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Investigating the Effect of Electronic Banking Communications on Banks Financial Resources in Urmia Melli Bank Branches

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ABSTRACT: The present study attempts to investigate the effect of electronic banking on banks financial resources in Urmia Melli Bank branches. In so doing, electronic banking has been defined on three levels as indicated by Kahzadi, namely transaction, communications and informing. In line with this is the development of three hypotheses were two questionnaires were used to test the hypotheses i.e. electronic banking questionnaire and financial resources questionnaire categorized by 30 and 20 items, respectively. Having determined the reliability and validity of the questionnaires, these data collection instruments were distributed among the statistical population including 214 employers working at Urmia Melli Bank branches. Having collected the questionnaires, the obtained data were categorized. Further, the study made use of descriptive and inferential statistic methods (Spearman, Pearson and regression test). The study results manifested that the transaction aspect of electronic banking had an effect on financial resources of Melli Bank branches.

Keywords: Electronic banking, communications, informing, equipping banking resources, bank financial resources.

INTRODUCTION

Considering the increasing economical benefits of electronic banking systems in terms of reducing the costs and increasing the beneficence status, removing the limitation of time and place, expanding the banks performing area, well-known banks develop their affairs through making use of electronic banking (Godarzi and Zobeidi, 2008).

The fact that the banks and financial institutions of Iran should not neglect is that the financial resources either through banking operations or non-banking affairs are not easily accessed on a global competition level. Banks and financial institutes need the institutionalization and fundamental reforms. Currently, fluency on the effective indexes on equipping financial resources have captured the attention due to the competitive context (Yazdani Dehnavi, 2009, 66).

Review of literature
Electronic banking

Electronic banking is concerned with producing low-cost products through electronic branches. Such products and services would involve the bill, loan, management of deposits, electronic payments as well as providing electronic payments such as electronic finance (Balse committee, 1998).

One would define electronic banking as the concepts such as mobile banking, telephone bank, internet banking, ATM banking and etc. regarding the above descriptions one would claim that the internet, mobile, telephone and wireless communication networks to be used in providing banking products are all categorized by electronic banking notion (Abasinejad, Mehrnoosh, 2010, 29).

Generally speaking, electronic banking is concerned with providing the banking services in relation to clients through using safe mediators (Kahzadi, 2003). Electronic banking involves all financial processes through electronic transactions which accelerate he service providing leading to more accurate banking operations (Erabi,

2002, 2). Electronic banking is the concept to cover the process in which the banking transactions would be accomplished electronically so that no one needs to refer to any institution (Sloan, 2000, 25).

Communications in electronic banking

Novel innovations have led to major changes in banking section such as electronic finance, automatic transfer and receipt terminals, virtual and internet-based banking. Such factors increase the efficiency, effectiveness, acceleration in making communications and reduction in operational costs. So, banks should utilize the electronic banking and the relevant technology in order to attract the finance markets aiming to enjoy the competitive advantage. One of the common challenges Iran banks confront with is the lack of culture in line with making use of this technology and dominancy of traditional commerce (Hoseini Mogadam, 2003, 73).

Banking information transfer network

Based on the financial, strategic and computer-based facility policies, financial and banking institutions have embarked on developing communicative network in order to transfer the data and electronic transactions. the developed networks are continually approaching to each other sue to the passage of time and getting closer to upcoming strategic policies of organizations so that such a connection is in a way that the clients would be able to make use of the provided facilities.

Swift

The expansion of international activities and the necessity to transfer the banking messages, a number of inconsistencies would appear due to using different systems which bring about problems in transferring data. The Swift organization was established as non-profit cooperative community. The higher rates of banks incentive to enjoy the advantages of swift system led to the increased number of members. Initially, the center faced a number of problems among which was developing a common language for all. In so doing, readable financial messages opportunities were provided by the computer which enabled the users to mechanize the operations and integrate the communication procedures in relation to other institutes through internal applicable systems. Nowadays, all banking service providers have considered swift international banking software at the center and develop their own services based on such a communication system so that the users are enabled to transfer the messages as fast as possible with low-cost procedures (Fakorsagie, 2009, 50).

