Exploring the Use of Social Networking Sites in Banking Services: Evidence from China

Veronica Scuotto, Xin Guo, and Wanxin Xue. [1]

The present paper seeks to: (i) capture customer perceptions of social networking sites provided by Chinese banks; and (ii) examine the relationship between such perceptions and customer behaviour. Drawing on the extant literature of social networking sites (SNSs), we introduce various constructs (i.e. interactivity, sociability, social presence, telepresence, flow, service quality, trust, shared value, commitment, continuance intention, and customer satisfaction) into our hypothesized conceptual model. In order to evaluate customer service quality in e-banking services, a questionnaire will be administrated to individual bank customers (N=500) in China and then Structural Equation Modelling (SEM) will be applied. This ongoing research is of importance and significance to academics, bank management, and government supervisory agencies so as to the current relevance of social networking sites in bank industry. Recommendations are made to bank managements to plan and implement an efficient digital strategy to improve their online banking services. Theoretical implications and revenue for future research are also considered.

Introduction

The present research aims to investigate the effects of different implementations of SNSs "on consumers' perception of social presence (the extent to which users sense the existence of other people or intelligent minds in distant locations), telepresence (users' experiences of being in environments other than their physical surroundings, simulated by means of a communication medium), and flow (a construct depicting a user's interaction with a computer as playful and exploratory" (Webster et al. 1993, in Qiu and Benbasat 2005 p.331). These aspects have been recommended as relevant in understanding users' online behaviour intentions (Lee and Tsai 2010). Banks can collect costumers' profile by SNSs where people share their personal information and interests. We argue that social presence, telepresence and flow experience is a precursor of SNS users' satisfaction and continuance intention. In such context, customer satisfaction is considered a precursor of their continuance intention (Kim 2011; Shi, Lee, Cheung, and Chen 2010) which a relevant aspect of online business like online banking service (Bhattacherjee 2001). Such relevance depends on "facts that acquiring new customers may cost as much as five times more than retaining existing ones, given the costs of

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[1] Veronica Scuotto is Lecturer in Entrepreneurship and Innovation at School of Business and Enterprise at University of the West of Scotland.

Xin Guo is Lecturer in Accounting and Finance / School of Business and Enterprise at University of the West of Scotland.

Wanxin Xue is Professor in Management at Beijing Union University, Beijing, China.

Address correspondence to: Veronica Scuotto, School of Business and Enterprise at University of the West of Scotland. Paisley Campus - High Street, PA1 2BE 1, Paisley, UK. Email: veronica.scuotto@uws.ac.uk.

searching for new customers, setting up new accounts, and initiating new customers to the IS" (Parthasarathy and Bhatacherjee 1998 in Bhatacherjee 2001 p.352).

1.1. Social networking sites

In the current market social networking sites (SNSs) are considered the milestone in the development of corporate communication of global financial industry (Bonsón 2011). SNSs have changed the way in which marketers implement their business strategy and communicate with their consumers. SNSs are "web based services that allow individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection and view and traverse their list of connections and those made by others within the system" (Boyd and Ellison 2008 p.211). "SNS is a group of Internet-based application that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content-UGC" (Kaplan and Haenlein 2010 p.61). SNSs include various platforms such as Facebook as social networking, You Tube as video sharing, Pinterest as picture-sharing, LinkedIn as professional networking, Blogs as weblogs, Foursquare as location-based social networking website and Twitter as microblogging which companies are using in order to acquire information related to consumers' needs and then absorb and transform such knowledge in new products or services (Scuotto 2014). Stelzner (2013) points out that 86% of marketers declare that SNSs are important for their business, 69% decide to learn more about SNSs and 66% plan on increasing blogging activities. He also highlights three types of benefits created from the use of SNSs. The first one is to generate more exposure (89%); the second benefit regards to increase in online traffic (75%) and the last one refers to lead generation (64%). Moreover SNSs are "new platforms for exchanging personal and professional information by means of the mash up philosophy" (Benson and Flores 2010 p.36). Not just companies are exploiting the benefits from SNSs but also consumers, who create, modify, share, and discuss internet content (Kietzmann et al. 2011). Garretson (2008 p.12) argues that "consumers increasingly use digital media not just to research products and services, but to engage the companies they buy from as well as other consumers who may have valuable insights". For example companies set up Facebook page where they could make one to one communication with their consumers in order to offer personalized services and also to build a strong brand loyalty and reputation (Hanna et al 2011; McAlexander et al 2002; Muniz et al. 2001). Chesbrough (2011 p.21) opines that "companies create future products based on information received from their customers" developing a high level of absorptive capacity. So with the use of SNSs, companies describe and promote new products or services to potential customers and co-create also new product or service with them (Tussyadiah and Zach 2013).
Given the chance to spread out information by virtual spaces, SNSs can give banking and investment community a competitive advantage. Such sector "has been of the industries in which the regulators required online transparency" (Bonsón et. al 2007 in Bonsón 2011 p.37). Indeed the banks are co-developing products and\or services, interacting with consumers and also increasing transparency by SNSs (Tapscott and Williams 2008; O'Reilly 2005). Shih et al. (2010) state that knowledge creation is quite relevant in the banking industry because it enables to improve companies' knowledge creation ability. According to Postman (2009), the use of the SNS can lead to enhanced transparency and immediacy and can involve users in knowledge creation through the contribution of content, comment, tagging, etc. Banks may get advantages from SNSs like blogs enable

