

Exploring the Future of Personalized Digital Customer-Bank Relationships

A Case Study of a Large Swedish Bank Facing a Digital Paradox

ABSTRACT

Right now, a digital paradox is becoming increasingly evident in the Swedish banking sector. Never before have banks had the opportunity to be as close to customers as today. Despite this, banks have never been perceived this distant. A digital service gap has arisen due to lack of personal contact and closeness, which has negatively affected customer satisfaction in Swedish banking. The purpose of this thesis was to explore whether the perception of a large Swedish bank coincides or differs with the perceptions of its customers, in the context of personalized digital banking services effects on the digital customer-bank relationship. A case study was conducted to explore this, through a qualitative- and quantitative study. The qualitative findings reveal that digital closeness as a result of personalized services could improve customer relationships and influence customer satisfaction, but offering personalized services is hindered by the apparent personalization-privacy paradox. The quantitative findings show that perceived personalization positively affects customer satisfaction, the relationship with the bank and the closeness of the relationship. Trust, privacy and willingness to share personal information with the bank are also significantly affected. This thesis emphasizes that the digital service delivery channels in Swedish banking should be attributed more than functional value. There is a totality of the customer experience that must be considered to stay competitive, which includes both the physical and digital channel. The digital channel does not only complement the physical one, but contributes to the business itself.

Key words: service personalization, digital banking, customer satisfaction, digital closeness, personalization-privacy paradox.

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DEFINITIONS

Interaction personalization	Regards individualized recognition of the customer such as addressing a customer by name, sending personalized e-mails or individualized website interactions (Shen and Ball, 2009).
Continuity personalization	Defined as the combination of customer information and technology, to offer digital services that customers perceive as personal, without customers' own direct input (Shen and Ball, 2009).
Perceived Personalization of Digital Banking Service	Customers perceived level of personalization in their current digital banking services.
Customer Satisfaction	Customer satisfaction is defined as customers' overall evaluation of the services offered by the bank, and the customers' experience, across physical and digital service delivery channels.
Relationship to Bank	The customer's relationship to its bank is defined as the perception of having a personal and close relationship that exists in both the physical and digital service delivery channels.
Closeness of Relationship to Bank	Closeness is defined as the customer's attitudinal congruence with the bank's image values, in line with Heller and Wood (1998) and Brock and Zhou (2012).
Digital Closeness	Digital closeness is the customer's attitudinal congruence with the bank's image values in the digital service delivery channel.
Trust	Trust is defined as the degree to which banking customers believe their bank is dependable in protecting customers' personal information, in line with Grazioli and Jarvenpaa (2000) and Malhotra, Kim and Agarwal (2004).
Privacy Concern	Privacy concern is defined as customers' concern for their privacy being intruded upon, as a result of the bank collecting and using information about the customer.

**Customers Personal
Information**

Information about the customer that regards personal preferences and behavior, such as how the customer spends its money each month, taking into account transactions, savings and loans. It also takes into account goals in life or future plans.

**Willingness to Share
Personal Information
with Bank**

The willingness of a customer to share personal information with the bank is defined as the willingness to share the information in the context of the bank using the information to personalize the customer's digital banking experience.

1. INTRODUCTION

1.1 PROBLEMATIZATION

“Never before have Nordic customers been so close to their banks. Banking services are available around the clock via digital platforms, of which nine out of ten banking customers use. And never before have the banks had the potential to be this close to their customers, since customer data and transactions create opportunities to understand and meet different customer behaviors. But despite these conditions, banks have never been perceived as distant as today.”

- (EPSI, 2016 p.2)

A digital paradox has become evident in the Swedish banking sector. Retail banking is losing ground, and the decline is the largest in 20 years (EPSI, 2016). In this increasingly digitalized sector, service delivery is crucial to staying competitive, particularly when technology itself no longer provides a competitive advantage (Bain & Company, 2014).

In the transition from physical bank branches to digital meeting places, customers have become closer than ever to their banks. Despite this, Swedish banks have never been perceived as distant as today (SKI, 2016). It is due to the lack of personal relationships in the digital customer meeting. Crucial service aspects like personal contact and closeness thus risk becoming obsolete in the digital transformation of Swedish banks. This begs the question of how to combine the personal touch with the digital service delivery channel, as the banks have focused on availability and simplicity in their digital services.

A gap therefore arises in the digital service encounter, where customers lack the benefits of a personal relationship. The gap can be traced to the difficulty of transferring the personal touch that face-to-face meetings at branches create, into digital banking services (EPSI, 2016). At the same time, banking customers' privacy concerns increases the difficulty for Swedish banks to be agile in regards to evolving customer needs (Howcroft, Hamilton and Hower, 2002). The situation is evidently complex as success in digital banking hinges on building trust but also be local, personal and available (EPSI, 2016). The issue of offering customers a personalized experience in the digital service encounter has clearly not yet been resolved.

This has also been problematized in previous literature, where digitalization describes the process of moving to a digital business (Gartner, 2016). The banking sector has been emphasized as experiencing a major challenge in making the move to digitalizing the business model (Veit et al. 2014). Because of the increased speed of technological change and new competitors, many companies have in recent years come under pressure (Lasi et al. 2014). Heinonen (2014) points to the change for financial service providers, as customer relationships are becoming increasingly distant due to digital services that are replacing the

physical service encounter. Service personalization can however decrease the distance between financial providers and customers (Curry and Penman, 2004), and thus contribute to strengthening relationships, which are of great importance for the banking sector.

While the digital service gap is an issue in itself, it has also given rise to customer dissatisfaction. The Swedish retail banking sector has suffered from decreasing customer satisfaction since 2011, where 2016 marked the year with the lowest customer satisfaction in two decades. The customer satisfaction of business customers has also decreased to the lowest since 2005 (EPSI, 2016). Svenskt Kvalitetsindex suggest that the decrease is not strange due to the positive correlation between customer satisfaction and service provided between four eyes (SKI, 2015). EPSI's 2016 banking study also states that high customer satisfaction has previously been traced to meetings at branches. It has been personal closeness that creates strong customer relationships. But as branches are closing, Swedish banking customers experience that the personal touch has disappeared. Dissatisfaction does not stem from issues of functionality but from promises of personal service that are not kept. Simply put, it is closeness that breeds customer satisfaction (EPSI, 2016).

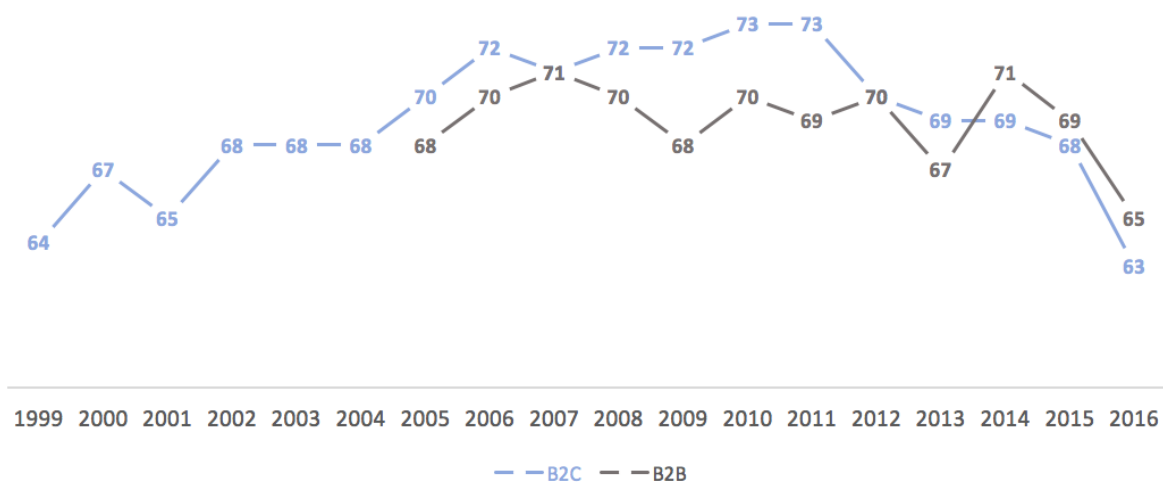


Figure 1. Diagram of customer satisfaction in the Swedish banking sector, retail (B2C) and business (B2B) banking. Source: EPSI, 2016.

The gap in digital banking services is relevant because the Swedish banking sector suffers from decreasing customer satisfaction and a loss of closeness to banking customers. In this increasingly digitalized sector, it is important to examine whether digital services can convey the personal connection that branches have historically done. Therefore, there is a need for understanding the perceptions of banking customers and large traditional banks in particular, in relation to digital banking services, as they have suffered most from decreased customer satisfaction (EPSI, 2016). The feeling of distance in the customer-bank relationship raises interest for exploring potential differences between the customer- and bank perspective, which may give rise to the gap. Thus, it is relevant to investigate the area of personalized digital services and digital closeness in Swedish banking.

1.2 PURPOSE, RESEARCH QUESTIONS & CONTRIBUTION

The purpose of this thesis is to explore whether the perception of Bluebank* coincides or differs with the perceptions of its customers, in the context of personalized digital banking services effects on the digital customer-bank relationship.

*Bluebank is a pseudonym, as the bank wishes to stay anonymous.

Research Question 1

How does Bluebank perceive the concept of digital closeness and its effect on customer satisfaction, as a result of personalized digital banking services?

Research Question 2

How does Bluebank perceive customers' privacy concern, trust and willingness to share personal information with the bank, in the context of personalized digital banking services?

Research Question 3

What is the effect of customers' perception of personalized digital banking services on customer satisfaction, relations, closeness, trust, privacy concern and willingness to share personal information with the bank?

This thesis will contribute to showing important factors for large Swedish banks to focus on, in light of the digital paradox that the Swedish banking sector is experiencing. The findings will increase understanding of the concept *digital closeness* in the context of Swedish banking and add to *personalization theory*, which is yet in its nascent stages.

1.3 DELIMITATIONS

This thesis studies one bank due to the limited time the authors had to (1) conduct the study and (2) gain access to other banks. Using one case bank also allowed the study to be more in-depth, which is important when exploring perceptions of a complex research area from two perspectives; the bank and its customers.

This thesis is also delimited to the general customer base of the bank, as no distinction was made between private and business customers. This was done to gain a representative sample of the bank's general customer base and increase the number of respondents. Furthermore, no specific banking service was examined (such as loans, savings or investments) as the authors were interested in the perceptions of the general banking services, with the focus being the digital channel, not the service itself.

1.4 THESIS OUTLINE

The outline of this thesis is visualized in the model below.

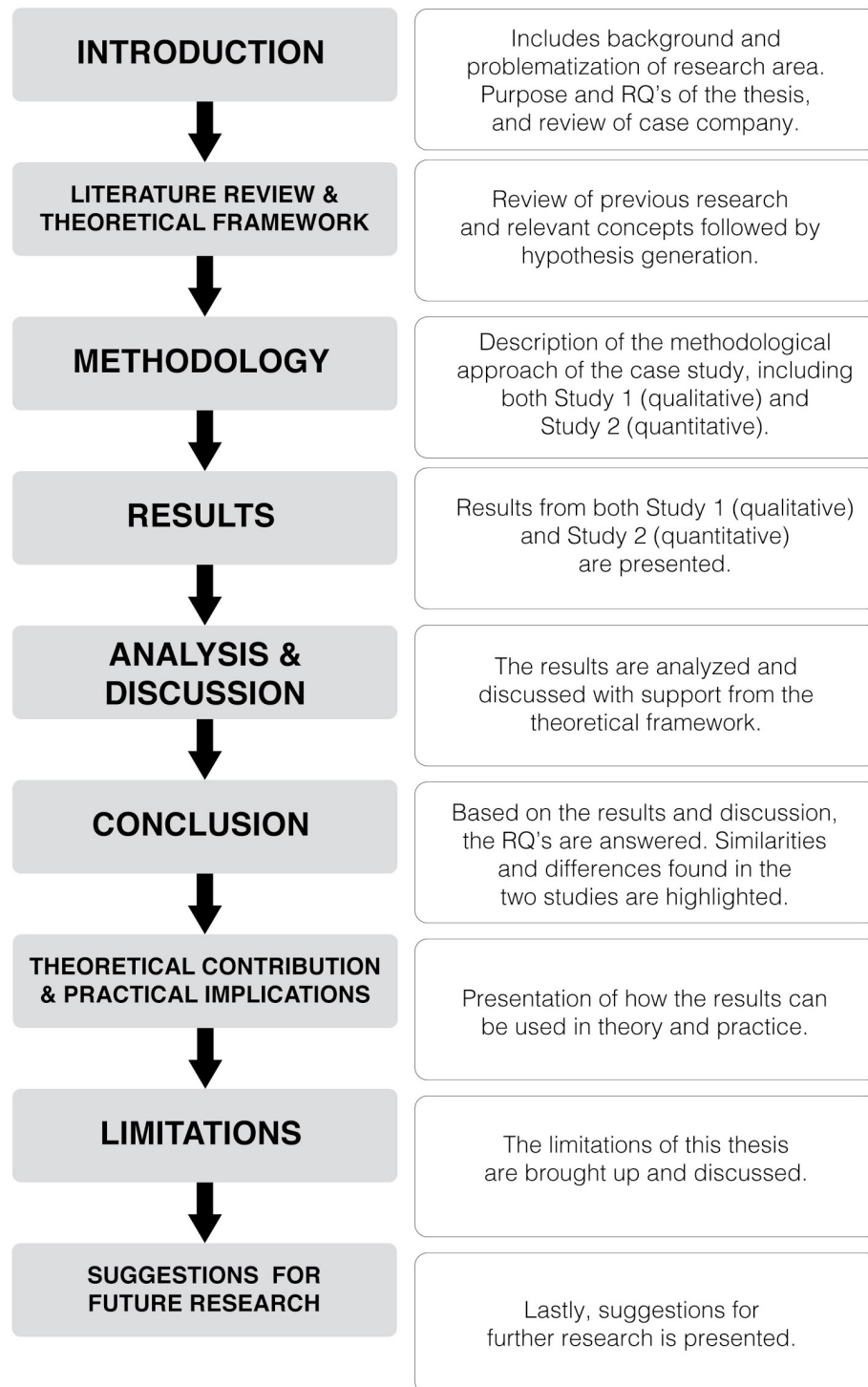


Figure 2. Model of thesis outline.

1.5 REVIEW OF CASE BANK

This section introduces the case bank and its relevance to the research area.

2016 marked the year when Bluebank's customer satisfaction decreased drastically, a startling change considering that historically the bank has had Sweden's most satisfied customers (SKI, 2016). Bluebank is of particular interest, as it has the largest branch network across Sweden with a strong promise of always staying close to its customers (Bluebank Annual Report, 2016). This is exemplified through the branches that are fully responsible for the customers. It allows the bank, through the many personal advisors, to develop personal relationships with their customers.

Availability, simplicity and care are key elements of the bank's customer satisfaction. But as customers turn to channels other than their branch office, how can a large traditional bank, deeply rooted in its physical structure, transform to offer the excellent service and personal touch that it advocates - in its digital services?

Bluebank is aware of the changing landscape that digitalization in banking has brought. The annual report of 2016 states that the bank's customers prefer to do more and more of their banking through digital channels, a reality that coincides with all Swedish banking customers. Recently, new channel expectations are testing the promise of being local (Bluebank Annual Report, 2016, p.16) The bank finds that digitalization is increasingly about maintaining a personal relationship with customers, whom should always receive personal and individual service.



Figure 3. The operational structure of Bluebank, referred to as "the arrow".

Thus, Bluebank proves an appropriate case for this thesis, in regards to the apparent digital paradox and digitalization challenges that are faced. The bank has a preserved physical structure, while at the same time emphasizing its digital touch points, and highlight the great importance of personal and close relationships to its customers.

2. THEORY

The literature review describes previous studies that are relevant to the concepts (1) personalization, (2) relationships, (3) closeness in relationships, (4) trust, and (5) personalization-privacy paradox. The previous studies are described in relation to personalization theory. The theoretical framework that follows presents the research model and how concepts are related to each other.

2.1 LITERATURE REVIEW

2.1.1 PERSONALIZATION

PERSONALIZATION DEFINED

Personalization is an ambiguous term because it has several definitions in the literature. It is frequently mistaken for customization as it can be difficult to set the two terms apart. The literature during its nascent stages did not concern itself with differentiating between the concepts (Peppers, Rogers and Dorf, 1999). More recently, customization has been considered as part of personalization, but more reliant on customer input (Vesanen, 2007).

Fan and Poole (2006) define personalization as using customer information and technology to tailor electronic interactions between a business and individual customers. Personalization can thus deliver individual content to users without their explicit input (Ho and Bodoff, 2014). More recently, researchers make a distinction between personalization as initiated and reliant on the seller, while customization is initiated and reliant on the customer (Sunnika and Bragge, 2012).

