD) of the two groups, the effect sizes, and p-values. The effect sizes were interpreted according to Cohen’s d: where d = 0.2 referred to a small effect size; 0.5 denoted a medium effect size, and d = 0.8 was considered a high effect size (Creswell, 2017).

In line with Table 3, there was a statistically significant difference on four variables (p < 0.05). That is, participants wanted more support from their banks concerning (i) personal financial support in being educated, surveyed, or notified, (ii), financial advice, (iii) easy accessibility, and (iv) real-time assistance. The effect sizes on the four variables were also large ranging from 0.81 to 0.84 indicating that accessing these four services will largely influence customer expectations and experience. On all the five variables, there was a statistically significant difference between the means of participants who expressed customers’ interest towards seeking help in choosing various banking products (*p* = 0.001), involvement of banks in customers’ financial life (p = 0.000), help choosing bank products (p = 0.000), and need to have eased access to digital banking (p = 0.000), with large effect sizes (*d* = 0.81).

**Table 3: Participants’ Responses to Survey Question 10: What Services Would You Prefer to Access Most from your Bank? (n = 40)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Online services | Disagree/ Strongly Disagree | Agree/ Strongly Agree |  | *p*-values |
| *M* | *SD* | *M* | *SD* | *Effect Size* |
| 1 | My bank should be more involved in my financial life e.g., educate, notify | 1.25 | 1.03 | 4.75 | 2.11 | 0.83 | .000 |
| 2 | I would like more financial advice from my bank | 1.34 | 1.82 | 4.52 | 2.32 | 0.82 | .000 |
| 3 | I would like more help choosing various banking products | 1.11 | 1.09 | 4.65 | 2.43 | 0.81 | .001 |
| 4 | My bank should facilitate easy accessibility to digital banking | 1.32 | 1.01 | 4.43 | 2.32 | 0.81 | .000 |
| 5 | My bank should provide real time assistance and addressing complaints | 1.01 | 1.05 | 4.43 | 3.32 | 0.84 | .001 |

Table 4 presents results on participants’ views regarding the advantages of online banking services offered by their banks. Results show statistically significant differences in participants’ responses to three services: convenience, time-saving, and more control (p <0.05). Further, there was statistically significant differences on affordable cost (p = 0.000, *d* = 0.54) and personalized services (p = 0.0, *d* = 0.011), with these factors large effect sizes. These findings show that the main advantages customers obtain from digital banking in Azerbaijani include time-saving, convenience, control, personalized services, and low costs.

**Table 4: Participants’ responses to Survey Question 11: Statements About the Main Advantages Offered by Your Bank Through Online or Digital Banking**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Online banking advantages | Disagree/ Strongly Disagree | Agree/ Strongly Agree |  | *p*-values |
| *M* | *SD* | *M* | *SD* | *Effect Size* |
| 1 | Convinience | 2.00 | 0.43 | 5.64 | 1.54 | 0.81 | .000 |
| 2 | Time saving | 1.50 | 0.56 | 5.34 | 1.76 | 0.98 | .001 |
| 3 | More control | 0.50 | 0.25 | 4.57 | 1.35 | 0.88 | .000 |
| 4 | Affordable Cost | 1.50 | 1.02 | 5.75 | 1.87 | 0.85 | .000 |
| 5 | Personalized services | 2.04 | 1.54 | 6.63 | 1.92 | 0.81 | .011 |

Table 5 showed results on participants’ responses regarding the main disadvantages of online banking services with Azerbaijan banks. Results show the six factors to be statistically significantly (p < 0.05) associated with negative experience in online banking. These factors included slow connection speeds, the necessity of a physical bank to access some services, limited functionality, lack of integration, and high cost. Therefore, banks may address these concerns to address potential challenges customers are likely to experience when access online or digital banking in Azerbaijan.

Table *5*: *Participants’ responses to Survey Question 12: Statements About the Main Disadvantages Offered by Your Bank Through Online or Digital Banking (N = 65)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Online banking disadvantages | Disagree/ Strongly Disagree | Agree/ Strongly Agree |  | *p*-values |
| *M* | *SD* | *M* | *SD* | *Effect Size* |
| 1 | Speed | 0.92 | 0.76 | 3.55 | 1.73 | 0.87 | 0.031 |
| 2 | Still need a physical bank | 1.12 | 0.43 | 4.56 | 1.22 | 0.81 | 0.001 |
| 3 | Limited functionality | 0.81 | 0.55 | 4.01 | 1.19 | 0.82 | 0.012 |
| 4 | Security | 0.89 | 1.43 | 3.93 | 1.64 | 0.83 | 0.002 |
| 5 | Lack of integration | 1.01 | 0.72 | 5.44 | 1.53 | 0.77 | 0.001 |
| 6 | High cost | 0.81 | 0.68 | 3.26 | 1.24 | 0.83 | 0.021 |

Table 6 presents results on participants’ responses towards usability, use, and safety of online banking services in Azerbaijani. Five factors were identified to meet customer needs namely inter-account transfers, checking balances, ease of use, and safety of personal information. The five issues were statistically significant (p < 0.05) with large effect sizes ranging from 0.82 to 0.94. However, to factors did not enhance participants’ user experience including payments (p = 0.097) and customisation (p = 0.083). The small effect sizes on payments (*d* = 0.51) and customisation (*d* = 0.47) may emphasize the need for improvement in these two areas when banks design online banking services.

**Table 6: Participants’ Responses to Survey Question 13: Statements About the Use, Usability, and Safety of Services Offered by Your Bank Through Online or Digital Banking**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Use, Usability, and Safety of Services | Disagree/ Strongly Disagree | Agree/ Strongly Agree |  | *p*-values |
| *M* | *SD* | *M* | *SD* | *Effect Size* |
| 1 | Inter-account transfers | 1.83 | 1.18 | 3.77 | 1.01 | 0.94 | 0.001 |
| 2 | Payments | 2.32 | 1.43 | 2.56 | 1.25 | 0.51 | 0.097 |
| 3 | Checking balances | 1.44 | 1.05 | 3.01 | 1.11 | 0.81 | 0.002 |
| 4 | Easy to use | 1.76 | 1.43 | 3.93 | 1.53 | 0.83 | 0.006 |
| 5 | Customization | 2.21 | 1.11 | 2.44 | 0.78 | 0.47 | 0.083 |
| 6 | Internet services (e.g., solving errors, rectifying problems, feedback) | 1.23 | 0.98 | 3.26 | 0.98 | 0.82 | 0.021 |
| 7 | Safety of personal information | 1.77 | 0.82 | 3.92 | 0.89 | 0.82 | 0.01 |

## 4.4. Hypothesis Testing

Variables from Survey Questions 14 to 20 were used to explore the age of customers influences customer user experiences. ANOVA test was conducted to examine the formulated research hypothesis because factors that largely impact customer expectations were categorized into seven groups. The seven groups included (1) Customer Support, (2) Security concerns, (3) Ease of use, (4) Digital products/services, (5) Transaction and payment, (6) Information content, and (7) Innovation. The primary assumption was that the variance of each group was equal using Levene statistics. Findings from the Levene test were 0.272, which is greater than the significant alpha value of 0.05. Therefore, the ANOVA assumption requirement of homogeneity of variance was met, with the ANOVA test considered robust. Table 7 shows the results of the ANOVA analysis.