companies to collect feedbacks and new ideas from different stakeholders (i.e. consumers, suppliers, employees, etc.) and attract users using tagging. In this case, banks can create new categories of product by risk type and obtain feedback for this complex task. Moreover they are able to disseminate news and results more efficiently and quickly.
In order to obtain a value from SNS, a company should plan a strategy aligning the function keys of these virtual environments with its organizational culture, its interests of target market and its business objectives. For example, Twitter is a valuable platform to rapidly communicate with costumers but "would probable a bad option if you cannot respond quickly" (Culnan et al. 2010 p.247). Hvass and Munar (2012) claim that SNSs are virtual spaces where companies are able to interact directly with consumers and monitor recommendations. As stated by Bonsón (2011), Ernest and Young (2011), and Gritten (2011), using SNSs banks are regaining brand awareness, reputation, and trust from customers which has been lost due to the global financial crisis (Kaplan and Haenlein 2010; Bolotaeva and Cata 2010).
They also have a positive impact on firms encouraging them to spend time and energies to share knowledge with external actors. Knowledge sharing plays a crucial role, as the acquisition and transformation of different types of external knowledge can benefit the companies in the innovation process (Del Giudice, Della Peruta, and Scuotto 2014). Chikandiwa et al. (2013 p.366) retain that banks have to implement a SNS strategy so as to "engage, collaborate, interact, and harness collective intelligence crowd sourcing for marketing purposes". Mangold and Faulds (2009), Sarkkinen (2009), and Ahlqvist et al. (2008) point out that social networking sites enhance brand awareness, effect purchasing behaviour, support customers in pre and post-sales communication and evaluation, and engage new clients. "Increased engagement with costumers helps an organization in its new product development programmes, customer relationship marketing and maintenance of lifetime value. However the float in effectively it demands marketers to be creative, develop disciplined process and constantly their strategies" (Chikandiwa et al. 2013 p. 371).

So the following hypotheses have been proposed:

H1. SNSs provide a vivid communication between service representatives and customers (telepresence).
H2. SNSs provide real time communication on banks Web sites to facilitate human to human interaction between banking service and customers (social presence).
H3. SNSs influence the communication effectiveness with banking service (flow).
H4. Flow experience, social presence, and telepresence positively influence continuance intention in banking online customer service.