Online personalization theory is relatively unexplored in the services literature, but researchers have in recent years started investigating personalization of services in digital channels (Ball, Coelho and Vilares, 2006; Shen and Ball, 2009). There has been lack of measurements and research on the effects of personalization on other constructs that are crucial to banking (Ball, Coelho and Vilares, 2006). Huang and Lin (2005) for instance find that a good personalization strategy can improve relationships with customers and lead to better effectiveness and efficiency, as customers' needs can be targeted more accurately.

PERSONALIZATION FRAMEWORK IN COMPLEX SERVICES

Shen and Ball (2009) explore three types of personalization: interaction-, transaction outcome- and continuity personalization. *Interaction personalization* refers to individualized recognition in interactions, such as addressing a customer by name. This can take the shape of personalized e-mails or individualized website interactions. *Transaction outcome personalization* regards the customization of products and services based on specifications from the customer. *Continuity personalization* on the other hand refers to ongoing customization based on a system's adaptive learning and customers' information. It results in expertise that is leveraged to offer unique services to customers.

Continuity personalization is the one form of personalization that cannot be copied by competitors, because it creates switching barriers for customers. Its use of unique knowledge that is gained over time, results in customers perceiving that they will receive poorer service from competitors as they will understand the customer less well. In complex contexts, continuity personalization can thus act as a competitive advantage. The area is of particular importance, as the services literature greatly lacks research on continuity personalization (Shen and Ball, 2009).

2.1.2 CUSTOMER SATISFACTION

PERSONALIZATION & CUSTOMER SATISFACTION

In banking, high involvement and customers' changing expectations makes customer satisfaction crucial (Singh and Kaur, 2011). Previous studies have assumed the effect of personalization on customer satisfaction (Peppers and Rogers, 1993) but more recent studies have shown that this effect is positive and significant (Ball, Coelho and Vilares, 2006; Shen and Ball, 2009; Ladeira et al. 2015). In the meta-analysis conducted by Ladeira et al. (2015), significant relationships between several independent variables and customer satisfaction were examined, to find antecedents of satisfaction in banking. 57 variables were tested, of which five are of importance to this thesis. These are service personalization, the relationship, trust, privacy and customer expectations, which were found to have a direct positive relationship with customer satisfaction in banking contexts.

It is also relevant to highlight the issue between customer satisfaction and service quality (Dauda and Lee, 2015). The research on customer satisfaction treat these factors as somewhat interrelated even though they are two different constructs. To clarify, service quality is concerned with the overall evaluation of services, while customer satisfaction is the overall evaluation of the customers' experience of the services (George and Kumar, 2014).

CUSTOMER SATISFACTION IN DIGITAL BANKING

E-satisfaction, satisfaction in the online channel, has been conceptualized as the judgment of the internet experience. It has also been defined as the satisfaction with consideration to the prior purchasing experience of a customer, or simply as satisfaction with an e-banking service (Amin, 2015). Amin (2015) separates satisfaction as a construct from service quality, in line with previous definitions (Herington and Weaven, 2009; Amin, Isa and Fontaine, 2013; Dauda and Lee, 2015). However, the measurements developed for customer satisfaction in the online channel may not be suitable for internet banking, because the lack of consideration for security issues on the internet (Chen et al. 2012).

Factors that have been found to affect customer satisfaction in online banking include website characteristics (Liébana-Cabanillas et al. 2013). Amin (2015) also argues that customers that use internet banking services become satisfied with accessibility, ease of use, usefulness and trust. These factors affect consumer perceptions of the quality and results in the level of

satisfaction. The literature suggests that meeting or exceeding customer expectations is important for internet banking because of customers increased demands and higher expectations (Liébana-Cabanillas et al. 2013). The way that a service is delivered is thus crucial in driving customer satisfaction (Amin, 2015). Other studies have also focused on the significant relationship between quality and customer satisfaction (Kumbhar, 2011).

CUSTOMER SATISFACTION, BANK ADVISORS & RELATIONSHIPS

A large body of research has established that service quality is crucial for customer satisfaction (Kumbhar, 2011; Liébana-Cabanillas et al. 2013; Amin, 2015; Dauda and Lee, 2015). However, previous studies lack focus on the relationship between the personal advisor and the customer, which is a more immediate relationship (Wahlberg, Öhman and Strandberg, 2016). Wahlberg, Öhman and Strandberg (2016) argue in line with other researchers (Colgate and Danaher, 2000; Mårtenson, 2008; Söderberg, 2013) that there is a lack of research on the role of personal advisors in providing service. Present research has found that a good personal advisor has a strong positive influence on customer satisfaction with the bank (Wahlberg, Öhman and Strandberg, 2016). However, there may be a negative consequence as a strong bond between the customer and contact person makes the customer more connected to the contact person than the company (Guenzi and Pelloni, 2004).

2.1.3 RELATIONSHIPS IN BANKING

Relationships in the context of banking have been studied in prior research. The existing studies have focused more on commercial- rather than retail banking, however there have also been researchers that have taken on the customer perspective in retail banks (Howcroft, Hamilton and Hewer, 2002). Having a relational perspective has been suggested as the desire to establish, maintain and enhance relationships with customers in the long-term. The aim is to develop relationships that are profitable, achieved by fulfilling promises (Grönroos, 1994; Howcroft, Hamilton and Hewer, 2002).

Relationships in previous research have been considered crucial in services that are complex (Heinonen, 2014), and in cases where the customer lacks expertise about the service (Crosby, Evans and Cowles, 1990), and the environment is dynamic and uncertain (Zeithaml, 1981). These characteristics have in the literature been attributed to many financial services (Crosby, Evans and Cowles, 1990).

Ricard, Préfontaine and Sioufi (2001) indicated that the increased use of self-service banking does not affect customers' interest in having a relationship with banks. Therefore, banks should tend to the importance of having a relationship with customers, by striving for personalized and effective interactions (Ricard, Préfontaine and Sioufi, 2001). As digital services are replacing the physical service encounter, customer relationships are becoming increasingly distant (Heinonen, 2014). Curry and Penman (2004) highlight that personalization can decrease the distance between financial providers and customers, and thus contribute to strengthening relationships, which are of great importance for the banking sector.

Crosby, Evans and Cowles (1990) highlighted the importance of salespeople by describing them as “being the company” (p.1) and their role is particularly important in services that are abstract, such as banking. Salespeople have thus had the role of being relationship managers. One consequence of customer relationships that has been emphasized in the literature is “staying in touch”. This has been identified as a key determinant to maintaining relationships in banking (Crosby, Evans and Cowles, 1990). Already in the 1960’s, Swinth (1967) noted that parties in a relationship cannot be expected to trust one another at the most important times, if these are the only times when they interact. Interaction should therefore occur continuously. Parasuraman, Zeithaml and Berry (1985) also found that continuity is important, as continuous streams of personalized and non-faulty interaction positively affects customers’ assurance. The long-time horizon of service and performance that does not match expectations adds to a high level of uncertainty in the relationship.

PERSONALIZATION & RELATIONSHIPS

The literature on relationship marketing have indicated that personalization does not have a direct effect on service relationships. It has been suggested that its effects may be mediated by other factors, which in turn affect relationship variables such as satisfaction and trust. Because of the importance of personal relationships, knowing how customers perceive personalization is of great relevance to service personalization researchers and practitioners (Shen and Ball, 2009).

Companies routinely use personalization in face-to-face customer encounters (Mittal and Lassar, 1996; Gwinner et al. 2005). There has been an increase in applying technology to personalize services to create more personal relationships with valuable customers (Winer, 2001; Ansari and Mela, 2003). Personalization’s effect on service relationships is of particular importance (Eisingerich and Bell, 2006). This has previously been raised in the services literature, as the effects may be more complex than research has shown (Pine, Peppers and Rogers, 1995; Gilmore and Pine, 1997). The effects of personalization have for instance been shown to depend on individual customer and service situations (Shen and Ball, 2009).

The conceptualization of the relationship has been criticized in the literature. Barnes and Howlett (1998) argued that the research on relationship marketing fails to take the customer’s perception of value into account. The extent of the customer relationship has been assessed through closeness, relationship quality and relationship strength (Bove and Johnson, 2001). Since financial services are complicated, riskful and long-term, customer involvement is generally high and relationships are thus suitable (Barnes and Howlett, 1998; Howcroft, Hamilton and Hewer, 2002).

2.1.4 CLOSENESS OF RELATIONSHIPS

One aspect of the relationship between customer and company regards closeness. Closeness has been used as the operationalization for assessing relationships (Bove and Johnson, 2001;

Howcroft, Hamilton and Hewer, 2002). The aspect of closeness is a recurring theme among the factors studied as essential to successful relationships (Nielson, 1998). It is particularly important to the customer-bank relationship, although it is difficult to capture the concept of closeness directly (Rheinbaben and Ruckes, 2003).

Close relationships with customers have been found to guard companies from competitive forces that offer customers price breaks and more convenience (Goodwin and Gremler, 1996). Closeness is furthermore described as the aspect of the relationship where conversation occurs between customer and service provider (Bove and Johnson, 2001). Barnes (1997) also emphasize that relationships that customers perceive as close are likely to last. Heide (1988) further studied companies' bonding behavior in order to create closer ties with customers. Closeness in personal relationships have in the literature been described by high levels of mutual understanding and attitudinal congruence between customer and the company (Heller and Wood, 1998; Brock and Zhou, 2012). This involves parties in the relationship to be validated by each other (Kouneski and Olson, 2004). The closeness in relationships have also been found to be a good predictor of customer satisfaction (Barnes, 2000).

There has however been confusion and inconsistency in the measures of closeness (Bove and Johnson, 2001). The standard method of measuring relationship closeness, the Relationship Closeness Inventory (RCI) (Berscheid et al. 1989), has been criticized for not being applicable to customer-service personnel relationships (Bove and Johnson, 2001). The empirical studies of relationship closeness as mapped by Bove and Jonson (2001) are summarized as being weak. Furthermore, there are no empirical studies that focus on digital closeness.

2.1.5 TRUST

THE CONCEPT OF TRUST IN BANKING

Trust in banking has several definitions. Kumra and Mittal (2004) define trust as feeling confident and secure so that the customer has assurance that the company will look after them, and Grayson et al. (2008) perceive trust as consumers' belief in the benevolence and honesty of an exchange partner. Trust can also be defined as the willingness to rely on an exchange partner in whom one has confidence (Gill, Flaschner and Shachar, 2006). Ball, Coelho and Vilarés (2006) argue that benevolence trust, where the service provider is acting in the best interest of the customer, is a relevant definition in business-to-consumer services. Malhotra, Kim and Agarwal (2004) however define trust as the degree to which people believe a firm is dependable in protecting customers' personal information.

Trust is important in financial services as they are intangible and hard to understand (Grayson et al. 2008; Eriksson, Hurley and Estelami, 2014). Financial services also have information asymmetry in benefit of the service provider, and has high perceived risk (Eriksson, Hurley

and Estelami 2014). Ladeira et al. (2015) found trust to be an antecedent of customer satisfaction in banking.

TRUST IN DIGITAL BANKING

Trust in e-banking has grown to become its own research area (Kumra and Mittal, 2004; Munoz-Leiva, Luque-Martínez, and Sánchez-Fernández, 2010; Yap et al. 2010; Zhu and Chen, 2012; Liébana-Cabanillas et al. 2013). However, the literature focuses on trust in the online channel, not in relation to overall trust toward banks. The most prominent direction of previous studies has been trust in relation to internet banking adoption (Järvinen, 2004).

Online services give rise to a lack of trust among e-banking customers. Since there is no physical contact between customer and service representative, spatial distance is created. The distance results in lack of physical cues that customers can use to judge trustworthiness, such as observing a bank advisor or the bank branch (Yap et al. 2009). The effect of personalization on trust is complex but previous studies show that there is a linkage between the two concepts (Ball, Coelho and Vilares, 2006).

TRUST IN SERVICE DELIVERY CHANNELS

Howcroft, Hamilton and Hewer (2002) finds in their study of trust that consumers have higher trust from face-to-face encounters with financial providers in comparison to other channels. Particularly in the context of specialist financial products, respondents looked for advice from a personal advisor.

A large part of the literature concerning information-privacy contexts find trust and risk to be two of the most salient beliefs (Milne and Rohm, 2000; Sheehan and Hoy, 2000; Malhotra, Kim and Agarwal, 2004). In a study by Zineldin (1995) the findings revealed that 98 percent of the studied companies considered trust very important to the banking relationship. In addition, there is a degree of reliance on the bank advisor, which has been proven essential in information-based relationships such as in banking (Gill, Flaschner and Shachar, 2006). Trust in the service provider is established by customers knowing what to expect (Gwinner, Gremler and Bitner, 1998).

2.1.6 THE PERSONALIZATION-PRIVACY PARADOX

CONCEPTUALIZING THE PERSONALIZATION-PRIVACY PARADOX

Researchers have argued for an increased understanding of consumers' concern for privacy in relation to personalization online, which is why a growing body of research has addressed this issue. The term has been coined the *Personalization-Privacy Paradox*. The paradox is a way of understanding and conceptualizing the extent to which privacy concerns impact the increasing use of personalization (Sutanto et al. 2013). The term describes the tension between personalization and privacy, that follows from using customer data to offer personalized information (Sutanto et al. 2013).

Previous studies have investigated the paradox from the consumer perspective. Chellappa and Sin (2005) examined consumer attributes such as concern for privacy and value of personalization, and how these affected the likelihood of using personalization services. The authors found that there was no clear evidence that consumers found personalization useful. They also argue that there is a lack of understanding in regards to consumers' privacy concerns. At the time, the authors concluded that there was little academic literature regarding personalization (Chellappa and Sin, 2005).

TRADING PRIVACY FOR PERCEIVED VALUE

Awad and Krishnan's (2006) study of the personalization-privacy paradox show that when the value of personalization is apparent to consumers, privacy invasions are not significant. This is because the potential benefit of the service outweighs the potential risk of privacy intrusion. The cost-benefit analysis applied by Awad and Krishnan (2006) has however been criticized for being too narrow, as consumers in reality do not compute exact cost-benefit analyses for each of their exchanges. Yet, the authors have argued that the analysis has been appropriate since consumers do in fact weigh personalization and privacy against each other (Sutanto et al. 2013).

Hann et al. (2002) show that consumers are willing to forgo some of their privacy in order to enjoy the benefits of personalization. Huang and Lin (2005) explain this as a trade-off between the perceived value of personalization and sharing personal information. However, studies also show that when companies use customer data to provide personalized content, customers can perceive the company as having manipulative intentions. This further points to the paradox, as it results in triggering privacy concerns. Privacy concern decreases trust, which furthermore reduces customers' willingness to share information (Norberg et al. 2007).

Milne et al. (2008) found that well-known companies have a positive effect on consumers' reactions, as consumers showed less negative reactions when their information was collected from a well-known company. Ladeira et al. (2015) found that there is a positive significant relationship between privacy and satisfaction. Other researchers have found that personalization triggers privacy concerns which were found to have a negative impact on the adoption of personalized services (Sheng, Nah and Siau, 2008).

CONCERN OF DATA COLLECTION

The issue of privacy is of particular importance for mobile applications (Kavassalis et al. 2003). Smartphones are per Sutanto et al. (2013) excellent tools for companies to via mobile applications collect information about users to offer personalized services (Stewart and Pavlou, 2002; Xu et al. 2008). This process raises concern among users about their personal information (DePallo, 2000; Pikkarainen et al. 2004; Sutanto et al. 2013).

Findings indicate that consumers want control of the type of data collected and the purposes of such (Kobsa, 2001; Kobsa, 2002). Relevant privacy concerns are thus centered around the processes that companies use to collect and use personal data (Awad and Krishnan, 2006).

Even though consumers' confidence in their banks are strong, they lack confidence in the technology itself (Howcroft, Hamilton and Hewer, 2002).

2.1.7 THEORETICAL RESEARCH GAP

Previous studies have not focused a great deal on personalization in the banking sector. It gives rise to a theoretical gap because there is a need for understanding personalization in relation to important factors that influence customer-bank relationships (Grönroos, 1994; Howcroft, Hamilton and Hewer, 2002), particularly due to the complex nature of banking (Heinonen, 2014). This points to the inadequacy of existing theory. The existing literature mostly concerns personalization in relation to customer satisfaction and relationships, yet the research is still in its nascent stages (Huang and Lin, 2005; Shen and Ball, 2009). As such, theory of relevance to this thesis is considered incomplete.

As digitalization sweeps across the banking sector (Veit et al. 2014), there is a challenge in maintaining relationships with customers (Curry and Penman, 2004). Banking services are becoming increasingly digital which creates distance between the bank and its customers, due to digital services replacing the physical service encounter (Heinonen, 2014). With relationships being of great importance, there is a lack of research addressing relationships in the digital context. As personalization in the digital channel can decrease the distance between banks and customers (Curry and Penman, 2004), it is relevant to increase understanding of personalization's effect in contributing to maintaining relationships.