***Table 7: ANOVA results for age and participants’ responses on customer expectations.***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Age | Sum of squares | df | Mean square | F | Sign |
| Between groups | 636.432 | 7 | 168.985 | 3.567 | 0.000 |
| Within groups | 4352.631 | 34 | 93.263 |  |  |
| Total | 3673.839 | 39 |  |  |  |

Results in Table 7 shows that the F-value was F(7, 34)= 3.567, p = 0.000. Since the p-value (0.000) is less than the alpha significant value of 0.05, the results show that age significantly influences customer expectations. Therefore, these findings reject the null hypothesis and confirm the alternative hypotheses that postulated the following:

HA1: *The age of customers would significantly influence individual expectations for digital banking services in Azerbaijani banks*.

However, the ANOVA results do not reveal the specific pairs of means from the seven customer expectation variables for which the differences are significant. A post hoc test was conducted to identify specific pairs of means from the seven customer expectations for which the difference is significant. Results from the Tukey HSD showed that it was only the mean difference between the age groups 20-29, and 30-39 whose means were statistically significant. The p-value for participants aged was 0.001 (p < 0.05), while the p-value for persons aged 30-39 was 0.03 (p < 0.05). However, the p-values for persons aged 40-49, 50-59, and 60-69 were 0.783, 0.253, and 0.129, respectively and were all statistically insignificant.

Based on these findings, it may be concluded that there was a statistically significant difference between different age groups regarding their customer expectations of online services in Azerbaijan banks ANOVA F(7, 34)= 3.567, p = 0.000). A Tukey post hoc test analysis clarified that participant responses about the customer expectations were statistically significant (p < 0.05) for persons between 20 and 40 years of age. However, there was no statistical difference for persons older than 41 years (p > 0.05).

## 4.5. Multiple Regression Analysis

Moreover, multiple regression analysis was conducted to investigate the relationship between dependent and independent variables. Through regression, the researcher modelled the possible relationship between different age groups and their possible relationship with customer expectations based on survey Questions 14 to 20. Customer expectation of online banking services was the dependent variable and generational differences were the predictor variable. The participants' age groups included 20-29, 30-39, 40-49, 50-59, and 60+ years, while customer expectations included Customer Support (CS) Security concerns (SC), Ease of use (EF), Digital product (DPS), Transaction and payment (TP), Information content (IC), and Innovation (IN).

Correlation coefficient (r) showed that predictor variables (generational cohorts) were strongly correlated with the outcome variables (customer expectations); with r = 0.817. Considering the value of 0.817, it may be noted that multiple regression was appropriate in this study. Table 8 presents the model summary.

**Table 8: Correlation Model summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model Summary |  |  |  |  |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .817a | .732 | .283 | .733 |

a. Predictors: (Constant) 20-29, 30-39, 40-49, 50-59, 60+.

As shown in Table 8, the R-value (.817) indicates there is a strong relationship between generational cohort and customer expectations. Thus, the model is a relatively good predictor of the outcome variables. Further, the R square (R2) column in the model shows that 73.2% of the variation in customer expectations in online banking may be explained by age group differences among consumers. Table 9 presents the coefficient table showing the contribution that each predictor variable has on the outcome variables (i.e., customer expectations).

Table 9: Multiple Regression Coefficients

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| (Constant) | 22.143 | .125 |  | 16.670 | .000 |
| 20-29 | .378 | .041 | .314 | 1.160 | .000 |
| 30-39 | .261 | .026 | .127 | 2.622 | .000 |
| 40-49 | .354 | .632 | .162 | 2.314 | .072 |
| 50-59 | .289 | .062 | .234 | 2.832 | .363 |
| 60+ | .172 | .078 | .182 | 3.281 | .252 |

Results in Table 9 shows that:

* Customers aged 20-29 contribute significantly to the model (p = 0.000),
* Customers aged 30-39 contribute significantly to the model (p = 0.000),
* Customers aged 40-49 do not contribute significantly to the model (p = 0.072),
* Customers aged 50-59 do not contribute significantly to the model (p = 0.363),
* Customers aged 60+ do not contribute significantly to the model (p = 0.252),

Moreover, results from the unstandardized beta coefficients for the model (the B values) indicate that the nature of the relationship between different customer groups by age and customer expectations are positive. For age groups 20-29, 30-39, and 40-49, the results are positively correlated indicating the customer expectation of these generational cohorts is impacted by factors such as the nature of customer support, security concerns, ease of use, digital products/services, transaction and payment, information content, and innovation.

Moreover, the B values give an idea of the influence each predictor has on the outcome of the effects of the other variables are held constant. That is:

* Age group 20-29 (B1 = .378): As age group 20-29 changes by one unit, the level of customer expectation with online banking services increases by 0.378 units.
* Age group 30-39 (B2 = .261): As age group 30-39 changes by one unit, the level of customer expectation in this group regarding online banking increases by 0.261 units.

In summation, a multiple regression was conducted to investigate whether there is a relationship between different customer age groups and customer expectations. The results of the regression indicated that the age of the customers explained 73.2% of the variance and that the model was a significant predictor of customer expectations F(7, 34)= 3.567, p = 0.000). However, while age groups 20-29 and 30-39 contributed significantly to the model (B = 0.261 - 0.378, p < .05), results showed that age groups 40-49, 50-59, and 60+ did not contribute significantly to the model (B = 0.172– 0.354, p > 0.05).

## 4.6. Interview Findings

The current section presents findings from the interview responses with 12 participants who were recruited into the interview sessions. Coding of raw data responses from participants and subsequent thematic analysis identified 11 themes relevant to this study. These 11 themes included the following: (i) online banking introduces speed, convenience, and safety, (ii) online banking meets most customer expectations, (iii) stability, speed, security, control, and low cost are key advantages of digital banking, (iv) Limited products and services, service unavailability, quality and poor communication are key disadvantages, (v) inadequate usability of digital platforms necessitating further improvement, (vi) digital banking has strong and reliable security features, (vii) There is poor or lack of customer support in digital banking, (viii) there is need for further development of additional online services and products, (ix) the current service fees, transaction costs, and fees should be reduced, (x) banks provide adequate information about online banking services, and (xi) there is low innovativeness in existing digital banking products and services. The 11 themes are detailed in subsequent subsections.