Immediate gross liquidification system

Immediate gross liquidification system is considered as the fundamental systems in payment section which manages and controls inter-banking payments. The system has been defined in the form of those projects to be included in Central Bank. The afore-said systems is the electronic one which processes all inter-bank operations such as payment orders and payments of banks' clients from one bank to another. Having processed each orders, the systems eliminates the amount of cash and pays it to the interested bank's account (Fakorsagie, 2009, 51).

Interbank electronic transfer system

It is the system which facilitates the transfer of money in one client's banking account card immediately to another person's banking account card. Exploiting the service would be contributive to interbank money transfer. It not only impedes unnecessary transfer of money, travel cheques and etc., but also it enables the transfer in a safe context and in the shortest time. Money transfer would be facilitated through ATM machines (Fakorsagie, 2009, 53).

Informing in electronic banking
Resource attraction in bank

Banks and financial institutions used to make use of banking operation to attract financial resources. Currently, banks like other organizations run their business on the global level. on the other hand, developing of technology and industrialization have led to increased attraction of financial resources so that banking automation networks and intent banking have turned out to be the most important ways of equipping financial resources for banks and financial institutes. Nowadays, banks provide non-banking financial services in order to increase the liquidity and improving their service qualities and make their activities as purchasing the employing organizations such as insurance companies in informal makers which lead to their attraction of huge resources. The attraction of financial resources would have significant effect in regulating the cash flow and establishing inappropriate financial and credential system categorized by short-term and long-term plans. Different software and hardware indexes

cause that the attraction of financial resources are done in an appropriate way. Planning and policy making of financial institutions in banks are performed based on specific conditions (Yazdani Dehnavi, 2008, 66).

The place of resource equipment from baking management point of view

Equipping financial resources was initiated by the time human kind referred to social life and this has always been the task of banking system. Hence, banks collect the excess deposit of people and they 0played the role of intermediacy among depositors and loaners. Currently, financial institutes and banks would require fundamental changes in products and services and would not be able to equip their resources through focusing on traditional and simple services. In novel banking, banks provide non-bank financial services and providing novel services such as investment, doing insurance affairs as well as housing and production give rise to overall production and most of the resources of novel banking is obtained through non-banking activities (Zaribaf, 2003, 8).

Banks financial resources

The fact that should not be ignored by banks and financial institutes is that the financial resources are not easily accessed through banking or non-banking activities. Banks and financial institutes require institutionalizing and fundamental reforming in their structure. Currently, dominance over effective indexes on equipping financial resources is of great importance (Yazdani Dehnavi, 2008, 66).

Attracting financial resources is among the key and fundamental goals of banks and credential and financial institutes which is taken into account as the important index in evaluating the degree of success of banks (Yazdani Dehnavi, 2005, 26).

Related international studies

Kashef Sardar, Salman Shamim (2010) conducted a research titled studying the issues of electronic banking in Pakistan. It has been attempted in this study to investigate the lack of success reasons of electronic banking, the results indicate that specific issues are affective to electronic banking in Pakistan although electronic banking has been initiated in Pakistan. Lack of appropriate instruction and lack of confidence are among the factors to have impact on electronic banking usage. Although long years have already been passed from the initiation of internet banking usage, clients do not tend to make use online banking service due to the fact that banks confront with the client awareness in relation to safety and the context of using internet banking. So, they prefer to have the physical presence and deposit their capitals in the banks (Kashef Sardar, Salman Shamim, 2010).