In this context, it is further relevant to understand privacy concerns that can prevent banking customers from using personalized services (Chellappa and Sin, 2005). As such there is a need for more research on the personalization-privacy paradox to understand the impact it has in banking.

2.2 THEORETICAL FRAMEWORK & HYPOTHESES

The theoretical framework connects key concepts together, so that the research questions can be answered from a theoretical base. The research model illustrates that key concepts will be examined from two perspectives, qualitatively by exploring Bluebank's internal perspective and quantitatively through a questionnaire distributed to Bluebank's customers.

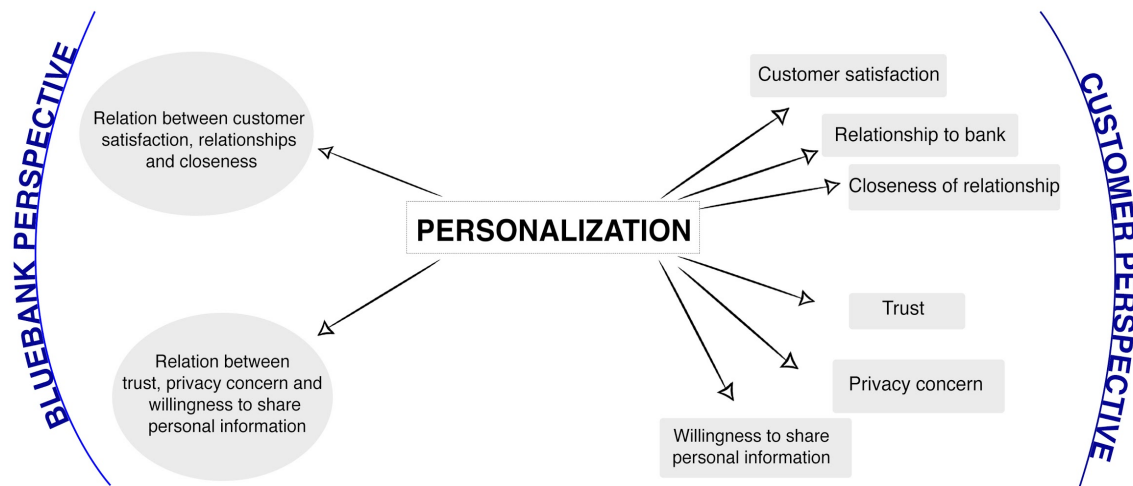


Figure 4. Visual representation of research model.

The theoretical framework consists of three parts (1) personalization, (2) customer satisfaction, relationships and closeness and (3) the personalization-privacy paradox.

The following paragraphs define key concepts and describe the reasoning behind the research questions and hypotheses in relation to the theoretical frame.

2.2.1 PERSONALIZATION

The conceptualization of personalization in this thesis regards banking services that are perceived as personal. These can be perceived on a continuum, ranging from interaction personalization at one end, to continuity personalization at the other, in accordance to the personalization framework developed by Shen and Ball (2009).

Interaction personalization regards individualized recognition of the customer such as addressing a customer by name, sending personalized e-mails or individualized website interactions.

Continuity personalization is the combination of customer information and technology, to offer digital services that customers perceive as personal, without customers' own direct input.

Even though previous research has shown different results regarding the effects of personalization, the authors argue that personalization has direct effects on the key concepts. In the Swedish banking sector, the relationship between banks and customers is experiencing increased distance (SKI, 2016). For Bluebank, its number of branches across Sweden remain large, but customer satisfaction has still decreased (Bluebank Annual Report, 2016; SKI, 2016). Therefore, it can be argued that it is not only the physical relationship between customer and bank that affects customer satisfaction, it is also the digital one. Because personalization can decrease distance between financial providers and customers (Curry and Penman, 2004), and strengthen the relationship (Huang and Lin, 2005), it should have effects on more factors than customer satisfaction. All relevant factors will be discussed below.

2.2.2 CUSTOMER SATISFACTION, RELATIONSHIPS & CLOSENESS

DEFINING CONCEPTS

Customer satisfaction is defined as customers' overall evaluation of the services offered by the bank, and the customers' experience, across physical and digital service delivery channels, which is developed from George and Kumar's (2014) definition of customer satisfaction. The aspect of e-satisfaction was disregarded because the interest lies in perceived personalization's effect on overall customer satisfaction across all service delivery channels. It is more relevant because customers evaluate their banks overall, not by separating the evaluations of digital and physical banking experiences.

The customer's relationship to its bank is defined as the perception of having a personal and close relationship that exists in both the physical and digital service delivery channels. This definition thus considers the customer's collected perception of the relationship across all delivery channels. As the use of internet- and mobile banking increases, the relationship aspect is relevant to consider across all channels because the customer faces the bank through several touch points (Ricard, Préfontaine and Sioufi, 2001).

Closeness assesses the customer-bank relationship based on the extent of the relationship. It is defined as the customer's attitudinal congruence with the bank's image values, in line with Heller and Wood (1998) and Brock and Zhou (2012), where the customer and bank are validated by each other (Kouneski and Olson, 2004).

MATCHING OF RESEARCH QUESTION & HYPOTHESES

The qualitative study explores personalization in relation to the concepts of customer satisfaction, relationships and closeness of relationships from Bluebank's internal perspective.

Closeness is an integral part of relationships (Nielson, 1988; Rheinbaben and Ruckes, 2003). Because relationships are very important to banking due to its complex nature (Crosby, Evans and Cowles, 1990; Shen and Ball, 2009; Heinonen, 2014), the perceived relationship and the

perceived closeness of the relationship are of interest. These are associated with customer satisfaction (Ladeira et al. 2015), which is the most common measure of success in Swedish banking (SKI, 2016). Thus, it is relevant to understand Bluebank's perspective of digital banking services, and personalization's effect on relationships, closeness and customer satisfaction. This part of the research model aims to answer research question one:

How does Bluebank perceive the concept of digital closeness and its effect on customer satisfaction, as a result of personalized digital banking services?

The quantitative study investigates perceived personalization's effect on customer satisfaction, relationships and closeness of the relationship, from the perspective of Bluebank's customers.

CUSTOMER SATISFACTION

Present research has shown that a good personal advisor has a strong positive effect on overall customer satisfaction with the bank (Wahlberg, Öhman and Strandberg, 2016). It is therefore of interest to examine personalization in the digital context and its effect on the overall customer satisfaction with the bank. This is because personalization can be viewed as the equivalent of a personal advisor, but in a digital setting.

The relationship between personalization and customer satisfaction is still being examined in the literature, because personalization research is still in its nascent stages (Shen and Ball, 2009). Therefore, it is relevant to study the direct positive effect of personalization on customer satisfaction in line with previous research (Ball, Coelho and Vilares, 2006; Shen and Ball, 2009; Ladeira et al. 2015).

Ha: *Perceived personalization of digital banking services has a positive effect on customer satisfaction.*

RELATIONSHIPS & CLOSENESS

The effect of personalization on relationships have previously been studied, and shows that personalization can decrease the distance between banks and customers (Curry and Penman, 2004), and contribute to strengthening the relationship (Huang and Lin, 2005). There has however been disagreement among researchers regarding the direct and indirect effects as there may be other factors that mediate the relationship. The effect of personalization has also been found to depend on individual customer and service situation (Shen and Ball, 2009). Because of the importance of relationships in the banking context, and that personalization can decrease distance, perceived personalization should have a direct effect on the relationship. Closeness is also an integral part of the customer-bank relationship (Nielson, 1988; Rheinbaben and Ruckes, 2003). Due to the complexity of banking, it is relevant to examine whether perceived personalization of digital banking services influences closeness of the banking relationship.

Hb: *Perceived personalization of digital banking services has a positive effect on customers' relationship with Bluebank.*

Hc: *Perceived personalization of digital banking services has a positive effect on customers' closeness of relationship to Bluebank.*

2.2.3 TRUST & THE PERSONALIZATION-PRIVACY PARADOX

DEFINING CONCEPTS

Trust is defined as the degree to which banking customers believe their bank is dependable in protecting customers' personal information, in line with Grazioli and Jarvenpaa (2000) and Malhotra, Kim and Agarwal (2004) who emphasize the aspect of information. It is relevant to the research model as it regards trust in relation to personalization.

Privacy Concern is defined as customers' concern for their privacy being intruded upon, as a result of the bank collecting and using information about the customer. It is the relevant conceptualization of privacy concern in the context of personalized services where there is a trade-off between personalization and privacy (Hann et al. 2002; Huang and Lin, 2005; Awad and Krishnan, 2006; Sutanto et al. 2013).

Willingness to Share Personal Information with the bank is defined as the willingness to share the information in the context of the bank using the information to personalize the customer's digital banking experience. This is in line with research that studies collection of personal information for the purpose of offering personalized services, and the concern of customers regarding this process (DePallo, 2000; Pikkarainen et al. 2004; Sutanto et al. 2013).

MATCHING OF RESEARCH QUESTION & HYPOTHESES

The qualitative study explores personalization in relation to the concepts of trust and the personalization-privacy paradox from Bluebank's internal perspective. The personalization-privacy paradox is interesting to explore through the perspective of Bluebank because the existing literature has mostly focused on examining the customer-perspective. Thus, this sheds light on how the bank perceives customers' trust towards the bank, their privacy concerns and the subsequent effect on the willingness to share their personal information in the digital channel. This part of the research model aims to answer research question two:

How does Bluebank perceive customers' privacy concern, trust and willingness to share personal information with the bank, in the context of personalized digital banking services?

The quantitative study investigates perceived personalization's effect on trust and the personalization-privacy paradox, from the perspective of Bluebank's customers.

THE PERSONALIZATION-PRIVACY PARADOX

Customers use of personalized services relate to their trust and privacy concern. Personalized services are also associated to customers' willingness to share personal information. Privacy concern decreases trust, which furthermore reduces customers' willingness to share information (Norberg et al. 2007). The positive effect of personalization in digital banking services on trust has been shown to be significant, however the effect is small and complex (Ball, Coelho and Vilares, 2006). Therefore, it is relevant to examine the effect on trust in the context of a large traditional bank's digital banking services in Sweden, a country that is heavily state-regulated and should thus be trusting towards personalized services.

Hd: *Perceived personalization of digital banking services has a positive effect on customers' trust towards Bluebank.*

At the same time, there is little understanding of customers' privacy concerns (Chellappa and Sin, 2005). Because banking is complex and there is sensitivity regarding customers' personal data, perceived personalization could trigger privacy concerns, thus having a negative effect which would result in higher privacy concern, in line with Sheng, Nah and Siau (2008).

He: *Perceived personalization of digital banking services has a negative effect on Bluebank's customers' privacy concern.*

As there is an direct effect between privacy concern and willingness to share personal information, and personalization triggers privacy concern (Sheng, Nah and Siau, 2008), there should be a direct effect between perceived personalization and willingness to share personal information with the bank.

Hf: *Perceived personalization of digital banking services has a negative effect on customers' willingness to share personal information with Bluebank.*

3. METHODOLOGY

This section presents the case study approach, followed by a description of the first qualitative, and second quantitative study. Uncertainty of previous studies and concepts are also discussed.

3.1 RESEARCH OBJECTIVE

In order fulfill the purpose of this thesis the authors combined discovery of Bluebank's perspective on theoretical concepts with testing of these concepts on the bank's customers (Cavaye, 1996). The combination of discovery and testing was appropriate because banking is complex, and therefore the exploration of the bank's perspective needed to be understood in-depth. Testing was appropriate for investigating the bank customers' perceptions, as the effects of personalization were of interest.

3.2 CASE STUDY APPROACH

The case study approach was chosen due to complexity of the research area. Because the objective was to explore the bank and customers' perspective, this was best done through a single case study (Dubois and Gadde, 2002). There is a general opinion that multiple case studies offer better explanations than single cases (Eisenhardt, 1989; Yin, 2014). However, Dubois and Gadde (2002) argue that multiple case studies imply more breadth, but less depth. This thesis analyzed several concepts in a complex setting, as such it was better to go deeper into one case (Dubois and Gadde, 2002). Digitalization in the context of complex services was of interest and the authors gained access to Bluebank, one of Sweden's large banks, which allowed the problem area to be put into a specific context. The case study approach was suitable because the research area regards personalization in the current digital paradox that Swedish banking is facing, which reflects a contemporary phenomenon in a real-life setting (Yin, 2014). Furthermore, the research questions were formed to answer "how" and "what" questions which made the case study appropriate (Yin, 2014).

3.3 RESEARCH METHOD

This case study adopted a (1) qualitative and (2) quantitative research method because the objective was to combine discovery and testing of theoretical concepts in the context of the specific case (Kaplan and Duchon, 1988; Gable, 1994). Because the authors were interested in gaining in-depth knowledge of the digital paradox, it was important to explore the perceptions of both parties involved; the bank and the customer. Two studies were therefore designed, to widen data collection and generate data that represented the empirical reality.

Study 1, the qualitative study, used *systematic combining*, a research process that combines available theory, empirics, the evolving case and analytical framework (Dubois and Gadde, 2002). It was particularly appropriate for the case study, where an empirical phenomenon was explored in its natural setting. The authors have gone back and forth between empirical

observations and theory to increase understanding for both the empirical phenomenon and theory. The study started with pre-defined conceptions of what theoretical concepts were suitable for what was being explored. During the process of the interviews the authors revisited the theory and made changes in accordance to the empirical observations. Interpretations of findings and analysis was simultaneously conducted, as Dubois and Gadde (2002) mean that theory cannot be understood without empirical observation.

In this case, it is important to highlight that the interviews guided the authors to identify additional concepts that became of focus in the literature review, which consequently redirected the theoretical framework. The research process was therefore non-linear, as the systematic combining moved between asking questions, generating hypotheses and making comparisons (Dubois and Gadde, 2002).

Study 2, the quantitative study, used a *deductive approach* by testing the theoretical concepts on Bluebank's customers. This was appropriate for the case study because the theoretical concepts found in Study 1 were to be tested in the perspective of the bank's customers, in line with what Cavaye (1996) describes testing to do. The deductive approach has been advocated for by Yin (1989) and Lee (1989) among others as a valid approach in case studies. The authors thus used theory to develop propositions and hypotheses that were tested to confirm the theories used. The analysis compared findings with theory and findings from Study 1.

3.3.1 TRIANGULATION

Methodological triangulation was used to ensure credibility and internal validity of collected data, in line with what is recommended (Bryman and Bell, 2007; Yin, 2014). Multiple sources of data were also used to find new dimensions of the research problem that were potentially unknown to the authors (Dubois and Gadde, 2002). Thus, triangulation contributed to collecting data in line with current frameworks but allowed for new discovery. It was relevant for this case, as personalization in the context of a digital paradox in banking is unexplored, which increases the importance of in-depth understanding.

Data collection was conducted through in-depth interviews with the bank (1) employees at headquarters (HQ) and (2) bank branch managers. A questionnaire was used to collect data of (3) the bank's customers. Since qualitative and quantitative data was collected, triangulation was a useful way to integrate the research strategies (Bryman and Bell, 2007).

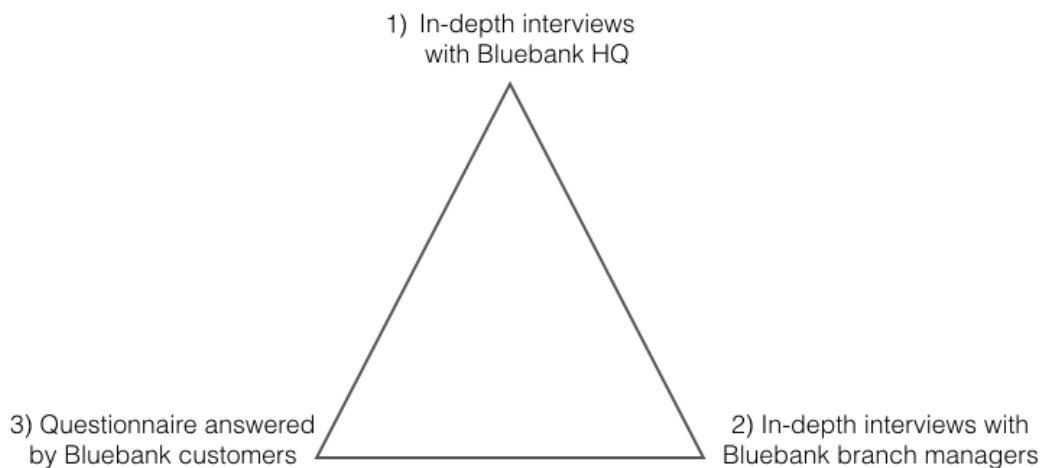


Figure 5. Model of research method.

3.3.2 CASE SELECTION

Outstanding access was gained to Bluebank, through several employees at HQ and bank branch managers. It also brought different perspectives, organizational complexity and a preserved physical structure. Banking is a very complex sector that can arguably be perceived as abstract to banking customers. These characteristics made Bluebank a case that stands opposite to the digital nature of online personalization. It made it possible for the authors to gain insight into a traditionally physical bank's perspective, and contrast it against the customers of the bank.