### 4.6.1. Speed, Convenience, and Safety Motivate Bank Customers to Seek and Use Online Banking Services in Azerbaijan

Interview participants shared their views on potential factors that motivate them to seek online banking services. According to Interviewee 1, the main motivation to seeking online banking was informed by the need for safety and convenience. Specifically, Interviewer 1 felt that “online banking allows me to receive financial services promptly and thanks to them I do not worry about the unavailability of services at some point in time.” Similar views were shared by Interviewee 2 who noted that “I am primarily motivated to use online services because of the convenience and availability of services at any time of the day, taking into account my busy schedule.” Interviewer 3 felt that online banking was better since there is “no need to go to the bank. I think it is more of use of App rather than online banking.” Safety experience of online banking was supported by Interviewee 4 due to its “quick and secure performance of banking operations. According to Interviewee 5, using online banking was informed by the need to achieve faster money transfer operations. Specifically, Interviewee 5 shared that:

*The fast, innovative, remotely managed, and reliable use of online banking transactions and services gives me this chance. Through Internet Banking, you can manage your accounts by gaining uninterrupted external access throughout the day. You can access the Internet Banking service from any computer connected to the Internet from anywhere in the world*. — (Interviewee 5)

Interviewees 6, 7, and 8 also shared similar observations of speed, security, and convenience as the other interviews. For example, Interviewee 6 elaborated that “speed, convenience, the ability not to look for a bank branch, ATM and Payment Points” informed his decision to enrol for online banking. By contrast, Interviewee 7 shared that he prefers digital banking owing to its “easy way of paying my debts through the online payment system without losing time.” The same sentiments were noted by Interviewee 8 who recalled that “it is convenient to pay for services. There is no need to go to the bank, stand in line and waste time. Search for ATM addresses and branches.” Support for online banking as a secure and safe platform was also shared by the interviewee 9 and 10 as further exemplified below:

*Online banking is a feature which gives the client access to hole information regarding the account’s cards and transaction / also give the opportunities to make transactions in any places the client wants*. — (Interviewee 9)

*With digital banking, I can transfer money easily to people or between my accounts and with other financial institutions. The new technology introduces an easier way of monitoring all your financial dealings on a single platform. One is also able to keep the history of all the transactions*. — (Interviewer 10)

Underwriting the above considerations, it becomes evident that the primary reason participants seek and use online banking services in Azerbaijan may be attributed to issues of speed, convenience, and safety echoing observations from the survey responses. Interviewee 11 indicated that access to online banking means that customers are always aware of their critical transactions and updates from the bank. In the process, Interviewee 11 feels that the “digital banking option reduce the time that one could have used to visit the bank.” Similarly, according to Interviewee 12, access to online banking enables him to “easily get access to all alerts at my fingertips. Like other participants who participated in the interview sessions and survey responses, Interviewees 11 and 12 added that digital or online banking guarantees more transaction convenience thereby meeting the bank customer’s daily needs.

### 4.6.2. Online Banking Meets Most Customer Needs But there is Room for Innovation

Insights from participants revealed that online banking in Azerbaijan is still under development and partially meets the digital financial expectations of its customers. For example, Interviewee 1 felt that “at the moment, the digital services of my bank do not completely satisfy me, since my bank is at the stage of development of digital services and platforms. Similar views were shared by Interviewee 2 who noted that “the current digital services that my bank provides are not as innovative as I would like.” Despite the potential limitations, Interviewee 2 felt that the Azerbaijan “banking market is trying to adapt as much as possible to the latest trends and I hope that soon the bank will increase and improve its services.” Besides the lack of innovative and digital services in some banks, Interviewee 4 shared that “the fees are a bit high, other than that I am satisfied.”

However, contrary to views by Interviewees 1, 2, and 4, insights by Interviewee 3 showed a contrary view regarding online banking and his expectations. That is, Interviewee 3 noted that “my bank provides online services that I need. For now, this is enough for my needs.” Participant 6 also felt the existing services meet his expectations. Specifically, Interviewee 6 shared that his bank’s digital platform is a “simple application, there are basic necessary functions, works quickly without freezing.” Interviewee 7 felt that ability to keep financial records and statements was a major improvement in his digital banking experience. That is, Interviewee 7 was satisfied with “the way of paying the debs through the internet and the way of providing the payment program through which a customer can track his/her account operations via the mobile phone.”

Participant 5 also share a steady improvement in digital banking services in terms of availing various services such as those offered in Azerpost branches through Internet Banking service. Key among these services include “obtaining information on account balances, turnover, turnover documents, budget payments, obtaining statements on the postal account, processing of transfers in national currency in Azerpost and within the republic, and review of daily foreign exchange rates.”

Interviewees 8 and 9 indicated that their banks provide online services that they need and that the current internet banking services are enough for their needs. Interviewee 10 indicated that “my bank meets my expectations in terms of accessibility to my account at any time and from anywhere. It is a better option to use online banking than visiting the bank. Interviewees 11 and 12 had similar expressions that current digital banking meets their needs as exemplified below from the interview excerpts:

I *can manage my cash flow more effectively when using online banking. My bank offers a solution that makes it easier to monitor receivables and payables. For example, I easily arrange when to receive reminder alerts for payments or place pending approvals.* — (Interviewer 11)

*Online banking has met my expectations by making it easier for me to file my tax returns and remit payments. Compared to time-consuming traditional methods, I can easily achieve the same from home. I appreciate this technology and its financial solutions in making daily financial transactions*. — (Interviewer 12)

 These findings show that digital banking services meet the needs of most customers. However, some customers feel that there is a need to be more innovative, reduce transaction fees, and improve speed by eliminating lagging applications. In some cases, other banks lack digital services and have recently initiated the process of developing digital services and platforms. Such approaches would further help meet customer needs that are currently unmet.

### 4.6.3. Stability, Speed, Security, Control, and Low Cost are Key Advantages of Digital Banking

Participants share that digital banking offers various advantages. According to Interviewee 1, “I consider it advantageous to be stability and the current development strategy, which within a year will bring the bank to the group of leaders.” Interviewee 2 also added that “the main advantages of my bank are stability and loyalty.” Interviewee 3 added that with digital banking “there is no need to go to the bank, stand in line and waste time. Operations are performed immediately, regardless of where I am.” Similar observations were shared by Interviewee 4 who elaborated that:

*The most valuable features are typically those that can help you accomplish basic daily banking transactions. Having control over your finances with the ability to self–serve is a significant benefit of internet banking, as is real-time access to manage and move money as you see fit. Low connection cost*. — (Interviewer 4)

Interviewee 5 shared that the global pandemic (Covid-19) may have brought the significance of digital banking platforms to the surface, but mobile and online banking aren’t new. Traditional banking methods-by branch, phone or ATM-haven’t been especially appealing during the past year. Banks limited their branch hours or closed branches, customer service call lines backed up and ATMs required you to venture out in public during a global pandemic. It’s no surprise that many banking customers have taken advantage of digital banking options over the past year. To address these challenges, Interviewee 5 noted that banks introduced new online experiences rich with features such as “mobile check deposit that has been the most valuable feature to those using their primary bank’s mobile app over the past year. The ability to view statements and account balances, transfer funds and pay bills were also near the top of the list.”