Mohamad Bilal, Ganesh, Sankar (2011) carried out a study titled investigating the security in mobile banking and its impacts on clients. The aim of the study was to determine the security risks and to provide a mobile banking transaction by biometer mechanism. The issues of confirmation and proving mobile banking is taken into account as the challenge and as the big safety risk. The investigations manifest that the clients do not trust the mobile banking due to safety issues. Authors studied the safety risks regarding the confirmation and prove methods of mobile banking: a variety of different approaches would be liable to be used to prove and confirm the mobile banking. It was inferred from the investigations that the fingerprint was an appropriate method to confirm the mobile banking. Authors drew their attention to this method and provide a biometer-based scan tool to detect the client's fingerprint so that the client would be able to have easier access to mobile banking. This leads to more confidence from clients'' point of views since it is the client who is allowed to use the banking services by this method. The results report that the fingerprint mechanism is more appropriate compared to other common mechanism such as entering o system, entering the password, sms and etc. (Mohamad Bilal, Ganesh Sankar, 2011).

Review of local studies

Godarzi and Zobeidi (2008) have attempted in their study titled the effect of developing electronic banking of commercial banks in Iran to determine the effect of accomplished affairs from commercial banks trying to develop the electronic banking on their beneficiary in the form of economic-assessment model.

The utilized model in this study is based on structuralism theory in which total output percent of capitals is taken into account as the depend variable, market focus index, bank, the number of ATM in each bank and bank integrity to Acceleration Network are considered as descriptive variables. The results of the study indicate that the increased number of ATM machines in each bank would have a positive impact on that bank where this very effect has increased by the time it was integrated to the Acceleration Network. One would conclude that development of electronic banking has a positive and considerable effect in the beneficiary status of Iran commercial banks (Godarzi and Zobeidi, 2008).

Karimzade, Alimoradi, Reizi and Habibipor (2010) investigated the effective factors on equipping resources on account of the importance and priority in Isfahan Refah Bank branches. The study is applied and descriptive-survey in terms of goal and method, respectively. The statistical population comprise of Refah Bank branches in Isfahan. The sample size was estimated as 384 using Kerjesi and Morgan table to be chosen as random sampling. The researcher-developed questionnaire was used in this study. The validity of questionnaire was reported as positive and its reliability was obtained as 82% using cronbach alpha coefficient. Using descriptive and inferential statistics, the data were analyzed. The obtained results imply that all five assumed factors in the study had an effect on equipping the resources in Refah Bank branches. Service-based, communicative and human-based, financial and organizational factors were affective, respectively (Karimzade, Alimoradi Reizi and Habibipor, 2010).

Research questions

Does communication subscale of electronic banking have an effect on financial resources of Urmia Melli Bank branches?

Does informing subscale of electronic banking have an effect on financial resources of Urmia MElli Bank branches?

Study design

All workers employed in Urmia Melli Bank branches to be 485 are included in the statistical population. The sample size was obtained as 214 sing Cochran formula, Random sampling method us been employed in this study, it is worth noting that 214 questionnaires were studied. The questionnaire comprises two sections. The first part includes the electronic banking questions based on Dr. Kahrzadi theory on Likert 5-items scale. The second part involves the financial resources questions to be developed by researcher. This section includes 20 items set as 5-item Likert scale.

Inferential analysis of statistical data

The results how that 75.8% and 24.2% of the participants are male and female, respectively. also, the percent of each age range is 2.6%, 39.6%, 44.8%, , 0.11%, 0.6%, for below 25, 25-35, 45-36 ,46-55 and above 55, respectively. in addition, 22.7%, 23.4%, 40.9%, 12.3% and 0.0% go for diploma, associate degree, bachelor of art, master of art and Ph.D. levels of education, respectively.

Normality test of communications

Table 1. Statistic of normality test for communications

variable	Statistic of Kolmogorov-Smirnov Z	level of significance
communications	1.33	0.057

As seen in table 1, the level of significance is greater than 0.057, so one would say that null hypothesis is not rejected and the normal distribution of communications variable hypothesis is accepted.