PILOT CASE STUDY

To ensure that the selected case was suitable for answering the purpose of the thesis, a pilot case study was conducted. It consisted of two meetings with the Head of Digital Communications Global at Bluebank, each lasting approximately one hour. During the meetings, the purpose of the thesis, as well as concepts of interest were discussed and explored. Through the discussions, the authors could conclude that the topic was relevant and current. Because of the topic's relevance key people in the organization were suitable for the case study.

EVENT BACKGROUND

2016 posed as an interesting event background. Bank branches were closed, or merged with nearby branches, cash handling and customer satisfaction decreased and the Swedish banking sector endured negative publicity in the media. This case study began in early 2017, which implies that both the bank and its customers may have been colored by their experiences and perceptions of the past year. The authors have taken this into account. In this context, it was of interest to explore the bank and customers' perceptions in light of current events.

3.3.3 ADDRESSING THE VALIDITY OF CASE STUDIES

The case study approach has been criticized for providing a lacking base for generalization (Dubois and Gadde, 2002). The external validity has thus been questioned. Weick (1969) for example finds they are too situation specific. However, it was later recognized that case studies are good research tools (Weick, 1979) and that interpretations specific to certain situations should be strived for (Cronbach, 1975; Weick, 1979). Some researchers, such as Yin (1984) argued that different types of validity are applicable criteria in evaluating what is said to be done in case studies. Others, like Riege (2003) argued that the reliability and validity of case studies remain in doubt because there is no coherent set of test for each research phase.

This case study only aimed to generalize its findings, if applicable, to the major large banks in the Swedish banking sector because they have similar customer bases, organizational size, and have existed for a long period of time. Generalizability of this case study was increased because of the combination of qualitative and quantitative research design. Random sampling within the customer base was for instance adopted in the quantitative study to enhance the representativeness of the sample (Bryman and Bell, 2007).

3.4 STUDY 1

3.4.1 QUALITATIVE RESEARCH DESIGN

The first study consisted of in-depth interviews to gain detailed understanding of the case bank. Interviews were conducted individually with eight different people from the organization, to explore their perspectives (Bryman and Bell, 2007). The advantage of conducting interviews was the collection of detailed information about the research questions, as well as more appropriate data collection in regards to the research questions that aimed to answer the “how” and “why” perspective (Bryman and Bell, 2007). Furthermore, the authors could make inferences about the case bank before gathering quantitative data (Jacobsen, 2002).

The qualitative method has however been criticized for being too subjective, as it could rely too much on the researcher’s own views on what is significant. It has also been noted that it is difficult to replicate as there is often no standard procedure to follow. In addition, qualitative research has been criticized for its difficulty of generalization due to the limited scope of findings (Bryman and Bell, 2007).

3.4.2 INTERVIEW PROCEDURE

In order to describe and understand complexity, as were the case of this thesis, it was appropriate to interview professionals (Bryman and Bell, 2007). Firstly, key people from Bluebank HQ were interviewed. Second, bank branch managers were interviewed. The interviews were semi-structured, with an outline of questions that were posed to all interviewees (see Appendix 1 for interview guide).

Both authors were present during interviews, one conducted the interview and the other took notes. This is argued to be the effective way of conducting an interview (Eisenhardt, 1989). Every interview attempted to convey a relaxed, friendly and non-threatening atmosphere. The interviewees were all given an introduction to the study and an explanation of the importance of the individual person's participation. All interviewees were also asked for permission to be tape-recorded due to ethical aspects (Kvale, 1996). The interviews were tape-recorded so that the authors could focus on retrieving the right information from the interviewees. All interviews were transcribed to text directly after the interview session, in order to contribute to the case writing and subsequent analysis (Bryman and Bell, 2007).

Most interviews were conducted the same way by asking the same questions. There was however room for a change of direction, elaboration or explanation regarding questions (Bryman and Bell, 2007). Additional questions were posed to bank branch managers to identify whether there were differences or similarities in perspectives. All interviews were conducted in Swedish, the mother tongue of all interviewees which was considered to create the most relaxed and natural setting, and ensure that they could answer the questions to their fullest extent. The interviews were 60 minutes long and held face-to-face and over the telephone.

SAMPLING

The sample of the qualitative study consisted of eight people. The authors used stratified sampling (Bryman and Bell, 2007). The interview persons were divided into two groups, HQ and bank branch managers. This was done to ensure that the total sample represented the two strata that are of interest to the study. The specific people in the sample were chosen as they represented the function in the organization whose perspectives were of interest to the study.

Headquarters	Bank Branches
Head of Group Digital Communications, Global Market- and Customer Research, Global Chief of the Digital Customer Meeting, Sweden Vice President Digitalization and Innovation, Sweden Director of User Experience, Sweden	Bank Branch Manager, Southern Sweden Bank Branch Manager, Mid-South Sweden Bank Brand Manager, South-West Sweden

Table 1. Key people of Bluebank interviewed for Study 1.

3.4.3 VALIDITY & RELIABILITY

Validity refers to observing, identifying or measuring what is said to be done (Bryman and Bell, 2007). The classical quantitative definitions are clearly developed for the evaluation of the quantitative method (Bryman and Bell, 2007), while Lincoln and Guba (1994) argue that qualitative research needs more appropriate criteria. The authors chose to refer to validity and reliability according to the classical quantitative terms. These are however adapted for the qualitative study as recommended by LeCompte and Goetz (1982). It was the most appropriate approach in order equate the two studies.

INTERNAL VALIDITY

Internal validity refers to the match between the observations of the researchers and theoretical ideas that were developed (Bryman and Bell, 2007). The internal validity of Study 1 is arguable high because the authors have used previous theory to the fullest extent possible in order to judge the findings. When empirical observations did not match existing theory, new theoretical concepts were explored with support from empirical analysis and theoretical concepts from nearby fields. This is the case with the concept of *digital closeness*. As the findings of Study 1 cannot be significantly tested, the authors have been critical to the results and subsequent analysis, and systematically thought through how each factor may have influenced the collected data (LeCompte and Goetz, 1982).

EXTERNAL VALIDITY

The findings of this study are difficult to generalize across social settings, because of its qualitative nature and case study approach (Bryman and Bell, 2007). To add to generalizability, the authors used several sources of data through triangulation. Although the findings cannot be generalized, it increases external validity. The stratified sample adds to increasing the validity of findings.

INTERNAL RELIABILITY

Several control questions were asked to ensure that the true opinions of the interviewees were caught. This was done by asking the same question in different ways. The behavior and attitude of each interviewee was noted and discussed to catch nuances that could otherwise be forgotten. The attitude and behavior of the interviewees were taken into account when analyzing the data, to put data into the correct context. This increased stability of the results (Bryman and Bell, 2007). Interviews were conducted in the native language of the interviewees to decrease the risk of misinterpretations. Because both authors agreed on the meaning of the data internal reliability was increased (Bryman and Bell, 2007).

EXTERNAL RELIABILITY

External reliability refers to the degree of which a study is replicable. It is difficult to accomplish, as social settings cannot be frozen to make it replicable (Bryman and Bell, 2007). To increase the external reliability of this study, thick description (Bryman and Bell, 2007) has been provided to the fullest extent of the authors capability, in order to give rich accounts of the data.

3.5 STUDY 2

3.5.1 QUANTITATIVE RESEARCH DESIGN

The second study consisted of a questionnaire distributed to Bluebank's customers. Because hypotheses were developed based on previous research, to be empirically tested a deductive approach was taken (Bryman and Bell, 2007). The deductive approach has been used in case study research in the past (Yin, 1989). Therefore, the research design of study 2 was deemed appropriate. The quantitative study measures customers' perceptions, which has implications for the findings as customers' perceptions were quantifiable, to be compared to the bank perspective. There is critique to be directed against the deductive approach, as formation of research questions and collection of data can be too narrow and miss out on relevant aspects that could influence the result (Jacobsen, 2002).

3.5.2 PRE-STUDY

The quality of the questionnaire for the main study was pre-tested to avoid misunderstandings in phrasings and to ensure clarity of measurements and scales (Bryman and Bell, 2007). This resulted in small changes in phrasings and structure. After processing it was tested again until no more questions or feedback was given by participants. Each person was asked to give feedback on the questionnaire without being asked specific questions, to ensure that the feedback would not be biased. After the feedback was given, specific questions were asked. These related to length of the questionnaire, the comfortability in answering questions, how questions were understood, and whether the definitions used in the questionnaire were correctly understood.

The total sample of the pre-test consisted of 10 people, with a response rate of 100 percent. The questionnaire was distributed online, hence it was tested and evaluated on both mobile and desktop version to secure the same quality for all respondents. It was coded and distributed through the survey software Qualtrics.

3.5.3 MAIN STUDY

Study 2 consisted of a questionnaire that tested the following constructs: perceived personalization of digital banking services, customer satisfaction, relationship to Bluebank, closeness of relationship to Bluebank, trust toward Bluebank, privacy concern and willingness to share personal information with Bluebank. Because the study examined the digital channel, both internet- and mobile banking were included in variables of the questionnaire.

SURVEY DESIGN

Data was collected via an online panel provided by market research company Norstat, between April 6th and 12th, 2017. An online panel consists of a group individuals who themselves have chosen to participate in online research (AAPOR, 2017). Because banking applies to everyone the respondent sample was representative to the Swedish population. The

survey was sent to 1102 potential respondents, randomly assigned through market research company Norstat's survey software. The total sample was $n = 312$ respondents after incomplete answers and respondents who did not have Bluebank as their main bank were excluded. This resulted in a response rate of 28 %. As respondents with another main bank were excluded from the sample, the response rate was acceptable. Data cleaning was conducted to ensure high quality of the results (Malhotra, 2014). No significant outliers were found among the respondents' answers. Respondents > 74 years old were deleted from the sample because of high age. In summary, data cleaning and quality check deleted 28 respondents. The final sample became $n = 284$.

The questionnaire consisted of 24 questions and was kept as short as possible to not overtire the respondents and avoid bias (Söderlund, 2005). The questionnaire was distributed in Swedish since the respondents of Norstat's online panel are Swedish natives, and so are the customers of Bluebank. This reduced complexity compared to an English questionnaire (see Appendix 2 for questionnaire). This increased chances of higher response rate as it related to the native language of respondents (Bryman and Bell, 2007). To ensure that all questions were answered independent of others (Bryman and Bell, 2007), there was no possibility for respondents to read the questionnaire as a whole, or go back once a question had been answered. The section regarding demographics was deliberately placed last, as those questions did not require as much focus and motivation to answer compared to the questions asked earlier on in the questionnaire (Bryman and Bell, 2007).

MEASUREMENTS & OPERATIONALIZATION

Separate scales were constructed for each category of questions (Bryman and Bell, 2007). The scales used in the questionnaire have been devised by researchers in previous studies. Items considered irrelevant to the study were removed from the constructs (see Appendix 3, 4 and 5). Thus, a questionnaire instrument was created that was considerate to the context and relevant to the research questions of this thesis. These are presented in the table below, in order of the questionnaire. A seven point Likert scale was used for all non-factual questions (Bryman and Bell, 2007).

Category	Construct	Previous Studies
Attitudinal Congruence (Cong)	Cong1: <i>Bluebank is close.</i> Cong2: <i>Bluebank is available.</i> Cong3: <i>Bluebank is simple to deal with.</i> Cong4: <i>Bluebank is understanding.</i> Cong5: <i>Bluebank is caring.</i>	Attitudinal congruence was used to measure closeness of relationship to Bluebank, with five different statements (SKI, 2016; Bluebank Annual Report, 2016).
Perception of Personalization (Pers)	Pers1: <i>The internet- and mobile bank provides personalization services that are based on my information.</i> Pers2: <i>The internet- and mobile bank personalizes my customer experience.</i> Pers3: <i>The internet- and mobile bank personalizes how I review my finances by using my personal preferences.</i>	The construct used was derived from Chellappa and Sin (2005) and was initially measured with five items. Removed measurement items see Appendix 3. Adjustments in the formulation and wording were done to increase relevance: 'Application' was replaced with 'internet- and mobile bank' and 'advertising experience' in Pers2 was removed. In Pers3 'the advertising messages for my viewing by acquiring...' was replaced with 'how I review my finances by using...'.
Relationship (Rel)	Rel1: <i>I have a personal relationship with Bluebank.</i> Rel2: <i>I have a close relationship with Bluebank.</i> Rel3: <i>I have a physical relationship with Bluebank.</i> Rel4: <i>I have a digital relationship with Bluebank.</i>	The construct of perceived relationship was developed by the authors.
Customer Satisfaction (Sat)	Sat1: <i>I am very satisfied with my bank's services.</i> Sat2: <i>I am happy with my bank.</i> Sat3: <i>I am satisfied with overall products and services offered by my bank.</i>	The construct used was derived from Amin (2015) and was initially measured with five measurement items. Removed measurement items see Appendix 4. The word 'online' was thus removed from all the measurement items to increase relevance since the authors wanted to measure overall customer satisfaction.
Trust (Tru)	Tru1: <i>Bluebank would be trustworthy in handling my information.</i> Tru2: <i>Bluebank would tell the truth and fulfill promises related to the information provided by me.</i> Tru3: <i>Bluebank would keep my best interests in mind when dealing with my information.</i> Tru4: <i>Bluebank is in general predictable and consistent regarding the usage of my information.</i>	The construct used was derived from Sutanto et al. (2013) where the authors made slight changes to include the name of the bank.
Willingness to share personal information (WSP)	<i>"In order to create a personalized service for you, Bluebank would need to use your personal information. If the bank asked you for such information, would you share it?"</i>	WSP was derived from Awad and Krishnan (2006). This item was measured on a seven point Likert scale where 1 = I would definitely not share my personal information and 7 = I would definitely share my personal information.
Privacy Concern (Pri)	Pri1: <i>I am concerned with how information about me may be exploited by my bank when using the internet- and mobile bank.</i> Pri2: <i>I am concerned with how information captured during my use of internet- and mobile banking can be used by my bank to identify me as an individual.</i> Pri3: <i>It bothers me when my personal information is gathered during my use of internet- and mobile banking.</i>	The construct used was derived from Sutanto et al. (2013) and was initially measured with seven items. Removed measurement items see Appendix 5. <i>Privacy Concern</i> was recoded to match the other constructs. A higher value for <i>Privacy Concern</i> was recoded to reflect lower privacy concern. 'Company' was replaced with 'my bank' and 'application' was replaced with 'internet- and mobile bank'.

Table 2. Measurements and operationalization of questionnaire items.

3.5.4 DATA QUALITY

STATISTICAL METHOD

IBM SPSS Statistics version 24 was used to conduct statistical analysis. A significance level of 95% was used to ensure statistical relevance and reduce the risk of Type 1 errors.

The significance levels of this thesis will be presented as:

* = $p < 0.1$

** = $p < 0.05$

*** = $p < 0.01$

Multi-item measurements were tested for their reliability through Cronbach's Alpha. A value of > 0.8 is in line with acceptance of the multi-item measurements (Bryman and Bell, 2007).

The statistical tests used were:

- Cronbach's Alpha
- Independent samples t-test
- Correlation (Pearson's r)
- Simple linear regression
- Multivariate General Linear Regression Model (SPSS Syntax used to the test entire model simultaneously, see Appendix 7).

VALIDITY & RELIABILITY

The validity of study 2 regards the integrity of the conclusions drawn from the research conducted (Bryman and Bell, 2007). Different aspects are presented below.

INTERNAL VALIDITY

The internal validity refers to the legitimacy of the causal relationship between two or more variables, and questions whether a variable really is responsible for the variation in another (Bryman and Bell, 2007). The internal validity of this study is high because the causal relationships tested have been derived from previously tested theoretical causalities. Hypotheses generation and the conceptual framework have further been developed from theory. As the questionnaire was distributed online, there was no possibility to control external factors such as the respondents being who he or she claims to be. Furthermore, the authors were aware of the risk of the same respondent answering all questions. Thus, the answer to one question may have influenced the answer that the respondent gave to the following question. The most common significance level of 95 % was used (Cooper and Schindler, 2014) to increase internal validity. In summary, the internal validity is argued to be satisfactory.

EXTERNAL VALIDITY

External validity regards the generalizability of the study's results beyond the specific research context (Bryman and Bell, 2007). This was ensured by using a representative sample and avoiding a convenience sample. Söderlund (2005) argues that a study with a professional

selection of participants is the most crucial to fulfill high external validity. Thus, respondents were randomly sampled through market research company Norstat. The sample was representative to Sweden, the distribution of men (52,5 percent) and women (47,5 percent) was also even. The age distribution, 19 to 74 years old, was consistent for representation of Sweden.

Geographic Area Sweden	Respondents (%)
Stockholm	21.5
Mid-east	14.8
Småland, Gotland, Öland	9.9
South	15.1
West	20.4
Mid-North	7.8
North	10.5

Table 3. Geographic spread of respondent sample in study 2.