Security and control are other key advantages of digital banking. Interviewee 5 noted that in terms of security, “many mobile banking apps now allow you to use biometric authentication to log in. Overall, you may be more secure than you think using digital banking.” In terms of control, interviewee 5 elaborated that:

*The world of technology is offering the opportunity to be able to receive money and to spend money in ways that are much easier than they were in past times. Banks are continuing to advance the features offered on their digital banking platforms. Automated savings tools and push notification alerts for things like low balances or overdrafts are commonplace. In some cases, you can even activate a new debit or credit card from your app*. — (Interviewer 5)

Other participants noted that digital banking has low costs of operations. For example, Interviewee 6 shared that “no fee for payments and transactions (card to card between the bank`s cards).” Interviewee 7 added that “the offering a loan or opening the card online”, while interviewee 8 shared that with digital banking “there is no need to go to the bank, stand in line and waste time.” Interview 9 shared those costs are low and only associated with the “maintenance on the current account.” Similar insights of affordable costs with transparent charges, accessibility, low cost, more control, and time-saving were shared by Interviewees 10, 11, and 12 further emphasizing the potential advantages of digital banking.

### 4.6.4. Limited Products and Services, Service Unavailability, Quality and Poor Communication are Key Disadvantages Associated with Digital Banking in Azerbaijan

When sharing key disadvantages of online banking, Interviewee 1 indicated that there is a problem of “modular presentation of services and their incoherence is the main disadvantage.” The interviewee observed that there are “limited online services and products available. Some of them, such as opening a card or account, still require a visit to the bank.” Interviewee 4 also noted that there is a limited-service application where a key disadvantage is that there is “insufficient advertising, small customer base, operations only with current accounts.” Also, Interviewee 12 expressed concerns that a customer “still need a physical bank, due to limited functions, and limited integration.” Further, Interviewee 3 and 5 shared that:

*The logic associated with the search for services is quite clear and understandable, but technological problems, such as the periodic unavailability of the application, negate all the advantages. You still have to go to the bank for some services that are not available or limited in the app*.— (Interviewee, 3)

*First of all, I would like to say that the search and use of online banking services in “Azerpost” LLC creates difficulties for our customers. An example of this is the poor functionality of internet banking services offered by “Azerpost” LLC to customers and lack of service in comparison to other banks (Lack of advertisements, lack of information and poor services). At the same time, it can be difficult for customers, given that “Azerpost” LLC is not a dedicated Mobile Banking service*. — (Interviewee 5)

Interviewee 6 added that failure to enter “different accounts from one device” is a key challenge with existing digital banking in Azerbaijan. According to Interviewee 8, at times services may be down further hindering positive experiences in digital banking. Specifically, Interview 8 noted that “the logic associated with the search for services is quite clear and understandable, but technological problems, such as the periodic unavailability of the application, negate all the advantages.” Poor communication was also noted to be a key problem. For example, interviewee 7 shared that:

*The main disadvantage of banks is that, when the customer has any questions and wants to ask, there is absent that form of communication through which he/she may have an opportunity to contact urgently to the customer service. We understand that in some banks there is a chat on the website, however, in practice, such chats are not functioning properly. I mean, they answer with delays or do not answer at all*. — (Interviewee 7)

Poor service quality, communication, and unavailability were also shared as major problems of digital banking in Azerbaijan. Interviewee 9 noted that “in general, the quality and the features for digital services is too poor and not enough.” Interviewee 10 indicated that “there are situations when you have an emergency and cannot access your online account. Such delays are common when accessing online services at times due to slow connection.” According to Interviewee 11, “sometimes it is difficult to access online banking as websites or banking application lags or hangs due to slow speed.

### 4.6.5. Inadequate Usability of Digital Platforms Necessitating Further Improvement

Participants shared that the usability of digital banking platforms remains poor necessitating banks to make further innovations to meet customer expectations. Interviewee 1 indicated that when considering usability, “I am not satisfied with the long registration and the scarcity of the services provided.” Similar sentiments were shared by Interviewee 2 in that digital banking applications do “not have a very convenient interface for me. The interface could be more user-friendly or customized for the client.” In terms of ranking, Interviewee 3 shared that usability of digital banking may be ranked “7 out of 10. Maintenance time should be limited to once a week.” Further, Interviewee 4 clarified that:

*It would be possible to improve in some areas of online services and also provide the customer base with more such types of services (international currency transfers, payroll, currency exchange, conducting transactions on card accounts)*. — Interviewee 4

Interviewee 5 indicated that “my experience in online banking services is 4 years and I would like to note that in my experience I prefer that clients of Azerpost LLC were satisfied from our side.” Interviewees 6, 7, and 8 also noted that online banking is easy, comfortable, and simple to use. Further insights by Interviewees 9 and 10 confirmed that the applications are easy to use and user-friendly. However, Interviewee 10 recommended that:

*The user platform needs to have an appealing navigation menu when accessing essential services. There are some customers like my parents who find it difficult to access the services mostly because they are less tech-savvy. Improving the navigation platform would help such individuals who lack substantive technology background*. — (Interviewee 10)

*My bank limits customisation and this makes the application less friendly in meeting my needs. In some cases, making payments is difficult due to technical errors causing potential delays resulting in a negative experience*. — (Interviewee 11)

These findings show that usability is a major concern when accessing online banking in Azerbaijan. Banks need to improve on accessibility and ease navigation to enhance customer experience and meet consumer expectations. As added by Interviewee 12, “the process of opening a new account should take less time than currently experienced to eliminate delays.” Such measures will be key to meeting customer expectations in terms of improving the usability aspect of digital banking applications in Azerbaijan banks.

### 4.6.6. Digital Banking Has Strong and Reliable Security Features

Participants were asked to share their views about security issues such as the safety of their personal information when seeking online services. Responses from the interview sessions indicate that digital banking security in Azerbaijan largely meets customer expectations. According to Interviewee 1, “due to the presence of multi-level multifactor authentication, I believe the level of security is sufficient to ensure the safety of my data.” Also, Interviewee elaborated that “I am confident in the reliability of the banking system and the storage of my banking data, but I am not entirely sure whether my data is used for transmission to third parties for advertising.” Further observations by Interviewee 3 revealed that:

*I am a fairly experienced user, but I am concerned about the reliability of storing my data. I also don't like it when applications collect redundant data about me. In general, I am not sure about the security of the digital services provided to me, but I have to use digital services, as this saves me time and resources. Security is always depending on how secure is your internet connection and not on the bank app itself*. — (Interviewee 3)

Interviewees 4, 5 and 6 agreed that there is maximum security on digital banking. For example, Interviewee 6 shared that “I think, personal information system is enough secured by the Azerbaijani banks.” Similarly, Interviewee 9 considered existing security as “quite simple and secured,” with Interviewee 12 noting that due to strong security, a customer receives verification when someone attempts to access personal details. Participants 10 and 11 also indicated the following about digital banking security:

*I feel that online banking with my bank is secure enough. Necessary security features are in place to safeguard my privacy and transaction data. I feel secure to continue conducting most of my essential services through online platforms with my current bank as I have been with the bank for the last 18 years*. — (Interviewee 10)

*Over the last four years, I have used these online banking services. There is nothing that raises potential security scare and I always feel safe when executing available transactions. I feel the bank website is secure and meets my security expectations*. — (Interviewee 11)

Based on the above responses, it may be noted that digital banking security largely meets customer expectations. As such, banks should continue improving on this aspect and assure customers of the safety of their personal information. Simar observations were also noted during the survey responses with most participants indicating that digital banking was high secure across most banks in Azerbaijan.