1.2. Banking service quality and bank relations

Another relevant aspect of SNSs regard to users' continuance intention. Researchers have paid attention to the expectation – confirmation model (ECT) to predict users' continuance intention. It is also used to examine consumers' satisfaction and post-purchase behaviour (Anderson and Sullivan 1993; Patterson, Johnson, and Spreng 1997; Tse and Wilton 1988). Such model emphasizes that users' continuance intention depends on their satisfaction with use of SNSs. Hu and Kettinger (2008 in Chang and Zhou 2012 p.997) retained that ECT of IS is a "comprehensive model to understand

continued usage behaviour toward SNSs". Oliver (1980) stated that consumers' continuance intention is build up by three steps. First of all, pre-purchase where the consumers conceive an expectation of products\services. Consequently, they consume the good and after a period of consumption they have a perception about its performance. Third they combine the product performance with their initial expectations in order to verify the perception is confirmed. If it matches the initial expectation, customer satisfaction is high (fourth step) enabling to proceed in the fifth step where "satisfied consumers form a repurchase intention, while dissatisfied users discontinue its subsequent use" (in Bhattacherjee 2001 p.353). Every step is linked up each other even customer satisfaction and continuance intention (Anderson and Sullivan 1993). Such process is replicable to online banking services because a final decision is influenced by the initial expectation and effective service performance.
According to Grönroos (1984) defines banking online service quality as "the outcome of an evaluation process, where a consumer compares his expectations with the service he has received, i.e., he puts the perceived service against the expected service" (p.37).
Commitment is also recognized as the most desirable phase in relationship development between customers and banks as well as business partners (Dwyer et al. 1987). Two types of commitment have been identified in the literature: (i) *affective commitment* and (ii) *calculative commitment*. Affective commitment is defined as an "affective attachment to the goals and values, and to the organization for its own sake, apart from its purely instrumental worth" (Buchanan 1974 p.533) and a state of mind that one partner has toward a relationship with the other partner (Wetzels 1998).)
Calculative commitment, opposite to the affective commitment, is characterised by being more behavioural rather than affective (Meyer and Allen 1991). This kind of commitment has been referred to as "continuance", "structural" or "calculative" (Kumar et al. 1994 p.4). Indeed commitment only becomes meaningful when it develops consistently over time (Moorman et al. 1992), which results in continuance intentions. Continuance intentions refer to the inclination to maintain a relationship and are the ultimate objective of continuance relationships (Shemwell et al. 1994). High levels of affective commitment and cooperation are said to lead to a strong intention to stay in a relationship (Kumar et al. 1994). Specifically in relationship banking, from the perspective of corporate customers, continuance intentions reflect a company's plan to keep a bank as its major financial service provider and intention to maintain the relationship with the bank.

So we retain that:
H5. Service quality has a positive relationship with continuance intention.
H6. Affective commitment has a positive relationship with continuance intention.
H7. Collective commitment has a negative relationship with continuance intention

Proposed Methodology

In order to investigate the research hypotheses formulated above, a mixed –methods research approach will be adopted (Bazley, 2002; Johnson and Onwuegbuize, 2004). Initially SNSs of Chinese banks have been observed so as to select the main constructs which emerge in online customer service. This was done from January 2014 to January 2015. Following this section, a questionnaire has been administrated to individual bank customers in China. To date a total of 130 responses were received.

2.1. Questionnaire administration

The questionnaire has been built up in reference to the 13 constructs: interactivity, sociability, social presence, telepresence, flow, service quality, trust, shared value, commitment, continuance intention, and customer satisfaction which enable to analyse the relationship between banking service and customers through SNSs.
It is composed of 62 questions, split up in three sections. The first one requests demographic information; the second part analyses the communication between banking service and users taking into consideration interactivity; social presence; sociability, social presence, and flow. In conclusion, the questions have been formulated in relation to trust, shared value, affective, calculative commitment, continuance intention, service quality, and customer satisfaction.
Such structure was done to give a general cross – sectional view of costumers service improvement through SNSs in Chinese banks. The target population from customers are randomly selected. Therefore Structural Equation Modelling (SEM) will be applied.

2.1.2. Back-translation

Following Brislin's (1970) back-translation procedure, the questionnaire was translated by four academic staff in higher education institutions in the UK and China. The instrument was then piloted by bilingual researchers to avoid misinterpretation and detect biases.

3. Summary and Future Plan

This paper seeks to explore the use of social networking sites in online banking services in China. Over 500 Chinese consumers will be surveyed and then Structural Equation Modelling (SEM) will be applied in order to confirm the above hypotheses. Such pathway has been structured to capture customer perceptions of social networking sites provided by Chinese banks and examine the relationship between perceptions and customer continuance behaviour.

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