MEASUREMENT VALIDITY

By using pre-tested measurements, the risk for erroneous measurement decreased (Söderlund, 2005) and it is thus more likely that the measures used in the quantitative study reflect the concepts examined. The authors used previously tested constructs to minimize errors and ensure that measured terms were asked with correct questions. However, the measurements were translated from their native language. To decrease the risk of compromising the validity, great care was taken to study each statement of the constructs to translate them with correct meaning. Some measures were removed from the constructs which can lower validity. It was done to increase relevance by not making the questionnaire longer than it needed to be (Söderlund, 2005). A pre-study was conducted to increase validity of measurements. The assessments of measurements' validity were discussed to increase stability.

ECOLOGICAL VALIDITY

Ecological validity refers to whether the findings are applicable to people's everyday, natural social settings. If the results are not ecologically valid, they are limited in how they really capture everyday life conditions, values and attitude of the participants in this study (Bryman & Bell, 2007). The natural setting was ensured as respondents could answer the questionnaire both via desktop and mobile in their native language. A real bank was used, of which all respondents were main customers (i.e. Dahlén, Granlund and Grenros, 2009).

RELIABILITY

Reliability regards the replicability of results and consistency of measures (Bryman and Bell, 2007). The quantitative part of the case study was only conducted once because of limited time and resources, which decreases its stability. The questionnaire was however pre-tested and edited several times before data collection. This increased the reliability of the study (Jacobsen, 2002). To ensure reliability and good internal consistency multi-item measures used in previous studies were used (Söderlund, 2005). These were all tested with Cronbach's

Alpha (accepted values > 0.8) (Bryman and Bell, 2007). In summary, the reliability of this study is satisfactory.

Reliability Analysis of Scales	Cronbach's Alpha
Closeness	0.923
Personalization	0.923
Relationship	0.872
Customer Satisfaction	0.946
Trust	0.936
Privacy Concern	0.911

Table 4. Reliability Analysis of Scales with Cronbach's Alpha values accepted > 0.8 .

3.6 UNCERTAINTY OF PREVIOUS STUDIES & CONCEPTS

The previous studies referred to in this thesis have been conducted in different contexts, but were combined in the theoretical framework. The studied concepts have different levels of theoretical maturity. Some main studies are rooted in the physical context, and were developed before the phenomena of digitalization. One such instance is the work of Parasuraman, Zeithaml and Berry (1985) in the field of relationship research. Other studies have been strictly carried out in the digital channel, such as Shen and Ball (2009) who study personalization and its effect on service relationships. Previous studies used have also focused strictly on the banking sector, such as Ladeira et al.'s (2015) systematic framework of the antecedents of customer satisfaction.

The authors chose to refer to studies that are common within their field, but also have clear associations to the context of banking and digitalization. Thus, the theoretical framework used was developed from several perspectives because of the lack of research on personalization in digital banking, in relation to important concepts. Digital closeness is an important concept to this thesis. The previous studies that address this area were almost nonexistent, which is why the established concept of closeness was adapted to suit the digital context studied in this thesis.

The uncertainties of previous studies and concepts may have had implications for the findings, as the authors have relied on constructs and measurements from different fields. These should be taken into consideration when interpreting the results. The lack of a common definition of digital closeness could mean that the participants had different definitions of the term. To counter this the authors used previous research from nearby fields, such as complex services. Clear definitions of the terms investigated were also given to all participants.

4. RESULTS

4.1 STUDY 1

The findings of Study 1 are presented in accordance to the research model in section 2.2. The sections below describe personalization in relation to explored concepts.

4.1.1 RELATIONSHIPS, CLOSENESS & CUSTOMER SATISFACTION

DIGITAL CLOSENESS

Digital closeness is a concept that is positively approached. All interviewees highlight the importance of closeness to customers. It has traditionally been considered synonymous to the real-life customer meeting, and is still perceived as the key to establishing and building personal relationships with customers.

“I believe it’s possible to create digital closeness if there is a person behind it and the relationship has been initiated through a physical meeting [...] basically, if there is a reference to a person”.

- Head of Digital Communications, Global.

Being close to customers in Bluebank’s digital services can be achieved if customers perceive the personal meeting. Close customer meetings away from branches are described as telephone- or Skype calls, and Robo-advising for savings has been discussed as a future possibility. Combining digital banking with personalization can create digital closeness, which should be anchored in a physical relationship. All interviewees align in their opinion of how digital closeness should be treated, where they state that as digitalization continues to affect the business, it should not impact Bluebank’s ability to always be personal and close to its customers. They believe that services can be made personal without a bank advisor, in the form of robots, but it lies far ahead in the future.

It is highlighted that Bluebank stands for being both local and digital. This is deeply embedded among the interviewees who all explain that the large presence through the many branches imply locality, while offering digital banking services stand for being digital. The bank has traditionally focused most on the local perspective, but are now beginning to integrate personalization in digital channels. It is clear that the bank perceives their relationship with customers in the physical channel as close, which is also corroborated by internal surveys. The relationship with customers in the digital banking services, compared to the physical relationship, is described as less close.

The common point of view reveals the belief that the real-life customer meeting is irreplaceable, which is explained by changing customer behaviors. Customers used to visit branches four times a year, these meetings will in the future amount to four times in a

lifetime. This increases the importance of the physical customer meeting when it occurs because of its increased value and customers' more demanding expectations. The role of digital services is a means to maintaining the relationship between meetings. The branches are the most central to the business model, and serve as the core in regards to the bank and the relationship it has with its customers.

“The branches are a very important aspect of the business model, where we initiate and build relationships, and they should not be equated with other meeting places [channels]. The branches are the core, where relations begin.”

- Head of Digital Communications, Global.

Bluebank's customers have been asked whether digital services could replace the personal service encounter. A great majority had a positive attitude towards digital services, but the same question asked with regard to the branches reveal that the branches have to stay in place, however important digital services may be.

“I believe in getting closer to being personal with customers through digital banking services, but the challenge lies in doing it the right way, and at the right pace”.

- Head of Market- and Customer Research, Global.

In summary, being close to customers is of great importance to Bluebank. The perspective is local and digital, where the real-life customer meeting is perceived as irreplaceable. However, digital closeness can be created by combining digital banking with personalization services, that are anchored in a physical relationship with a bank advisor.

MAKING DIGITAL BANKING SERVICES PERSONALIZED

When asking the question of whether Bluebank currently works with personalizing digital banking services, the interviewees have mixed opinions.

“The simple answer is no. We've identified that in order to be personal and relevant in digital channels we have to understand our customers. We can understand our customers if we have information about them. We have the data, but we don't use it. We speak of data islands; there's lots of data but nothing connecting it.”

-Director of User Experience, Sweden.

Bank branch managers do not have a clear image of the work regarding digital banking services in general, and personalization in particular. The one branch manager that explains that personalized services are under development, has been involved in that specific work group. He therefore has knowledge of coming developments. The employees at HQ have a

unified opinion of that Bluebank is working with creating personalized digital services, with particular focus on the mobile bank app.

When asking about benefits and drawbacks of personalizing digital banking services, the interviewees find the benefits to outweigh potential drawbacks. Personalization of digital banking services adds value to the service so that customers feel that offerings are tailored to their specific needs. Thus, the risk of offering personalized services that are too personalized is low. However, this varies depending on customer segment, as there are many customers that value their privacy, which makes personalization a sensitive matter. This raises the issue of integrity, since there is a fine line between adding value to the customer experience and going too far. This balance is thus very important to the bank.

“The benefit lies in the customer feeling that the advice is tailored to their specific needs [...] it should be truly personal, not just pushing on because the bank has launched a new product that we want customers to use. The benefit lies in the service itself, but the drawback is found in how the service is implemented.”

- Bank Branch Manager.

In summary, Bluebank has begun to work on making digital banking services personalized. Bank branch managers do however not have a clear view of this work, or work regarding digital banking services in general. The benefits of personalized services are perceived as clearly stronger than the drawbacks, where it is important to balance integrity.

PERSONALIZATION & ITS EFFECT ON CUSTOMER SATISFACTION

The bank branch managers believe that if the customers perceive the digital service encounter with Bluebank as personal, it would have a positive effect on customer satisfaction. Customer satisfaction would increase in total, as customers include all the different touch points which results in higher total customer satisfaction. Customers do not evaluate the bank by their experience in the digital- and physical channel separately. This is corroborated by the Head of Market- and Customer Research, who points to that service delivery in different channels increases general customer satisfaction for the bank.

The other employees at HQ are more uncertain of personalization's effect on customer satisfaction, compared to branch managers. The Chief of the Digital Customer Meeting finds that the most important value that digital services bring to customers are simplicity and usability, these are hygiene factors and could be enough to make customers satisfied. However, a great majority of the interviewees believe that customers perceiving their digital banking services as personal increases customer satisfaction.

Bluebank believes that the challenge lies in connecting the local with the digital. Being evaluated as one unit depends on if the customer is satisfied with the digital services, perceives the local touch and personal sender.

“[...] customers won’t evaluate Bluebank’s digital services and Bluebank’s branches separately, you will perceive Bluebank as Bluebank and that’s the way we want it to be.”

- Bank Branch Manager.

Customer satisfaction is particularly important to Bluebank, as the bank’s strategy states that satisfied customers are crucial to the business. When asked about how the bank works to increase customer satisfaction, many of the employees at HQ are unaware of specific actions. Increasing customer satisfaction is accredited to the work of the bank branches, while the department that works with digital channels have not been directed to do so.

“I’m not sure of what is being done. I know that the branches work with the issue [of increasing customer satisfaction]. [...] Regarding us that work with the digital channels there is no one directing us to increase customer satisfaction, even though it’s being discussed I haven’t heard anything about it.”

- Director of User Experience, Sweden.

In summary, Bluebank’s bank branch managers are more inclined to believe that personalization of digital banking services increases customer satisfaction, compared to HQ. The interviewees believe that Bluebank from the customer’s point of view is evaluated as a unit, and that the customer experience in different channels affects the overall customer satisfaction. The job of increasing customer satisfaction falls on the branches, as they are closest to the customers.

4.1.2 THE PERSONALIZATION-PRIVACY PARADOX

TRUST, INTEGRITY & WILLINGNESS TO SHARE PERSONAL INFORMATION

All interviewees perceive Bluebank’s customers to trust the bank. In studies conducted by the bank, customers have illustrated great confidence in Bluebank. This is believed to be related to the brand of Bluebank, which instills trust. The brand conveys safety and stability, which serves as a competitive advantage against Fintech start-ups that have not yet established their brands. Thus, it is more probable that customers would share their personal information with Bluebank to get personalized digital services.

Although customers trust Bluebank, transparency is very important. The bank does not want to be a first mover, and will rather allow other banks to use customers’ personal information through trial-and-error, than to compromise customers’ trust. Trust is also considered to be naturally high due to the tight regulations that banks operate by, which customers are aware of. Thus, it is indicated that the privacy of customers is guarded.

“Customers are used to getting everything for free, instead of money, they pay by giving away their data [...] through the ages we’ve always shared our information with the bank. [...] I think we’re worried about how we’ll be perceived more than customers worry about their information.”

- Bank Branch Manager.

This raises the matter of integrity, where Bluebank is greatly aware of the fine line between using customers’ personal information to create value and being intrusive. Great precautions are therefore taken to avoid conveying an image of being too sales focused. It is generally believed that a backlash may occur where customers realize that companies are using their data incorrectly.

The importance of data integrity results in prioritizing working close to the customers, as well as listening and being perceptive to their needs. However, it is indicated that the Swedish market differs compared to other European countries, as consumers are generally compliant.

“We are very obedient. In other countries, such as Spain, customers want to keep track themselves but in Sweden we generally think ‘now they’re saying this, so I guess I’ll do it’.”

- Head of Market- and Customer Research, Global.

Customers’ personal data can open up for better services, but data integrity makes it very important to be aware of risks. Particularly because it concerns people’s personal integrity and the bank in fact owns a great deal of information. It thus comes down to the balance between what the customer values and not using data for the sake of using it.

The bank branch managers highlight that customers are willing to share their personal information during meetings at the bank, but are more reluctant to do so online. It has to do with skepticism regarding the digital banking services, as the purpose of information collection may not be clear to the customer.

In summary, customers trust Bluebank. It is important to be transparent and honest with customers regarding the use of their personal information. This is because integrity is a sensitive matter and there is a fine line between using customers’ personal information and being intrusive. Bank branch managers furthermore highlight that customers’ willingness to share personal information is higher when they visit the branches, compared to when they visit digital meeting places.

USING CUSTOMER DATA

“I think we should use all the data we have, that is legal, ethical and defendable [...] often, you collect all this data and draw some conclusions that enables you to customize dialogue [with customers]. I think customers want, and expect to have some customization.”

- Bank Branch Manager.

Today, customer data is used in a very restrictive manner. The bank branch managers generally agree on that Bluebank is more careful than the customers think they have to be and that existing data is not used to the extent it should be. They are aware of that they possess a lot of information which is not being used, that could be benefited from. The branches point out that knowledge about customers is mostly kept to the advisors at the specific branches. It is not used to draw conclusions from to implement in digital solutions for customers.

“[...] you need to reach the soft information that is specific for each individual customer”

- Bank Branch Manager.

Furthermore, there is no customer database where bank advisors can input customers' soft values, the existing systems only allow for hard values such as income, savings and age. The employees at HQ are aware of this and highlight that it would be the dream scenario for the branches and that there is a need for a way to systematize the knowledge that the branches have about customers.

“The branches have their own customer registers and individual systems [...] They can't go into a system and see a complete overview of a customer, that would be their dream scenario. Those systems are built here, in the back of the arrow. The data used in the branches isn't to my knowledge used in apps and internet services”.

- Head of Digital Communications, Global.

According to a branch manager, customers' personal information have not been used to a greater extent because of the mindset of the bank; they have not yet begun to think about such matters. She also adds that the internal systems have not been able to handle such information, which is corroborated by the rest of the interviewees. Another dimension that adds to the complexity of using customer data is regulations that increases the difficulty of handling data. Bluebank has a conservative perspective on regulations, as they are aware of issues regarding compliance that affect digital services. In total, the reasons for not using customers' personal information are described as technical- and organizational obstacles. The strategic objectives have been lacking, as well as competency.

“We need a group of people working with these matters. We’ve begun, but are at the start of our journey”.

- Director of User Experience, Sweden.

In summary, customer data is used in a restrictive manner. Bluebank is more careful of using customers’ personal information than it has to be, which leaves existing data untouched. State regulations add to the complexity of using and handling customer data. In addition, there is no internal system that the branches can use to input customers’ soft values.

4.2 STUDY 2

The findings of Study 2 are presented in accordance to the research model in section 2.2. Each concept is presented individually, followed by a summarizing diagram to illustrate significant effects.

The effects of perceived personalization of digital banking services on the hypothesized variables were tested using a Multivariate General Linear Model (GLM). Because the hypotheses consist of testing one independent variable’s (IV’s) effect on several dependent variables (DVs) the GLM was deemed appropriate. It provides a multivariate multiple regression analysis for several DVs by one covariate, which a univariate linear regression does not provide.

Independent samples t-tests were conducted to examine the mean values of tested variables. The sample was categorized into two groups, computed from an interval variable, perceived personalization. The group that does not perceive digital banking services as personalized consisted of those answering three or below, and the group that perceive digital banking services as personalized consisted of those answering five and above. Respondents answering four on a seven point Likert scale were filtered out, resulting in a sample of $n = 184$.

4.2.1 PERSONALIZATION’S EFFECT ON TESTED VARIABLES

Dependent Variables	β	df	F	p	η^2	std. Error
Customer Satisfaction	.428	1	79.981	.000***	.333	.048
Relationship	.570	1	84.861	.000***	.347	.062
Closeness	.544	1	190.484	.000***	.543	.039
Trust	.443	1	73.293	.000***	.314	.052
Privacy Concern	.222	1	10.532	.001***	.062	.068
WTS Personal Information	.413	1	34.866	.000***	.179	.070
Error		160				

* Significant at $p < .1$; ** Significant at $p < .05$; *** Significant at $p < .01$

Covariate/ Independent Variable: Perceived Personalization

Table 5. Significant values of multivariate multiple regression (see Appendix 6 for correlation and assumptions check).

The multivariate multiple regression model is statistically significant for all DVs, $F(6,155)=33.975$; $p=.000***$; Wilks' $\lambda=.432$; $\eta_p^2=.568$. The F-value indicates that differences in mean values of perceived personalization has a significant effect on the DVs. Thus, the effect on DVs is predicted by the respondents perceived personalization of digital banking services. All DVs are significantly predicted by $IV_{\text{Personalization}}$.