### 4.6.7. There is Poor or Lack of Customer Support in Digital Banking

The participants were asked to describe the type of customer support they receive when conducting online banking. Interviewee 1 shared that in his opinion, “customer support is not provided at the proper level due to insufficient experience in digital service and preparedness of the system.” Lack of customer support led to Interviewee 2 recommending the need to have “special improvement and approach in customer support Banks need to learn how to solve customer problems online and at a high level and train their employee accordingly.” Interviewee 4 agreed that customer support is slow to access when potential problems arise. As explained by Interviewee 3:

There is only a call centre and I have never used another communication channel. There’s only a call centre with no in-app support, website support is always limited with what they can do. — (Interviewee 3)

Interviewee 5 noted that “from the side of clients, the most important thing is that they are satisfied with our bank and we are only waiting for more and more clients.” Further, Interviewee 6 indicated that “as I can see my personal information is secured, but I cannot check the security level myself. The entrance to my account is secured, but I cannot see how my transactions are secured.” Similar challenges were noted by Interviewees 7, 8, 9, and 10 where hey is a lack of customer support, especially when seeking help during emergencies. Interviewee 11 further revealed that “customer support may be slow because of the large queue of customers seeking help through online platforms, but they get to solve the identified problems.” In some cases, Interview 12 shared that “it may take up to 5 hours to obtain support and in some cases, I am persuaded to visit the bank for a timely response.” These findings show that Azerbaijan banks have largely failed to meet customer expectations regarding customer support services, necessitating the need for improvement in this area.

### 4.6.8. There is Need for Further Development of Additional Online Services and Products

Participants were asked to describe the type of available online services and products in their banks. Findings show that customers feel the current services and products are inadequate. As such, there is a need for banks to expand on their current products and services to meet diverse customer expectations. For example, Interviewee 1 shared that “I believe that my bank should develop the number of services and tools.” Interviewees 2 and 4 also narrated that:

*I think that the bank needs to increase and develop digital services and products. Today, the bank provides minimal services online and the client still has to come to the bank to get a list of services and identify himself*. — (Interviewee 2)

*SMS notification (connection to the SMS notification service cancellation of the service and change of the mobile phone number with which it is associated) 3d secure, Internet banking ( payment orders within the country, budgetary payments, instant transfers between client accounts, the ability to print documents for transactions, information about the current status of transactions, creating templates, automatic filling of account information in interbank and government payments*.— (Interviewee 4)

Interviewee 5 cited that there is a need to improve online services and products to enhance customer experience. Additional development may focus on reducing the time taken to respond and address customer needs. For example, Interviewee 6 shared that it takes “too long time to get the response from the customer support, don`t work after 18:00.” Interviewees 7, 8, and 9 also shared that products and services need improvement such as automated payment to multiple persons such as multiple employees. According to Interviewee 10, services like multiple payments would enable customers to “place standing orders in the mobile application and automate budgeted payments to meet my business needs.”

### 4.6.9. The Current Service Fees, Transaction Costs, and Fees Should be Reduced.

Participants noted that although banking charges in digital banking are within the market rates, banks may consider reducing them. For example, Interviewee 1 shared that “the services that the bank provides are convenient and quite acceptable concerning market rates.” Further, Interviewee 2 noted that the “current services are convenient and acceptable for me as well as the prices provided.” However, Interviewee 3 claimed that “the fees should be lower as most of the banks are not NFC ready.” Similar observations were shared by Interviewees 4 and 5:

*Review account balances, able to print account statements, send account statements to e-mail addresses, make transfers between personal accounts in the bank, make transfers to the accounts of other customers of the bank, capable of cashless conversion transactions*. — (Interviewees 4)

*The type of transactions that’s are payments from account to account, during the time to monitor the sanctions so that the balance of the required amount always remains on the client's accounts*. — (Interviewees 3)

Interviewee 9 observed that “because of the limited features of online banking services, it’s too hard to elaborate on existing costs and fees.” In his response, Interviewee 10 indicated that:

Costs continue to remain high for some online transactions in my bank. Some of the charges affect checking account balance, minimum balance charge, returned deposit charge, and overdraft charges. Such costs may influence less use of online banking services and there is a need to make them more competitive.

These observations show that digital banking has not fully met the needs or the expectations of its customers. As such, Interviewee 11 felt that “there is no clear price information on transactions before executing payments. Transaction costs are high and payments higher than those charged by competitors.” Addressing transaction costs and charges may help improve customer experience, thereby meeting consumer expectations with online banking services in Azerbaijan.

### 4.6.10. Banks Provide Adequate Information About Online Banking Services

Regarding issues such as access and awareness of online banking services, participants shared positive responses that indicated that their respective banks share relevant information that largely meets their expectations. Interviewee 1 elaborated that “the bank uses various channels to convey information, therefore, information about the bank's services is provided to me regularly.” Interviewee 2 also noted that: “the bank regularly notifies me of all innovations and changes through various channels.” Similar views were shared by Interviewee 3 in that:

In general, it meets my expectations. It does meet my expectation, but the maintenance time is high. As a Birbank user, I can say that their app is far ahead of any other apps done by other banks. — (Interviewee 3)

Additional participants also felt they have access to suitable online banking information. Interviewee 4 elaborated that available information enables him to “take control of my financial life, providing tools and features that I may not have access to through traditional Banking methods. Can connect me to a community of like-minded individuals.” Also, Interviewee 5 clarified that available information helps in meeting his “expectations in advertising from the side marketing department.” Moreover, other participants indicated that they are satisfied with the classified types of the services (Interviewee 7) and meets their expectations (Interviewee 8).

As noted by Interviewees 9 and 10, concerning the existing services and products, the current information is enough. Also, Interviewee 10 shared that “through its online website, the bank provides most information I need to execute transactions. These insights confirm that participants feel that access to online banking information is well outlined on the website and the application of most banks. Interviewees 11 and 12 also clarified that there are frequently asked questions to supplement available information, with the used language easy to understand for most customers.