Normality test of informing and advertising

Table 2. Statistic of normality test for informing and advertising

variable	Statistic of Kolmogorov-Smirnov Z	level of significance
informing and advertising	1.12	0.163

As seen in table 2, the level of significance is greater than 0.057, so one would say that null hypothesis is not rejected and the normal distribution of informing and advertising variable hypothesis is accepted.

Communications in electronic banking have an effect on financial resources of bank.

One would use Pearson coefficient to test the hypothesis.

Table 3. Statistic of second hypothesis

Variable	Bank financial resources	Test statistic
communications	0.102	Pearson coefficient
	0.211	Level of significance

Communications in electronic banking has an effect on financial resources of bank. Since Pearson coefficient is 0.102 and the level of significance is 0.211, one would claim that null hypothesis is not rejected. This means that communications in electronic banking does not have any effect on financial resources of bank.

To study the effect of independent variable on dependent variable of this hypothesis in detail, regression test has been employed.

Table 4. Variance analysis of second hypothesis relevant to regression model of bank financial resources and communications in electronic banking

Standard error	Balanced coefficient of identification		Identification coefficient R2	R	
0.526	0.004		0.01	0.102	
Level of significance	F	Mean of squares	Sum of squares	Degree of freedom	Changes sources
		0.437	0.437	1	regression
	1.58	0.277	41.772	151	remaining
		---	42.209	152	total

As seen in the above table, the level of significance is 0.211, the test is not significant at 0.05. So, alternative hypothesis is rejected and null hypothesis is accepted. Hence, the regression model of the effect of communications in electronic banking on financial resources of Urmia Melli Bank branches is not significant. One would claim that there is no significant effect of communications in electronic banking on financial resources of Urmia Melli Bank branches based on Pearson coefficient.

Informing and advertising have an effect on electronic banking of financial resources.
Pearson coefficient is used to study the hypothesis

Table 5. Statistic of third hypothesis

Variable	Bank financial resources	Test statistic
Informing and advertising	0.287	Pearson coefficient
	0.000	Level of significance

Informing and adverting have an effect on financial resources of banks. As seen in table 5, Pearson coefficient is 0.287 and the level of significance is 0.000 and its null status is rejected. So, one would say that informing and adverting have an effect on financial resources of banks.
To study the effect of independent variable on dependent variable of this hypothesis in detail, regression test has been employed.

Table 6. Variance analysis of third hypothesis relevant to regression model of bank financial resources and informing in electronic banking

Standard error	Balanced coefficient of identification		Identification coefficient R2	R	
0.506	0.076		0.082	0.287	
Level of significance	F	Mean of squares	Sum of squares	Degree of freedom	Changes sources
		3.477	3.477	1	regression
0.000	13.557	0.257	38.732	151	remaining
		---	42.209	152	total

As seen in the table, the level of significance is 0.000. One would say that the above test is highly significant, so alternative hypothesis is accepted and null hypothesis is rejected. Based on R2 identification coefficient, which is defined as the ratio of described variables by x variable to overall changes, is 0.082. One would say that 8.2% of the changes in financial resources of banks is determined by informing and advertising in electronic banking.

Table 7. Parameter coefficients of their hypothesis relevant to informing variable in electronic banking and financial resources

Test results	Level of significance	Calculated t	Beta intercept	variable
Rejecting null hypothesis	0.000	7.864	2.402	intercept
Rejecting null hypothesis	0.000	3.682	0.348	Informing in electronic banking

Hence, the mathematical for the effect of informing in electronic banking in banks financial resources will be as follows:

Y= 2.402+ 0.348 X

One would say that one unit increase the electronic banking informing gives one unit increase to financial resources income in Urmia Melli Bank branches.

Suggestions
Improving the telecommunication status and network infrastructure
Employing novel methods of communicating
Institutionalizing the electronic banking
Trying to overcome the barriers and challenges of banking
Providing attraction in electronic banking
Improving efficiency in operations of electronic banking
Communicating with all banks through integrated networks
24-hours support of electronic services
Focusing on customer
Increasing provided services in the field of electronic banking

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