CUSTOMER SATISFACTION

$DV_{\text{Customer Satisfaction}}$ shows $B=.428$; $F(1, 160)$; $p=.000***$; $\eta_p^2=.333$. An increase of perceived personalization by one unit thus results in 0.428 increase in customer satisfaction, H_a is therefore accepted. $\eta_p^2=.333$ indicates that the effect size is large (Cohen, 1988). To test whether customer satisfaction is higher for respondents that perceive the digital banking services as personalized, an independent samples t-test was conducted. Levene's Test for Equality of Variances shows $F=25.629$; $p=.000***$, which results in statistical significance at 99 percent level ($t(182)=-6.619$; $p=.000***$) for the difference between means. Respondents that perceive digital banking services to be personalized have a higher mean value for customer satisfaction $M=5.99$ ($SD=.872$) compared to the lower customer satisfaction among respondents that do not perceive personalization $M=4.49$ ($SD=1.606$).

H_a: Perceived personalization of digital banking services has a positive effect on customer satisfaction. **Accepted.**

RELATIONSHIPS

$DV_{\text{Relationship}}$ show $B=.570$; $F(1,160)$; $p=.000***$; $\eta_p^2=.347$. An increase of perceived personalization by one unit thus results in 0.570 increase in respondents' perception of the relationship to their bank. H_b is therefore accepted. $\eta_p^2=.347$ indicates that the effect size is large (Cohen, 1988). An independent samples t-test (Levene's Test for Equality of Variances shows $F=.031$; $p=.861$) proves statistical significance at 99 percent level ($t(182)=-7.892$; $p=.000***$) for the difference between means. Respondents that perceive digital banking services to be personalized have a higher mean value of perceived relationship to the bank $M=5.19$ ($SD=1.430$), compared to lower perceived relationship to the bank among respondents that do not perceive personalization $M=3.37$ ($SD=1.464$).

H_b: Perceived personalization of digital banking services has a positive effect on customers' relationship with Bluebank. **Accepted.**

CLOSENESS OF RELATIONSHIP

$DV_{\text{Attitudinal Congruence}}$ show $B=.544$; $F(1,160)$; $p=.000***$; $\eta_p^2=.543$. An increase of perceived personalization by one unit thus results in 0.544 increase in respondents' closeness to the bank, H_c is therefore accepted. $\eta_p^2=.543$ indicates that the effect size is large (Cohen,

1988). To test whether closeness to the bank is higher for respondents that perceive the digital banking services as personalized, an independent sample t-test was conducted. Levene's Test for Equality of Variances shows $F=21.248$; $p=.000***$, which results in statistical significance at 99 percent level ($t(182)=-8.772$); $p=.000***$) for the difference between means. Respondents that perceive digital banking services to be personalized have a higher mean value for closeness to the bank $M=6.03$ ($SD=.814$) compared to lower closeness to the bank among respondents that do not perceive personalization $M=4.24$ ($SD=1.440$).

Hc: Perceived personalization of digital banking services has a positive effect on customers' closeness of relationship to Bluebank. **Accepted.**

TRUST

DV_{Trust} shows $B=.443$; $F(1,160)$; $p=.000***$; $\eta_p^2=.314$. An increase of perceived personalization by one unit increases respondents' trust towards the bank by 0.433, *Hd* is therefore accepted. $\eta_p^2=.314$ indicates that the effect size is large (Cohen, 1988). An independent samples t-test was conducted to prove that respondents who perceive digital banking services as personalized have higher trust towards their bank. Levene's Test for Equality of Variances shows $F=2.160$; $p=.143$, which results in statistical significance at 99 percent level ($t(182)=-8.530$); $p=.000***$) for the difference between means. This indicates that respondents who perceive digital banking services to be personalized have a higher mean value for trust towards the bank $M=5.87$ ($SD=1.042$) compared to lower trust among respondents that do not perceive personalization $M=4.30$ ($SD=1.370$).

Hd: Perceived personalization of digital banking services has a positive effect on trust towards Bluebank. **Accepted.**

PRIVACY CONCERN

$DV_{\text{Privacy Concern}}$ show $B=.222$; $F(1,160)$; $p=.002***$; $\eta_p^2=.062$. An increase of perceived personalization by one unit thus results in 0.222 increase in less privacy concern. Perceived personalization results in respondents feeling less concerned for their privacy, indicating a positive relationship. Even though the effect is significant, it must be noted that $\eta_p^2=.062$ indicates a small size of the effect (Cohen, 1988). Since there is a significant positive relationship, *He* is rejected.

To examine the difference between mean values, an independent sample t-test was conducted. Levene's Test for Equality of Variances shows $F=.262$; $p=.610$, which results in statistical significance at 95 percent level ($t(182)=-2.262$); $p=.027**$) for the difference between means. Results show a higher mean value for privacy concern for respondents that perceive digital banking services as personalized, $M=5.02$ ($SD=1.522$), indicating that respondents are less concerned for their privacy when personalization is perceived. The mean

value is lower for respondents that do not perceive personalization, $M = 4.46$ ($SD = 1.564$), indicating that they have higher privacy concern.

He: Perceived personalization of digital banking services has a negative effect on privacy concern. **Rejected.**

WILLINGNESS TO SHARE PERSONAL INFORMATION

DV_{WTS} show $B = .413$; $F(1,160)$; $p = .000***$; $\eta_p^2 = .179$. An increase of perceived personalization by one unit thus results in 0.413 increase in the respondent's willingness to share personal information with the bank. $\eta_p^2 = .179$ indicates a medium effect size (Cohen, 1988). Since there is a significant positive relationship, *Hf* is rejected.

To examine the difference between mean values, an independent sample t-test was conducted. Levene's Test for Equality of Variances shows $F = 4.666$; $p = .032**$, which results in statistical significance at 99 percent level ($t(182) = -3.922$; $p = .000***$) for the difference between means. Respondents that perceive digital banking services to be personalized have a higher mean value for the willingness to share personal information $M = 5.13$ ($SD = 1.507$) compared to lower willingness to share personal information among respondents that do not perceive personalization $M = 4.04$ ($SD = 1.842$).

Hf: Perceived personalization of digital banking services has a negative effect on willingness to share information with Bluebank. **Rejected.**

4.2.2 SUMMARY OF RESULTS

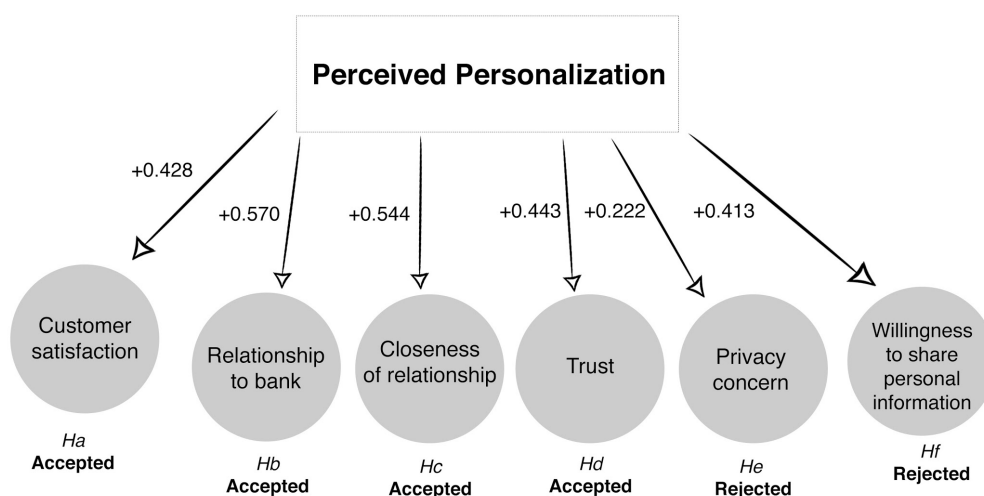


Figure 6. Summary of significant effects from multivariate regression and acceptance or rejection of hypotheses.

5. ANALYSIS AND DISCUSSION

This section analyzes and discusses the results of Study 1 and Study 2. These are tied together in a finalizing discussion, where similarities and differences are highlighted.

5.1 RELATIONSHIPS, CLOSENESS & CUSTOMER SATISFACTION

Bluebank emphasizes that being close to customers is the key to successful relationships with customers. This aligns with the relational perspective (Grönroos, 1994; Howcroft, Hamilton and Hewer, 2002), as Bluebank highlights the importance of establishing, maintaining and improving on relationships with customers.

Closeness of relationships have however been attributed to the customer meeting at branches. Close customer meetings that are not held at the branches, are initiated with a physical relationship through a bank advisor, to then be maintained through telephone- or Skype meetings. The type of closeness that Bluebank describes can be defined as interaction personalization, where the interaction with customers resembles the face-to-face meeting, but in another channel (Shen and Ball, 2009). There are also mixed opinions of whether the bank is actually working with making digital services personalized, which shows a difference in the perception of what personalization is. This confusion regarding the definition is also apparent in the personalization literature, where researchers have yet to agree on a common conceptualization (Peppers, Rogers and Dorf, 1999; Hanson, 2000; Fan and Poole, 2006; Vesanen, 2007; Sunnika and Bragge, 2012; Ho and Bodoff, 2014).

Bluebank describes that personal meetings with customers will decrease drastically. This increases the importance of the physical meeting when it happens, because customers will have higher expectations at those moments. Digital banking services thus helps to maintain the relationship with customers between meetings, which indicates their increased importance due to longer intervals between meetings. This explanation of staying in touch with customers as described by Crosby, Evans and Cowles (1990), through digital channels also proves the perspective on personalization as a relationship-maintainer, rather than a relationship builder or initiator. Customers cannot be expected to trust the bank during the most important times, such as physical meetings, if there is not continuous interaction in between these occurrences (Swinth, 1967).

Bluebank describes the importance of continuous interaction through the digital channels, which contributes to customers' trust. However, interactions cannot be strengthened if digital services are not perceived as more than a means for maintenance. If digital services were to be more personalized, they could contribute to building relationships with customers and thus increase trust, in addition to delivering on customers' expectations (Singh and Kaur, 2011; Liébana-Cabanillas et al. 2013). This argument follows Parasuraman, Zeithaml and Berry (1985) that also find continuity of great importance as personalized and non-faulty interaction

positively affects the expectations on the bank. Personalizing and accrediting a greater role to the digital services in the customer-bank relationship could therefore also result in lower uncertainty in the relationship (Parasuraman, Zeithaml and Berry, 1985). This is relevant to Bluebank as its core value is to be personal and close, both locally and digitally.

Bank branch managers are more unified in their perception of that personalization would have a positive effect on customer satisfaction, but the overall perspective of personalization's positive effect on customer satisfaction is positive. The bank's view follows the literature on personalization and customer satisfaction, that show the significant relationship between the two (Shen and Ball, 2009; Ladeira et al. 2015). This indicates that personalized digital banking services have an effect on overall customer satisfaction.

This is supported by branches' strong belief in personalization, who are closest to Bluebank customers and thus have the most intimate knowledge of what satisfies customers' needs. Even though the branches lack knowledge of personalization development and have an unclear view of what is being done, they have the strongest perception of personalization's influence on customer satisfaction. In this context, HQ also believes in the positive effect of personalization on customer satisfaction but are also relying on the branches to deliver on making customers satisfied. The role of personal services in creating customer satisfaction falls under a loop, where the branches are seen as the most important. In an attempt to explore another approach to making services personal, the branches tend to have more faith in the personal aspect of digital channels.

Simplicity and usability are also aspects that are highlighted as important to customer satisfaction, which previous research also suggest (Liébana-Cabanillas et al. 2013). This indicates functional values to be important to the bank. However, such characteristics only affect customer satisfaction in the online channel, which shows that the importance accredited to web and mobile characteristics stands to contrast against the bank's overall want to be evaluated as a whole.

It is evident that Bluebank perceives customer satisfaction to be an overall evaluation of the bank customers' perception of their services, in both the physical and digital channel, as well as the collected customer experience. This is in line with the definition of customer satisfaction put forth in this thesis. Previous literature that focuses on customer satisfaction in relation to digital services have directed attention to satisfaction in the online channel (Amin, 2015). The results indicate that the overall definition of customer satisfaction may be more relevant in the context of service delivery across the physical and digital channel, when the frequency of interaction is irregular. In contrast, measuring customer satisfaction in different channels results in no point of comparison, because of the different characteristics of channels and infrequency of interaction.

5.2 THE PERSONALIZATION - PRIVACY PARADOX

The results suggest that the personalization-privacy paradox exists and is currently a relevant issue for Bluebank. The perspective on customers' privacy concern points to that customers have great trust in the bank, but their privacy should not be compromised. It suggests that trust results in that customers would share their personal information with the bank, but the fine line between this and intrusion is difficult to handle. This seems particularly relevant in the case of banking, where personal integrity is of great importance and the bank already owns much sensitive information about the customers.

The concern that Bluebank expresses about the personalization-privacy paradox is in line with the negative consequences described by Norberg et al. (2007) and Huang and Lin (2005), as the bank does not want to risk decreasing the trust of its customers. The drawback of personalized digital banking services, as a result of customer data collection is a sensitive matter because of different customer segments need for privacy (Shen and Ball, 2009). However, the bank also expresses that the benefit of personalization will be perceived by customers, which makes the risk of intrusion low, in line with the findings of Awad and Krishnan (2006). It suggests that the bank believes their customers to be willing to forgo some of their privacy to enjoy the benefits of personalization (Hann et al. 2002; Huang and Lin, 2005).

The personalization activities that Bluebank is currently offering its customers in the digital services lack the continuity personalization that could lead the bank to gain competitive advantage (Shen and Ball, 2009). The digital services are not personalized as customer data is not being used in the delivery of services and the bank's internal systems do not use adaptive learning. The reason for this can be traced to Bluebank's great respect for customers' personal information and integrity, that results in customer data not being used. The branches express that the bank may be more careful of using customer data than it has to be, as it is important to protect the image of the bank. This poses the question of the trade-off between compromising customers trust by being intrusive and lagging in offering customers services that they want.

Bluebank perceives customers' trust is due to its stable and safe brand. This indicates that the bank has the ability to collect and use customers' personal information while not suffering negative consequences. This line of argument is supported by Milne et al. (2008) who found that customers of well-known companies react less negatively when their information is collected.

The personalization-privacy literature describes that using customer data to provide personalized and relevant content can result in customers perceiving the company as having manipulative intentions (Huang and Lin, 2005). This is expressed as a concern at Bluebank, regarding a possible backlash if their customers would perceive the bank to use their data incorrectly. It points to the trade-off described by Huang and Lin (2005) where perceived value of offered services is weighted against sharing personal information. Furthermore,

Bluebank expresses that customers may not be willing to share their personal information online as the purpose of data collection is unclear. Thus, transparency is important to satisfy customers need for knowing the purpose of data collection (Kobsa, 2001; Kobsa, 2002). It also aligns with Howcroft, Hamilton and Hewer (2002) who mean that even though customers trust the bank, they lack confidence in the technology itself.

Previous research has pointed to higher trust in face-to-face customer interactions with financial providers, compared to other channels (Howcroft, Hamilton and Hewer, 2002). Bluebank suggests that this is also the case for the bank, as branch managers highlight that customers are more willing to share their personal information in physical meetings than online. Yap et al. (2009) finds that lack of trust in digital banking arises from the service itself, which Bluebank also indicate because of the skepticism that customers have regarding digital banking services. A lack of physical contact results in distance between the customer and bank (Yap et al. 2009), which could be resolved by personalizing the digital banking services, as it decreases perceived distance (Curry and Penman, 2004).

5.3 EFFECTS OF PERCEIVED PERSONALIZATION

5.3.1 CUSTOMER SATISFACTION, RELATIONSHIPS & CLOSENESS

Perceived personalization of the bank's digital services has a significant positive effect on customer satisfaction (*Ha*). Because Shen and Ball (2009) emphasize that there is lack of personalization research in relation to customer satisfaction, it is relevant to highlight that this study show there is a direct positive effect of perceived personalization of digital banking services on customer satisfaction, in line with the existing research (Ball, Coelho and Vilares, 2006; Shen and Ball, 2009; Ladeira et al. 2015). The effect on customer satisfaction also show that perceived personalization influences the *overall* customer satisfaction, in line with George and Kumar (2014).

Furthermore, perceived personalization of the bank's digital banking services has a significant positive effect on the relationship with the bank (*Hb*), and the perceived closeness of the relationship (*Hc*). It is relevant to emphasize the direct effect of perceived personalization on the customer's relationship to the bank, as its direction and complexity has been discussed in previous studies (Pine, Peppers and Rogers, 1995; Gilmore and Pine, 1997; Shen and Ball, 2009).

As similarly studied by Curry and Penman (2004), the results of this study indicate that perceived personalization decreases the distance between customer and bank. Bank-initiated personalization activities can thus contribute to strengthening the relationship with customers (Huang and Lin, 2005), particularly because the effect on closeness was relatively large ($B=.544$). Perceived personalization influences the closeness that customers feel towards the bank positively. Customers that perceive the digital banking services as personalized, not only feel that they have a stronger relationship ($M_{pers}=5.19$, $M_{nopers}=3.37$), but a closer relationship to the bank ($M_{pers}=6.03$, $M_{nopers}=4.24$).