### 4.6.11. There is Low Innovativeness in Existing Digital Banking Products and Services

Interviewees were also asked to share their views regarding the online product and service innovativeness of their current bank and whether it aligned with their expectations. Interviewee 1 held the view that “I do not consider the online products of my bank to be innovative; I agree with their strategy for the development of new digital products to achieve a level corresponding to the needs of the market.” Interviewee 2 indicated that there is a lack of innovation and that banks “still need to develop online products and services taking into account the rapidly growing and changing market requirements and customer expectations.” According to Interviewee 3, the current rate of innovativeness is “6 out of 10. Birbank has stories now, and I think a bank app should be a bank app, not an Instagram stories feed.” Interviewee 7 added that

*There is a big competition among the banks today, the different way of stimulation of the customers is good and available for the customer. It means that banks do everything to satisfy their clients by offering and providing them with various types of online services*. — (Interviewee 7)

Considering the obtained insights, it may be noted that most customers feel their needs are not met fully when considering digital baking innovativeness. For example, Interviewee 9 indicated that existing innovation is “too poor and does not meet my expectations.” Due to existing innovativeness challenges, Interviewee 10 recommended that “more research and development is needed to enhance online banking system and improve on applications to facilitate the payment of utility bills, taxes, and collect full mean statements in pdf format.” Also, Interviewee 11 shared similar sentiments in that “more innovative features may be added to the current online banking applications.” As such, a personalized approach to customer service is needed to meet my expectations. Digital banking services in Azerbaijan may consider designing intelligent customer service chatbots to address basic customer inquiries. A further innovative idea according to Interviewee 12 is the need to introduce a “peer-to-peer payment system, budget, and money planner” to further meet customer expectations on service and product innovativeness.

## 4.7. Conclusion

In the current chapter, survey results and interview findings have been presented. Specifically, the chapter has detailed the demographic characteristics of participants who took part in the surveys. Subsequent sections have presented survey responses regarding customer expectations. Hypothesis testing has shown that generational difference significantly influences customer expectations for digital banking services among customers in Azerbaijani banks. Insights from interview findings identified nine key themes related to the topic where generational differences may differently influence ease of use, customer support, offered products and/or services, transaction payments, and available information content or functionality. The next chapter discusses the obtained findings in the light of formulated research questions, hypotheses, past literature, and conceptual framework.

# Chapter 5: Discussion, Conclusion, and Recommendations

## 5.1. Introduction

The purpose of this explanatory mixed-method research was to investigate customer expectations for digital transformation in Azerbaijani banks and examine whether generational differences influence variations in customer expectations. In the current chapter, the discussion of the survey results and interview findings is presented in line with research questions, hypotheses, past studies, and the theoretical framework. The results are presented chronologically in line with the three research questions.

## 5.2. Factors that Define Customer Expectations

Research Question 1 was formulated to answer the following: *What factors define customer expectations for digital banking services and products within the Azerbaijani Banks*? Survey results and findings from the interview responses identified various factors that influence bank customers’ expectations in Azerbaijani regarding online banking. Based on the survey findings, customer expectation is largely influenced by close support in terms of education, notifications, and awareness creation. Customers also noted that they are more satisfied when their expectations such as diverse products and services are availed, ease in accessibility, real-time customer assistance, information security, innovation, and cost-effective payments and transactions.

Moreover, these survey findings were also supported by interview responses where customer expectation with online banking in Azerbaijan is influenced by accessibility, low cost, personal control, time-saving, convenience, and safety. These findings echo past observations from the literature where customer expectations in online banking services are influenced by actors such as customer support services, ease of use, 24/7 access to bank account, low levies and service charges, and security of personal information (Salem et al., 2019; Zouari & Abdelhedi, 2021). In line with the ECT framework, these factors largely shape customer expectations and when they are not availed in digital banking platforms, customer expectations are not met resulting in dissatisfaction (Zouari & Abdelhedi, 2021).

Insights from the survey and interview responses showed that Azerbaijani banks have largely met the expectations of their customers although additional improvements are necessary. For example, some customers recommended additional features to online banking applications such as options for payment of utility bills, taxes, and access to comprehensive bank statements. Other participants recommended remote checks, enhanced feedback, customisation, and improved performance to rectify problems and solve errors. These issues align with the determinants of customer satisfaction in online banking as reported by Eren (2021), emphasizing the need by Azerbaijani banks to diversify their products to meet different customer expectations. These observations may be explained by the ECT theory where banks whose online digital banking services or products align with the previous customer expectations are largely to report having met customer satisfaction than banks that lack similar support incentives (Eren, 2021; Zouari & Abdelhedi, 2021).

In terms of speed of connection, findings from this study noted that most banks have not met customer expectations due to difficulties in connection. As a result, bank customers experience challenges accessing their accounts from remote connections. However, in terms of time-saving and convenience, customers shared that their basic expectations were being met by their banks but some shared that need to expand offered products or services to reduce the need to visit banking halls. Moreover, some customers shared challenges in integrating bank accounts and customizing information further prompting the need by the Azerbaijan banks to address this customer expectation gap in future.

## 5.3 Influence of Generational Differences on Customer Expectations

Research Question 2 was developed to examine the following: *Does generational difference influence the level of customer expectations for digital banking services in Azerbaijani banks*? Results of the ANOVA test showed that generational difference significantly influences customer expectations for digital banking services in Azerbaijani banks. A post hoc test showed that generational differences influence younger customers (i.e., persons below 40 years of age) but do not influence customers aged 41 years and above. As such, there was a statistically significant difference between generational cohorts and customer expectations concerning customer support, security fears, ease of use, available digital products/services, cost of transaction and payment, availed information content, and the nature of innovation (Alalwan et al., 2018; Khedmatgozar, 2021; Suresh & Rani, 2021).

The current findings echo observations made by Alhabash et al. (2017) relating to the potential influence of generational cohort groups and customer expectations. For example, Alhabash et al. (2017) reported that older customers above 50 years old were less trustful of online banking compared to younger customers. A key concern was that older customers felt online banking to be less secure in terms of personal information safety than traditional banking (Alhabash et al., 2017). Similar observations were made in a quantitative study by Wang et al. (2017) where customers felt that online banking are not completely secure necessitating the need for additional security features such as login PIN, passwords, and 2-factor authentication (Suresh & Rani, 2021; van Esterik-Plasmeijer et al., 2017). In line with the ECT theory (Geebren et al., 2021; Khanra et al., 2021), availing secure online banking platforms could result in customer confirmation, while lack of these security features could result in customer disconfirmation and subsequent dissatisfaction with online banking in Azerbaijani.

However, in the current study, findings showed that irrespective of generational differences, both young and old felt that security is a major concern attributed to online banking. These findings differ from the observations by Alhabash et al. (2017) in that older generational groups are not more likely to be concerned about security challenges in online banking than younger generational groups. Irrespective of the security challenges such as hacking and phishing, participants did not report any potential breach of their information resulting in compromise of their bank accounts. In line with the ECT theory (Geebren et al., 2021; Khanra et al., 2021), these findings show that despite potential security problems associated with online banking, most banks in Azerbaijani secure and guarantee customer safety and privacy thereby meeting customer safety expectations. As a result, most of the online banking experience in Azerbaijani aligns with customer expectations in that their data is kept secure and confidential. Importantly, generational differences do not seem to arise when considering security issues in online banking possibly because such threats are not likely to discriminate customers by age.

