

First Internet Reliable Bank; A Case Study

by

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First Internet Reliable (FIR) Bank started in 1994 with the visionary idea that banking could use the internet to grow internationally as online technology grew. In 1994 the idea was well ahead of its time, as 1991 was when the “US [first] green-light[ed] commercial enterprise to take place on the internet;” and 1993, the first web browser was released. (A Brief Guide to the History of the Internet) Now it’s hard to imagine the world without online banking.

As the online banking industry developed FIR found they were accomplishing good thing but competition had also developed from other banks offering both online and local banking services known as “brick and mortar” banks. In 2010 FIR completed random sampling survey of 1000 of its customers which indicated some strengths and weaknesses. (Evans & Lindsay, 2014, p145)

The survey response statistics given were limit to generalization of the open and closed ended surveys. There was no statistical data presented therefore this process as much an overview of the open vs closed end survey styles

**Question Number 1:** *Even though the complete survey is not included in the case, summarize how the closed-ended and open-ended questions provided valuable customer insight for FIR.*

The questions on the survey, both closed and open-ended, provided some valuable insight which could be used to develop an appropriate Strengths, Weakness, Opportunities and Treat analysis. Unfortunately the case study doesn’t indicate that the surveys provided measurable figures to be able to quantify a reliable customer satisfaction measurement, which would have been useful to prioritize and focus needed investment on the most effective growth enhancements.

The open-ended questions revealed some positive feedback and threats. The positives reinforce services that need no attention. The threats however, have cost customer loyalty and if

not mitigated could potential damage the profitability. The two identified problems dealt with internet security and customer account vulnerability. In one instance the customer indicated problems with outside Phishing sites that were nearly able to convince them to provide sensitive personal information to an unknown source. The other chose to leave FIR for a bank that provides account security to small business accounts equal to that of personal accounts.

**Question Number 2:** *What customer segments are targeted by FIR? On what issues should FIR focus in order to build relationships with its varied customers segments?*

The closed-ended response data identified the demographic most commonly using their services. Knowing who the costumer is provides two critical pieces of information, who they need to retain and who they need to try and attract in order to expand and promote the most effective growth.

The data showed FIR customers were typical Internet Banking customers, adults 28-39, male and those with some degree of socio-economic success. (Evans & Lindsay, 2014, p145) Also, FIR was doing a good job with customer problem resolution known as “Service Recovery.” (Evans & Lindsay, 2014, p117)

The potential for tapping into the younger, older or less tech savvy customer is an opportunity that could be explored. Brainstorming and market analysis should be accomplished to gather customer requirements for these demographics. This could yield ideas to attract new customers from this pool. Also new technology has been leaning towards smart phone and mobile device applications. This is where many of the younger crowd gets much of their technological satisfaction and is a potential opportunity.

**Question Number 3:** *Can you recommend specific activities and practices in which they might engage, in order to improve customer service quality and retain customers such as respondents 3 and 137.*

Both of the open-ended response problems are well within the abilities of the company to address. Although Phishing sites will always be a threat; software and procedures can be introduced to provide the security needed. Those enhancements once incorporated can greatly reduce threats, provide the customer with a greater sense of security and become a strength to be advertised and attract future customers.

Insuring small business accounts will require an agreement with investors to accept the risk to provide funding against potential losses or face further loss of small business customers. Further customer analysis will be required to validate if this is a risk worth taking. This may also require some research in to potential support from Federal or State banking agencies.

FIR may also need to partner with a brick and mortar bank or ATM provider in order to continue to be competitive with in the banking industry. Most Brick and Mortar banks have developed their own online banking capabilities. The niche market FIR developed and grew in has become a liability; they are confined to the online services without the hands on customer support of other local banks. What was once techy fashionable has become common place and as indicated by respondent 235 and 889 there is some frustration for not having ATM or banking services available and this is a threat.

The last recommendations are to be more proactive in assessing customer service quality needs. FIR should be more often ask questions of the customer. Some customers can feel overwhelmed by lengthy surveys but will answer one or two questions via email or online survey

requests. By doing these small questionnaires more often using different questions they can get a greater idea of customer needs.

### **Conclusion**

FIR developed an innovative idea with the online banking model. They captured a niche market early on but as the internet grew and more conventional banks began to provide web based banking. They were slow to identify they no longer dominating that market. There are conveniences provided by brick and mortar banks that FIR at present cannot provide. Although they do provide some excellent services, and may not need to develop their own local branches they should explore partnering with another bank or ATM provider to provide customer service needs and maintain customer loyalty.

### References

A Brief Guide to the History of the Internet. (n.d.). Retrieved, October 29, 2015. From

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