This indicates that closeness is a useful measure of the customer-bank relationship, as Bove and Johnson (2001) highlight. It points to customers' validation of the relationships (Kouneski and Olson, 2004). Personal digital banking services thus contribute to attitudinal congruence between customers and the bank, which means that personalization is helpful in conveying the bank's core values. Customers' perception of these values, make them feel closer to their bank. This is an important finding as previous studies have emphasized that it is difficult to capture the concept of closeness in the customer-bank relationship (Rheinbaben and Ruckes, 2003).

However, when customers do not perceive the digital banking services as personalized, the customer-bank relationship is weak, which suggests that personalization's effect on service relationships is of particular importance (Eisingerich and Bell, 2006). The results indicate that personalization could act as a relationship manager, like the bank advisor traditionally has done (Crosby, Evans and Cowles, 1990). It does not imply that the importance of the bank advisor has decreased, but that the service delivered through the physical person can be delivered through the digital channel as well. The risk of customers becoming too attached to the personal bank advisor could thus be leveraged against the perceived closeness of the relationship (Guenzi and Pelloni, 2004). By creating digital services that customers perceive as personal in combination with physical bank advisors, the risk of customers becoming too attached could decrease.

Thus, customer satisfaction efforts of the bank can effectively be spread to the digital channel and thereby widen the responsibility for increasing customer satisfaction (Ricard, Préfontaine and Sioufi 2001; Wahlberg, Öhman and Strandberg, 2016). This would give the customer more relational touch points so that the bank advisor can be relieved of some responsibility in regards to customer satisfaction. The digital customer-bank relationship can strengthen the customer-bank advisor relationship, which adds to overall customer satisfaction (George and Kumar, 2014). The large effect sizes on customer satisfaction, relationship and closeness of relationship (Cohen, 1988) shows the high relevance of perceived personalization as a predictor.

5.3.2 THE PERSONALIZATION-PRIVACY PARADOX

Perceived personalization of the bank's digital banking services has a significant positive effect on customers' trust toward the bank (*Hd*), in line with previous studies that have examined the relationship between personalization and trust (Ball, Coelho and Vilares, 2006). Although the effect has been studied the research is not widespread. Thus, it is relevant to highlight that perceived personalization of digital banking services affect customers trust toward the bank positively. It indicates that perceived personalization's effect is persistent where state-regulations also are. Strong state-regulations point to that there is a level of automatic trust towards Swedish banks, yet perceived personalization still has an effect.

Online services have shown to decrease trust, particularly among e-banking customers. Spatial distance between customer and bank results in lack of physical cues that customers can rely on to judge trustworthiness (Yap et al. 2009). The effect that perceived personalization has on trust indicates that the digital services offered by the bank does not decrease trust, if they are perceived as personal. This effect could be explained by the spatial distance in online services being less important than believed. Higher trust has been attributed to face-to-face customer encounters (Howcroft, Hamilton and Hewer, 2002). The findings of this thesis do not compare the level of trust in the physical and digital channel, but instead show that trust is not only predicted by the personal meeting, as perceived personalization online has a significant effect.

Further, trust is an essential aspect of information sharing and privacy (Milne and Rohm, 2000; Sheehan and Hoy, 2000; Malhotra, Kim and Agarwal, 2004), which could explain the positive effect that perceived personalization has on customers' privacy concern (*He*) and willingness to share personal information with the bank (*Hf*). As Chellappa and Sin (2005) find that there is both a lack of academic literature and understanding regarding personalization's effect on consumers' privacy concern, these results add to an increased understanding.

The hypothesized effects on customers' privacy concern and willingness to share personal information with the bank were negative, because of research showing that personalization triggers privacy concern and affects the willingness to share personal information (Norberg et al. 2007; Sheng, Nah and Siau, 2008). As banking is complex and there is particular sensitivity regarding customer data, the authors believed the negative effects to be more impactful than the trade-off also found in previous studies (Hann et al. 2002; Huang and Lin, 2005; Awad and Krishnan 2006). However, the effects were positive and significant. It must be noted that the effect sizes on both constructs are small, which indicate that there are other factors that also influence the relationship between perceived personalization in digital banking services and customers' privacy concern and willingness to share personal information.

Perceived personalization's effect on customers' privacy concern is particularly small ($\eta_p^2 = .062$). Thus, the authors question the significant effect, because the variance cannot be explained by the stated value. The effect size on customers' willingness to share personal information with the bank is small, but not trivial (Cohen, 1988). The results still indicate a positive effect, which points to the relevance of the personalization-privacy paradox in banking.

Previous studies highlight the trade-off between the value of personalized services and consumers' privacy concern. Thus, the results indicate that customers perceive the value of personalization, and are therefore willing to forgo some of their privacy and share their personal information with the bank, in line with Hann et al. (2002), Huang and Lin (2005) and Awad and Krishnan (2006). Because the customers trust the bank the authors suggest that it could explain why the customers are willing to share their personal information.

5.4 THE BANK & CUSTOMER PERSPECTIVE

It can be concluded that perceived personalization has a positive effect on customer satisfaction, the relationship with the customer and the closeness of that relationship, both from the internal perspective of the bank and its customers. While the bank perceives personalized digital services as a means to maintaining relationships, the results show that from the customer perspective, the effect of perceived personalization is large. This indicates that personalization in digital channels not only act as maintenance, but could contribute to strengthening the customer-bank relationship. Because the customers perceive the values that Bluebank conveys to them, the prerequisites for building relationships where they have otherwise been lacking are good. This is especially relevant because the customers that do not perceive the digital banking services as personalized, do not perceive to have a relationship with the bank either. As the bank and previous studies (Grönroos, 1994; Howcroft, Hamilton and Hewer, 2002) emphasize that the relationship with customers is crucial in banking, the lack of perceived relationship poses as a great issue.

The results of this thesis thus show the importance of the relationship with customers in the digital channel, beyond the existing ones in the physical channel. It suggests that in addition to being close to customers through the branches, it is also important to be close through digital touch points. The branches are, and will stay as the core of the bank's business, but it should be highlighted that the two channels can reinforce each other. Because the bank and its customers evaluate customer satisfaction through the totality of services, channels and experiences, being close to customers should be the focus of every touch point. The digital services could thus contribute to increase customer satisfaction and thereby assist the branches in regards to this goal, in other ways than only satisfying customers' functional needs.

Regarding the personalization-privacy paradox in the context of the bank and its customers, the hypothesized negative effects on privacy concern and willingness to share personal information with the bank were found to be positive. This has implications for the internal concern that the bank has of being too intrusive and compromising customers' integrity. Customers are willing to share their personal information, to enjoy the benefits of personalization in addition to trusting the bank. It is a perception that the bank shares, but is also cautious in the matter. The concern is relevant in relation to customers' privacy concern, that was not decreased to a large extent as a result of perceived personalization, but indicates a positive effect. The results suggest that the bank could be more daring in the exploration of personalized services.

It is important to highlight that these findings regard interaction personalization (Shen and Ball, 2009), which is the type of personalization the bank is currently using in the digital customer-bank encounter, and the type that customers perceive. Therefore, it cannot be concluded that the results would show the same effects in other types of personalization activities, such as continuity personalization where customers personal information would actually be used. Yet, the findings contribute to an increased understanding of interaction

personalization that is the most frequent in the Swedish banking sector, and for this bank in particular.

	BLUEBANK	CUSTOMERS
Customer Satisfaction	Positive, Medium-Strong	Positive, Medium-Strong
Relationship	Positive, Medium-Strong	Positive, Strong
Closeness	Positive, Medium-Strong	Positive, Strong
Trust	Positive, Strong	Positive, Medium-Strong
Privacy Concern	Negative, Weak	Positive, Weak
WTS Personal Information	Positive, Medium	Positive, Medium

Table 6. Comparison of variables, showing positive or negative effect of perceived personalization. Values ranging from weak-strong. Value is determined in relation to other variables in bank and customer perspective, respectively.

In summary, the internal perspective of the bank and the perceptions of their customers align in many ways. It poses as a good basis for improving on aspects of the customer-bank relationship that has been lacking due to the digital paradox that the Swedish banking sector is currently facing. Against the background that customer satisfaction is decreasing and the relationship is lacking, it is beneficial to offer customers personalized services. By creating digital closeness in banking services, the relationship with customers can improve and could positively affect customer satisfaction. This can be a useful tool for the bank to use in facing the challenges that digitalization has brought to the banking sector.

It must however be noted that the results of this case study may have been influenced by the year of 2016. Bank branches were closed, or merged with nearby branches, cash handling decreased and the Swedish banking sector endured negative publicity in the media. In addition, customer satisfaction decreased. In this context, 2016 marked a bad year. The findings therefore show that despite the negative critique that the major banks faced, the perception of personalized services could positively affect important aspects of the customer-bank relationship.

6. CONCLUSIONS

The digital paradox that the Swedish banking sector is facing proves to be a challenge for the large banks, and has thus been a challenge for Bluebank. As customers turn to channels other than branches, it is important to increase the understanding of how a large traditional bank, deeply rooted in its physical structure, could transform to offer the excellent service and personal touch that it advocates, in the digital service delivery. Service aspects like personal contact and closeness risk becoming obsolete in light of the digital paradox, which is why a contribution to the increased understanding of the personalized experience in digital banking services is crucial.

By exploring personalized digital banking services, this thesis increases the understanding of personalization as a means to improve upon (1) the relationship with customers and (2) customer satisfaction, from the perspective of the bank and its customers. This is an important contribution considering the lack of research associated with this current problem area.

RQ1: *How does Bluebank perceive the concept of digital closeness and its effect on customer satisfaction, as a result of personalized digital banking services?*

From the perspective of Bluebank, digital closeness can be created by the use of personalized digital banking services, but it is highlighted that it has to be initiated through the bank advisor. Customer satisfaction is also perceived to increase as a result of a personalized digital service encounter. Customer satisfaction is a crucial measure for the bank, and the closeness of the customer relationship is key to getting there. In the digital channel, *digital closeness* through personalization is positively perceived as a way to improve on customer relationships and influence customer satisfaction.

RQ2: *How does Bluebank perceive customers' privacy concern, trust and willingness to share personal information with the bank, in the context of personalized digital banking services?*

In light of personalizing digital banking services, Bluebank perceives that the personalization-privacy paradox must be treated with great respect. Customers trust the bank, and do not have any particular privacy concerns. As such they would be willing to share their personal information if asked, but the bank does not want to risk a backlash from intruding on customers' integrity. The approach to collecting and using customers' personal information is therefore restrictive and results in not using it.

RQ3: What is the effect of customers' perception of personalized digital banking services on customer satisfaction, relations, closeness, trust, privacy concern and willingness to share personal information with the bank?

Perceived personalization of digital banking services significantly affects customer satisfaction, respondents perceived relationship, the closeness of the relationship and trust towards Bluebank positively, in line with the hypothesized effects. Perceived personalization of digital banking services also significantly lowers customers' privacy concern and increases customers' willingness to share personal information with Bluebank, contrary to the hypothesized effects.

In conclusion, this thesis has explored the similarities and differences between the perceptions of Bluebank and its customers, in the context of increasing the understanding of what personalized digital banking services affect. Digital banking services that are personal, in the perspective of both the bank and its customers has positive effects on customer satisfaction, the relationship, the closeness of the relationship, trust, privacy and willingness to share personal information with the bank. Thus, there are many similarities between the perceptions of the bank and its customers. However, two differences should be highlighted.

Firstly, the bank perceives personalized digital banking services as a relationship-maintainer, while from the customer perspective the effect of perceived personalization is large enough to make the digital channel more of a relationship-builder. Secondly, the bank has an excessive concern of being too intrusive, while the customers in fact perceive the value of personalized services and are not negatively affected by its existence. Thus, it suggests that the bank should be more daring, but always make sure to continue respecting customers' integrity.

In the end, this thesis emphasizes that the digital service delivery channels in Swedish banking should be attributed more than functional value. There is a totality of the customer experience that must be taken into account in order to stay competitive, which includes both the physical and digital channel. The digital channel does not only complement the physical one, but contributes to the business itself. When acknowledging that digital services can be leveraged to improve customers experience, the goal of having Sweden's most satisfied customers can be reached.

7. THEORETICAL CONTRIBUTION & PRACTICAL IMPLICATIONS

7.1 THEORETICAL CONTRIBUTION

This thesis contributes to personalization theory in the digital banking context by showing that perceived personalization in the digital channel has a positive impact on customer satisfaction, the customer-bank relationship, the closeness of the relationship, trust, privacy and customers' willingness to share personal information with the bank. It also increases understanding of how a large Swedish bank perceives the effects of personalization in the digital channel.

This thesis has furthermore approached the concept of digital closeness, which is not established in the banking services literature. Digital closeness has been found to be an important aspect of the service encounter in the case study conducted. Closeness is an established concept in other fields of research, but have not been described in the field of online banking. Thus, the thesis contributes to illuminating the concept of digital closeness that may be of importance for banking literature.

7.2 PRACTICAL IMPLICATIONS

Practical implications consist of showing that personalization of digital banking services can strengthen the customer-bank relationship. The examined variables are useful guidelines for banks to consider when facing the digital paradox in Swedish banking. This thesis has shown the importance of being personal in digital banking services, which indicates that these services should be given more attention in banking strategy. It is a strategic matter due to the competitive advantage that personalization can create which is relevant when banking is becoming increasingly digitalized. This is especially relevant because the digital banking services in Sweden have never been as distant as they are today. By adding personalization to the digital service encounter, banks can decrease the distance between them and their customers and increase customer satisfaction.

With an increased understanding of the importance of service personalization, banks may begin to re-allocate resources to give the digital customer encounter more weight. Given that the traditional business model of the Swedish banking sector has never faced such pressure to transform, making the digital customer encounter personal should be highly prioritized.

8. LIMITATIONS

8.1 THEORETICAL LIMITATIONS

To the knowledge of the authors, the research on personalization is limited. Previous studies have focused on different fields, in the areas of both online and offline services, banking and digitalization. The theoretical framework of this thesis thus has a rather weak theoretical ground. All the concepts explored are not established in the literature, particularly digital closeness which the thesis emphasizes. The authors have attempted to indicate that this is an important concept which therefore requires more research. The results are thus burdened by a certain degree of uncertainty.

8.2 METHODOLOGICAL LIMITATIONS

8.2.1 THE SCOPE OF THE STUDY

The focus of the case study was limited to one bank, which make the results difficult to generalize. This thesis only concerns itself with one organization, therefore the conclusions drawn from the case cannot be applied in other instances. To improve the external validity two studies were conducted, which adds to a deeper understanding of the research area. The findings of this thesis can to the broadest extent only be applicable to large Swedish banks, due to the quantitative part of the case study.

8.2.2 RESEARCHER BIAS

There is also a risk of researcher bias, as the authors' own subjective opinions may have influenced the case study. The results could thus have been affected by the interpretation of collected data. There may also be errors in memory and judgment as the construction of the case is based on the memory of the authors.

8.2.3 RESEARCH DESIGN OF QUANTITATIVE STUDY

Due to the chosen research design, the findings are limited to the existing perceptions of the bank customers. The lack of an experimental design means that the authors could not control for extraneous variables which may affect the results. The findings thus have some degree of uncertainty. The reasons for not choosing the experimental design are two-fold. Experiments create artificial situations which in this case would not represent a real-life situation (Bernard and Bernard, 2012). Since the case is studied in a real-life and current setting, an artificial manipulation would not represent a plausible reality. Due to the controlled variables of an experiment, the data collected may not have represented respondents' perceptions in a non-experimental context (Bernard and Bernard, 2012). Because the case is contemporary and rather unexplored, the authors wanted to gain true perceptions of respondents. Therefore, non-experimental design was more appropriate since it examined perceptions of services that exist.

8.2.4 SAMPLE

The sample of the qualitative study consisted of eight people, of these, three were bank branch managers from Southern Sweden which is not generalizable to the field of bank branch managers in Sweden. The final sample of the quantitative study consisted of 284 respondents, which could be seen as rather low. The respondents were located evenly across Sweden, with an equal distribution between men and women, and ages. This was argued as representative for Swedish banking customers. However, this study examines the bank's total customer base and does not make a distinction between private and business banking customers, which could influence the results of the thesis as the perceptions of these customer types may differ.

9. SUGGESTIONS FOR FURTHER RESEARCH

It is relevant to study the effects of perceived personalization depending on service type, such as savings, loans and investments. It is also relevant to study personalization's effect depending on customer type; private or business.

The variables tested in this thesis need further investigation to explore the possibility of more complex relationships between them. The direction of the effects also need to be researched, as this thesis only focuses on personalization as a predictor.