Findings from the interview responses showed that in terms of ease of use, customers express mixed reactions towards online banking. Specifically, the generational gap plays a central factor in determining how customers experience online banking in Azerbaijani, therefore impacting their expectations differently. When considering persons aged 41 years and above, the ease of use is closely influenced by personal information safety and the ease of navigation on a bank’s website or mobile application. Further, persons between 20 years and 40 years anticipate that the ease of use should address issues such as enhanced feedback, customisation, rectifying problems, and solving errors. These findings align with past literature in that older generational cohorts would prefer easier access and use of online banking platforms possibly due to limited tech-savvy skills (Geebren et al., 2021; Siyal et al., 2019). Salem et al. (2019) also reported that the ease of use may be influenced by generational differences where older cohorts may be considered less exposed to evolving and changing technology than younger generations. These findings identify key areas where Azerbaijani banks may focus on in future to improve the customer experience while meeting the expectations of their diverse pool of customers.

In respect to customer support, obtained findings from the surveys and interview responses indicate that most banks in Azerbaijani have fared well in their customer support initiatives. Insights from the surveyed participants showed that customer expectations are met through different strategies such as improved support, low turnaround time, and 24/7 access to a bank account. However, some customers feel that in the wake of the COVID-19 pandemic, the turnaround time may be longer as more online consumers seek help online. As such, some customers feel that Azerbaijan banks may consider investing more human resources in online support services. Such a move would enhance the overall customer experience with support services when conducting online banking services (Eren, 2021; Khanra et al., 2021; Sharma, S. and Sharma, M., 2019). Increasing human resources would contribute to the attainment of customer expectations in line with the ECT theory (Geebren et al., 2021; Veysel et al., 2018) where fast support and help during emergencies may be positively perceived by customers, resulting in their satisfaction with online banking services offered by Azerbaijani banks.

When considering the available products and services, it becomes clear that despite Azerbaijani banks having reputable online services and products, there are potential hitches that should be addressed in future. Interestingly, there seem to be varied preferences for online products or services depending on generational groups. Insights from this study highlight key services or products that may be formulated to meet the needs of each diverse generational group of bank customers in Azerbaijani. Some of the missing products and services include online cheque clearance, integrated services, higher transaction limits, customisable transactions, low-cost services, levies, and commissions. Customers also shared the need to have new products such as placing standing orders.

In terms of payments and transaction charges, findings from surveys and interview responses show that bank customers in Azerbaijan feel negative about charges related to online banking. In most cases, the participants feel that the current transaction and payment costs do not meet their expectations. As a result, there is a need to make these charges more competitive to eliminate potential challenges that might limit customers from using online banking services. Zhou (2018) advocated that affordable transaction costs or service charges would increase uptake of online services due to customer satisfaction. When customers are satisfied with the charges of online payments, they are likely to confirm their service expectations (Baabdullah et al., 2019). Dery et al. 2017) added that customers expect cost-effective levies, fees, or commissions on online products than those offered in traditional banking settings.

Participants further shared the need for more innovative products. For example, findings from the interview responses emphasize the need to have pro-active support when using online banking. Although existing products and services are appreciated in meeting the needs of customers, some respondents felt that additional features are needed in their banks. Key among these features include chatbots to facilitate real-time customer support, remote check deposits, payment of utility bills, taxes, and access to comprehensive financial statements. However, the participants’ responses did not vary in terms of generational groups showing that customer expectations for innovative products may not be influenced by a particular generational cohort. Sharma, S. and Sharma, M. (2019) reported that customers expect online banking to have essential products including notifications, alerts, deposits, balance checks, 24/7 support services, different ways to access the account, and essential information such as chatbots. Therefore, online banking applications with such innovative features are likely to confirm individual expectations and increase intention for their uptake among customers (Shankar & Jebarajakirthy, 2019; Shareef et al., 2018).

## 5.4. Advantages and Shortcomings of Digital Banking

Research Question 3 asked the participants the following: *What advantages and shortcomings do customers experience when using digital banking in Azerbaijani banks*? Survey findings showed that participants felt that online banking has diverse advantages. Key among these advantages include increased convenience, time-saving, and some level of control of personal finances. Considering these advantages, most participants expressed optimism in using online digital products when banking. Interview responses also showed that participants, irrespective of their generational group, acknowledge the advantages of online banking including access to all transactions and bank balance alerts from anywhere at any time. Participants also shared that online banking facilitates quick money transfer services, instant payments, ease of opening a new account, convenience in tracking transactions, and simplified government remittances. As a result, online banking in Azerbaijani is largely considered to facilitate customer expectations in various ways as evident from its perceived advantages.

However, some participants also shared concerns that despite their advantages, mobile banking introduced potential disadvantages. Key among the major disadvantages include the cost of levies, charges, and commissions, limited personalized services, slow connection speeds, the necessity of a physical bank to access some services, limited functionality, and lack of full integration. These factors negatively contribute to customer expectations, impacting their satisfaction levels. Similar observations were made during the interview responses where younger generational groups below 40 years were more concerned about slow connection speeds and the high cost of products. By contrast, the older generational groups were more concerned about the need for a physical bank, addressed the problem of limited functions such as check clearance, and enhancing service integration.These findings may advocate the need for Azerbaijani banks to design online products and services that meet the needs of diverse market segments based on their generational differences.

## 5.5. Limitations

There are potential limitations of this study that might affect the findings. First, all the insights from surveys and questionnaires were collected from customers. Collecting data from a single group of banking stakeholders may introduce social desirability bias where customers share the selective experience by highlighting issues that only represent their wellbeing. Second, the use of self-reported surveys may introduce recall bias leading customers to share inaccurate information about online banking. Third, a small sample size was used in the interviews potentially affecting the transferability of the findings (Creswell, 2017). Responses from the surveys were also not representative of the targeted population implying that the current findings should be interpreted with caution.

## 5.6. Recommendations for Future Research

Future research should focus on improving the potential limitations of this study. A key focus would be to diversify the source of data in future to include not only bank customers but also employees and managers in examining their views on digital transformation and customer expectations. Triangulating the source of information would corroborate the findings obtained from this study concerning customer perceptions about how online banking meets or fail to meet their expectations. In addition, future research needs to recruit a large sample size that is representative of the Azerbaijani bank customers. Importantly, a large sample size would be essential in comparing and contrasting how generational groups are likely to differ in their expectations when using online banking.