Future studies should focus on investigating personalization across several banks and with a respondent sample that is representable to all Swedish banking customers. Furthermore, it is important to look deeper into the effects of continuity personalization, as this thesis has explored the effects of interaction personalization.

Digital closeness is a current and relevant concept that should be further examined. It lacks a theoretical ground; from a general definition to its possible effects. Therefore, much focus should be given to this research area.

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11. APPENDICES

11.1 APPENDIX 1: INTERVIEW GUIDE

Om dig och ditt arbete

1. Berätta om din roll, dina ansvarsområden och vad ditt arbete består av dagligen.
2. Vad bidrar din roll till ur ett långsiktigt perspektiv?
3. Hur jobbar ni på kontor mot era kunder? Vad är det som särskiljer Bluebank i detta avseende?

Digitalisering i Bluebank

1. Med tanke på Bluebanks decentraliserade struktur, där kontoren äger kunden, hur bemöter man digitaliseringen? Vad är den digitala strategin?
2. Hur ser arbetet kring digitalisering ut - är den digitala strategin centralt utformad för att sedan distribueras till varje enskilt kontor?
3. Får kontoren sköta implementering på det sätt de tycker passar bäst?
4. Tycker du personligen att banken är “up to speed” med den digitala utvecklingen av banktjänster jämfört med: Andra banker på den svenska marknaden? Vad kunderna vill ha?
5. Om du tänker på kontoren och de digitala tjänsterna som två olika delar av bankens erbjudande, hur stor vikt skulle du lägga vid respektive del?
6. Hur ser du på förhållandet mellan dessa långsiktigt? Blir någon viktigare än den andra?

Att göra digitala tjänster personliga

Det finns research som utforskar begreppet “service personalization” i digitala miljöer. Forskningen visar att en ökad grad av personlig service digitalt är positivt, det kan öka både försäljning och kundnöjdhet.

Det finns en skillnad mellan *personalization* och *customization*. Båda termer har samma mål, att skräddarsy ett erbjudande utifrån kundens unika behov. Dock är det tillvägagångssättet som skiljer de åt. Customization kräver kundens deltagande, kunden påverkar aktivt resultatet av sin upplevelse. Personalization kräver inte aktivt deltagande utan skräddarsyr kundens upplevelse bakom kulisserna.

Något som har blivit väldigt populärt är att företag i digitala miljöer använder sig av personalization för att förbättra kundupplevelsen. Bland finansiella tjänster finns bland annat Tink och Dreams...

1. Arbetar Bluebank med att göra digitala tjänster personliga?
2. Hur mycket av digitala tjänster tror du kommer vara personaliserade i framtiden?
3. Kan man skapa digital närhet genom att göra det digitala kundmötet personligt?
4. Vilka fördelar respektive nackdelar ser du med att tillämpa personalisering i de digitala tjänsterna?

Den personliga bankmannen och relationer

Bluebank kommunicerar att den personliga bankmannen är den viktigaste kontaktpunkten för kunden. Eftersom allt mer kontakt sker online...

1. Hur tror du att den personliga bankmannens roll kommer förändras?
2. Vad tror du är det som kommer ta över den personliga bankmannens roll i digitala tjänster?
3. Har ni gjort något försök till att digitalisera den personliga relationen?
Tror du kunderna vill ha en personlig relation digitalt?
4. Med tanke på digitala tjänster, hur tycker du att kunderna ska bemötas online jämfört med på kontoren?
5. Upplever du att ni har en nära relation till era kunder?
Skiljer den sig mellan den fysiska kanalen och den digitala?

Kundnöjdhet

Den senaste rapporten från SKI visar att Bluebanks kundnöjdhet har sjunkit de senaste åren, detta gäller även för hela branschen...

1. Varför tror du att Bluebanks kundnöjdhet har sjunkit de senaste åren?
2. Hur arbetar ni för att öka kundnöjdheten?
3. Vad tror du kundens drömscenario är för att vara riktigt nöjd?
4. Tror du att det finns en koppling mellan en personlig digital tjänst och kundnöjdhet?

5. Vad för effekt tror du det har på kundnöjdheten att göra det digitala kundmötet mer personligt? Vad är effekten i olika kanaler?
6. Om du tänker på kontoren och de digitala tjänsterna som två olika delar av bankens erbjudande, hur viktig är varje del i att skapa kundnöjdhet?
Tror du det skiljer sig mellan det interna perspektivet och kundens perspektiv?
7. Finns det något du skulle vilja ändra, om man sätter all byråkrati och interna processer åt sidan - som du tror skulle göra kundupplevelsen mycket bättre?

Att samla kunddata

För att kunna skapa personliga tjänster behöver man ha stor kunskap och insikt om ens kunder...

1. Tror du att kunderna är villiga att dela sin personliga information med banken?
Finns det tillräckligt mycket tillit?
2. Hur ser du på att samla kunddata för att förbättra digitala tjänster? Hur mycket data behöver man?
3. Hur använder Bluebank sig av information om kunder idag?
4. Eftersom kontoren länge varit nära kunderna kan man anta att bankmännen har information och kunskap om kunderna. Finns det något sätt att systematisera denna kunskap?
5. Är det möjligt att samla information om kunderna? Vill man göra det?

11.2 APPENDIX 2: QUESTIONNAIRE

Hej,

Vi är två masterstudenter från Handelshögskolan i Stockholm som skriver vårt examensarbete. Som del i detta genomför vi denna enkät.

Denna undersökning handlar om banktjänster. Vi vill specifikt fråga dig, som kund hos Bluebank, om det digitala kundmötet.

Vi är tacksamma för ditt deltagande och vill påminna om att det inte finns några rätt eller fel svar.

Tack!

Rosie Azimi och Matilda Karlsson

Din kundupplevelse**1. Hur upplever du Bluebank?**

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

2

3

4

5

6

helt och hållet

Bluebank är nära

☐☐☐☐☐☐☐

Bluebank är tillgänglig.

☐☐☐☐☐☐☐

Det är enkelt att handskas med Bluebank

☐☐☐☐☐☐☐

Bluebank är förstående

☐☐☐☐☐☐☐

Bluebank är omtänksam.

☐☐☐☐☐☐☐**2. I vilken utsträckning upplever du att Bluebanks digitala tjänster är personliga?**

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

2

3

4

5

6

helt och hållet

Internet- och mobilbanken tillhandahåller personliga tjänster som är baserade på min information.

☐☐☐☐☐☐☐

Internet- och mobilbanken personaliserar min kundupplevelse.

☐☐☐☐☐☐☐

Internet- och mobilbanken använder sig av mina personliga preferenser för att ge en personlig överblick av min ekonomi.

☐☐☐☐☐☐☐**Din relation till Bluebank***I detta avsnitt ber vi dig noggrant fundera på vad du generellt tycker om att ha en personlig relation med din bank, och din relation till Bluebank.**Att ha en personlig relation med din bank innebär att känna en slags närhet till banken, där du upplever att banken känner igen dig som person.***3. Vad känner du generellt gällande att ha en personlig relation till din bank?**

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

2

3

4

5

6

helt och hållet

Jag tycker det är viktigt att ha en personlig relation med min bank.

☐☐☐☐☐☐☐

Jag tycker det är bra att ha en personlig relation med min bank

☐☐☐☐☐☐☐

Jag gillar att ha en personlig relation med min bank.

☐☐☐☐☐☐☐

Jag tycker det är praktiskt att ha en personlig relation med min bank.

☐☐☐☐☐☐☐**4. Vad känner du generellt om att ha en personlig bankman?**

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

2

3

4

5

6

helt och hållet

Jag tycker det är viktigt att ha en personlig relation med min bankman.

☐☐☐☐☐☐☐

Jag tycker det är bra att ha en personlig relation med min bankman.

☐☐☐☐☐☐☐

Jag gillar att ha en personlig relation med min bankman.

☐☐☐☐☐☐☐

Jag tycker det är praktiskt att ha en personlig relation med min bankman.

☐☐☐☐☐☐☐

5. Har du en personlig relation till Bluebank? JA NEJ

6. Hur upplever du din relation till Bluebank?

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

helt och hållet

Jag har en personlig relation med Bluebank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag har en nära relation till Bluebank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag har en fysisk relation med Bluebank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag har en digital relation med Bluebank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Vilken typ av relation föredrar du att ha med din bank?

1. Inte alls personlig	2	3	4	5	6	7. Väldigt personlig
1. Inte alls nära	2	3	4	5	6	7. Väldigt nära
1. Inte alls fysisk	2	3	4	5	6	7. Väldigt fysisk
1. Inte alls digital	2	3	4	5	6	7. Väldigt digital

8. Hur nöjd är du med din bank?

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

helt och hållet

Jag är väldigt tillfredsställd med Bluebanks banktjänster.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag är nöjd med Bluebank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag är nöjd med de övergripande produkter och tjänster som Bluebank erbjuder.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Tillit och personlig information

I detta avsnitt ber vi dig att besvara frågor om din tillit till Bluebank och hur du ställer dig till att dela med dig av personlig information för att banken ska kunna utforma en personlig tjänst för dig. Med personlig tjänst menas en sådan där ditt beteende och dina preferenser används för att skapa en god kundupplevelse.

Personlig information i detta sammanhang kan det till exempel vara hur du spenderar dina pengar månadsvis, både vad gäller transaktioner, sparande och lån. Det kan också vara dina mål i livet eller framtidsplaner.

9. I vilken utsträckning känner du tillit till Bluebank?

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

helt och hållet

Bluebank skulle hantera min information på ett pålitligt sätt.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bluebank skulle vara sanningsenlig och upprätthålla sina löften vid hantering av min information.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Om Bluebank hanterar min information skulle de agera i mitt bästa intresse.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
När Bluebank använder sig av min information är de generellt sett förutsägbara och konsekventa.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. För att skapa en tjänst som är personlig för dig skulle

Bluebank behöva använda din personliga information.

Om banken bad dig om sådan information, skulle du dela med dig av den?

1. Jag skulle absolut inte dela med mig av min information	2	3	4	5	6	7. Jag skulle definitivt dela med mig av min information
--	---	---	---	---	---	--

11. Vad tycker du om att dela med dig av personlig information till din bank, så att banken kan använda informationen för att skapa en god digital kundupplevelse för dig?

1 = håller absolut inte med och 7 = håller med helt och hållet.

1 = Håller absolut

7= Håller med

inte med

2

3

4

5

6

helt och hållet

Jag är oroad över hur min bank kan utnyttja min information när jag använder internet- och mobilbanken.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7

Sättet som min information behandlas av min bank när jag använder internet- och mobilbanken oroar mig.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7

Att min personliga information samlas medan jag använder internet- och mobilbanken besvärar mig.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7

Om dig och din bank

Avslutningsvis kommer några frågor som handlar om hur ofta du använder Bluebanks banktjänster och hur länge du har varit kund hos banken.

12. Hur länge har du varit kund hos Bluebank?

- ☐ Mindre än ett år.
- ☐ Ett till tre år.
- ☐ Tre till sex år.
- ☐ Mer än sex år.

13. Har du en personlig bankman? (om ja, besvara Q14)

- ☐ Ja.
- ☐ Nej.

14. Hur länge har du haft samma personliga bankman?

- ☐ Mindre än ett år.
- ☐ Ett till tre år.
- ☐ Tre till sex år.
- ☐ Mer än sex år.

15. Hur ofta besöker du ett bankkontor för att träffa en bankman?

- ☐ Mer än två gånger per år.
- ☐ Två gånger per år.
- ☐ En gång per år.
- ☐ Mindre än en gång per år.
- ☐ Förutom när jag blev kund, har jag aldrig besökt en bankman på kontor.

16. Hur ofta använder du Bluebanks internetbank (dator)?

- ☐ Flera gånger i veckan.
- ☐ En gång i veckan.
- ☐ En gång i månaden.
- ☐ Mer sällan än en gång i månaden.
- ☐ Aldrig.

17. Hur ofta använder du Bluebanks mobilbank?

- ☐ Flera gånger i veckan.
- ☐ En gång i veckan.
- ☐ En gång i månaden.
- ☐ Mer sällan än en gång i månaden.
- ☐ Aldrig.

18. Denna fråga handlar om din generella internetanvändning och ditt intresse för teknologi

1 = håller absolut inte med och 7 = håller med helt och hållet.

	1 = Håller absolut inte med						7= Håller med helt och hållet
	2	3	4	5	6		
Jag litar oftast på nya digitala tjänster till de bevisar motsatsen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I jämförelse med mina vänner är jag intresserad av att prova ny teknologi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I jämförelse med mina vänner gillar jag att prova nya digitala tjänster.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Demografi*Följande avsnitt ställer frågor gällande dig och vem du är.***19. Hur gammal är du?** _____**20. Vänligen ange ditt kön:**

- ☐ Man
☐ Kvinna
☐ Annat

21. Vilket postnummerområde bor du i?

Ange ditt postnummer, 5 siffror, utan mellanslag (t.ex. 12345): _____

22. Vad är din huvudsakliga sysselsättning?

- ☐ Student
☐ Arbetande
☐ Pensionär
☐ Arbetslös
 Annat: _____

23. Vad är din högsta utbildning?

- ☐ Grundskola.
☐ Gymnasieutbildning.
☐ Universitet eller högskola, kandidatexamen.
☐ Universitet eller högskola, masterexamen.
☐ Universitet eller högskola, doktorsexamen.
☐ Annat: _____

24. Vänligen uppge din månadsinkomst före skatt (exkluderat statliga bidrag).

- ☐ 0-10 000 SEK
☐ 10 001 - 20 000 SEK
☐ 20 001 - 30 000 SEK
☐ 30 001 - 40 000 SEK
☐ 40 001 - 50 000 SEK
☐ 50 001 - 60 000 SEK
☐ 60 001 - 70 000 SEK
☐ 70 001 - 80 000 SEK
☐ 80 001 SEK eller mer
☐ Vill ej uppge

11.3 APPENDIX 3: REMOVED ITEMS FROM PERSONALIZATION CONSTRUCT

The questions removed from Sutanto et al. (2013) were:

1. The application personalizes and delivers advertising messages to me according to my information
2. The application delivers personalized advertising messages to me based on the previous information I indicated.

11.4 APPENDIX 4: REMOVED ITEMS FROM CUSTOMER SATISFACTION CONSTRUCT

The questions removed from Amin (2015) were:

1. The website of online bank's is simple to use
2. I am generally pleased with this bank's online services.

11.5 APPENDIX 5: REMOVED ITEMS FROM PRIVACY CONCERN CONSTRUCT

The questions removed from Sutanto et al. (2013) were:

1. I am concerned that I could be identified by the company when using the application for [the focal activity]
2. I am concerned that my personal information gathered during my use of the application for [the focal activity] may be assessed by unauthorized people
3. I am concerned that my personal information is captured when I use the application for [the focal activity] may be kept in a non-accurate manner
4. To what extent are you concerned that your privacy will be compromised when using the application for the specific activity?

11.6 APPENDIX 6: CORRELATION AND ASSUMPTIONS CHECK

CORRELATION AND ASSUMPTIONS CHECK

n = 284	Customer Satisfaction	Relationship	Closeness	Trust	Privacy Concern	WTS Information
Customer Satisfaction	1	0.618***	0.746***	0.658***	0.167***	0.344***
Relationship	0.618 ***	1	0.667***	0.585***	0.142***	0.453***
Closeness	0.746***	0.667***	1	0.637***	0.187***	0.362***
Trust	0.658***	0.585***	0.637***	1	0.305***	0.589***
Privacy Concern	0.167***	0.142**	0.187***	0.305***	1	0.430***
WTS Personal Information	0.344***	0.453***	0.362***	0.589***	0.430***	1
Personalization	0.528***	0.542***	0.664***	0.557***	0.181***	0.359***
Durbin-Watson	2.117	2.068	2.098	2.033	1.989	2.051

* Significant at $p < .1$; ** Significant at $p < .05$; *** Significant at $p < .01$

Correlation checks (Pearsons r) for linearity of relationships between IV Personalization and DVs.

Correlation checks (Pearsons r) for multicollinearity between DVs.

Additional simple linear regressions were run to check: Durbin-Watson values for independence of observations, scatter plots were checked for homoscedasticity and p-plots were observed for normal distribution.

11.7 APPENDIX 7: SPSS SYNTAX CODE

SPSS Syntax was used to test the entire Multivariate General Linear Regression Model in Study 2. The code used was provided by IBM SPSS Support (2017).

```

3  GLM Closeness_Index Index_Pri Index_True Index_Sat Q10r1 Index_perc WITH Index_Pers
4  /METHOD=SSTYPE(3)
5  /INTERCEPT=INCLUDE
6  /PRINT=DESCRIPTIVE ETASQ PARAMETER TEST(SSCP) RSSCP
7  /PLOT=RESIDUALS
8  /CRITERIA=ALPHA(.05)
9  /DESIGN=Index_Pers
10 /PRINT PARAMETERS
11 /LMATRIX 'Multivariate test of entire model'
12 Index_Pers 1.
13

```