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# Appendices

## Appendix A: Survey Questionnaire

### Section A: Demographic Characteristics

1. What is your gender?

 Male\_\_\_\_\_\_ Female\_\_\_\_\_\_ Others \_\_\_\_\_\_

2. Which age category do you belong to?

 20- 29\_\_\_\_

 30-39\_\_\_\_\_

 40-49\_\_\_\_\_

 50-59\_\_\_\_\_

 60+\_\_\_\_\_\_\_

3. What is your Level of Education?

 Primary School Level\_\_\_\_\_\_

 High School Level\_\_\_\_\_

Higher Education Level\_\_\_\_\_\_

4. Do you have access to, or currently actively using online or digital banking services with your bank?

 Yes\_\_\_\_

 No\_\_\_\_\_

5. How many years have you been a customer at your current bank?

 1-5 \_\_\_\_

 6-10\_\_\_\_

 11-19\_\_\_\_

 20+\_\_\_\_\_

6. How many years have you been using online or digital banking services?

 1-2 years \_\_\_\_

 3-5 years\_\_\_\_

 5+ years\_\_\_\_

7. How many times in a week do you use online or digital banking services?

 1-2 times\_\_\_\_

 3-5 times\_\_\_\_

 5+ times \_\_\_\_

8. What is your key reasons for staying with your current bank?

 Too much effort to change\_\_\_\_

 Available products/services\_\_\_\_

 Loyalty \_\_\_\_

 Competitive rates/charges

9. Is your current bank meeting your online or digital financial expectations?

 Yes\_\_\_\_

 No\_\_\_\_

### Section B: Customer Expectations

The current section presents different factors that are likely to influence customer expectations in online or digital banking. Please provide your level of Agreement or Disagreement with each of the statements: (1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4= Agree; 5= Strongly Agree)

10. What services would you prefer to access most from your bank?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Most Preferred Services | 1 | 2 | 3 | 4 | 5 |
| 1 | My bank should be more involved in my financial life e.g., educate, notify, and survey |  |  |  |  |  |
| 2 | I would like more financial advice from my bank |  |  |  |  |  |
| 3 | I would like more help choosing various banking products |  |  |  |  |  |
| 4 | My bank should facilitate easy access to digital banking |  |  |  |  |  |
| 5 | My bank should provide real-time assistance and addressing complaints |  |  |  |  |  |

11. Please read the following statements about the ***Main Advantages*** *offered b****y*** your bank through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Main Advantages | 1 | 2 | 3 | 4 | 5 |
| 1 | Convenience |  |  |  |  |  |
| 2 | Time-saving |  |  |  |  |  |
| 3 | More control |  |  |  |  |  |
| 4 | Affordable Cost |  |  |  |  |  |
| 5 | Personalized |  |  |  |  |  |

12. Please read the following statements about the ***Main Disadvantages*** *offered b****y*** your bank through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Main Disadvantages | 1 | 2 | 3 | 4 | 5 |
| 1 | Speed |  |  |  |  |  |
| 2 | Still need a physical bank |  |  |  |  |  |
| 3 | Limited functionality |  |  |  |  |  |
| 4 | Security |  |  |  |  |  |
| 5 | Lack of integration |  |  |  |  |  |
| 6 | High cost |  |  |  |  |  |

13. Please read the following statements about issues related to ***using, usability, and safety*** offered b**y**your bank through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Use, usability, and safety | 1 | 2 | 3 | 4 | 5 |
| 1 | Inter-account transfers |  |  |  |  |  |
| 2 | Payments |  |  |  |  |  |
| 3 | Checking balances |  |  |  |  |  |
| 4 | Easy to use |  |  |  |  |  |
| 5 | Customization |  |  |  |  |  |
| 6 | Internet services (e.g., solving errors, rectifying problems, feedback) |  |  |  |  |  |
| 7 | Safety of personal information |  |  |  |  |  |

14. Please read the following statements about the level of ***customer support*** you receive during online banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Customer Support | 1 | 2 | 3 | 4 | 5 |
| 1 | I am satisfied with the customer support provided by the bank website  |  |  |  |  |  |
| 2 | I am satisfied with the after-sales service provided by the bank website  |  |  |  |  |  |
| 3 | The bank website is designed in a way that addresses my problems and requests |  |  |  |  |  |
| 4 | The bank website responds to my requests fast enough |  |  |  |  |  |
| 5 | Customer support through websites is competent in responding to my queries  |  |  |  |  |  |

15. Please read the following statements about ***security concerns*** during online banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Security concerns** | 1 | 2 | 3 | 4 | 5 |
| 1 | The bank website provides for the security of my transaction data and privacy |  |  |  |  |  |
| 2 | I feel safe in my transactions with the bank website |  |  |  |  |  |
| 3 | I feel the bank website is secure  |  |  |  |  |  |

16. Please read the following statements about the ***ease of use*** when accessing online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ease of Use** | 1 | 2 | 3 | 4 | 5 |
| 1 | The bank website is user friendly in its user interface |  |  |  |  |  |
| 2 | The output format is easy to read |  |  |  |  |  |
| 3 | The bank website is easy to use when making financial transactions |  |  |  |  |  |
| 4 | Opening a new online account is straightforward  |  |  |  |  |  |

17. Please read the following statements about the ***Digital Products/Services*** your bank provides through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Digital Products/Services | 1 | 2 | 3 | 4 | 5 |
| 1 | I am are satisfied with the products or services provided by the bank website  |  |  |  |  |  |
| 2 | The digital products or services provided by the bank website meet my needs  |  |  |  |  |  |
| 3 | The bank website provides high-quality products or services  |  |  |  |  |  |
| 4. | The digital services are of competitive rates |  |  |  |  |  |

18. Please read the following statements about the ***Transaction and Payment*** your bank provides through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Transaction and Payment | 1 | 2 | 3 | 4 | 5 |
| 1 | I am satisfied with the payment system provided by the bank website |  |  |  |  |  |
| 2 | I am satisfied with the transaction procedures |  |  |  |  |  |
| 3 | The bank website provides clear transaction and price information |  |  |  |  |  |

 19. Please read the following statements about the ***Information Content*** your bank provides through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Information Content | 1 | 2 | 3 | 4 | 5 |
| 1 | The bank website provides information that exactly fits my needs |  |  |  |  |  |
| 2 | The bank website provides accurate information |  |  |  |  |  |
| 3 | The bank website provides information that I trust |  |  |  |  |  |
| 4 | The bank website competently handles all my requests |  |  |  |  |  |

20. Please read the following statements about the ***Innovation*** your bank provides through online or digital banking. Indicate your level of Agreement or Disagreement with each statement. (1 = Strongly Disagree; 5= Strongly Agree)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Innovation | 1 | 2 | 3 | 4 | 5 |
| 1 | The bank website provides innovative products or services |  |  |  |  |  |
| 2 | The bank website provides up-to-date information |  |  |  |  |  |
| 3 | The bank website promptly diagnoses any problems |  |  |  |  |  |
| 4 | The bank website works quickly and efficiently |  |  |  |  |  |
| 5 | The bank website provides 24/7 support services |  |  |  |  |  |

## Appendix B: Interview Questions

1. What would you say motivates you to seek and use online banking services at your current bank?

2. In what ways does your current bank meet your online or digital financial expectations?

3. What would you say are the main advantages offered by your bank through online or digital banking?

4. What would you say are the main disadvantages associated with seeking online banking services at your current bank?

5. What is your experience in terms of usability or ease of use when accessing online banking services at your bank?

6. What are your views about security issues such as the safety of your personal information when seeking online services?

7. How would you describe the type of customer support you receive when conducting online banking?

8. How would you describe the type of available online services and products from your bank?

9. How would you describe the type of transactions, payments, or costs associated with using online services and products from your bank?

10. In what ways does the available information about online banking services meet your expectations?

11. How would you describe the online product and service innovativeness of your current bank in aligning with your expectations?