The Impact of Service Quality on Customer Satisfaction in Internet Banking: A Study of Gwalior Region

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Abstract- **Using survey design, this study assessed customer satisfaction with mobile telecommunication services in Ibadan, a Nigerian municipality. A structured questionnaire, consisting of SERVQUAL dimensions of reliability, responsiveness, assurance, empathy and tangibility, was used to collect data. Convenience sampling technique was used to select 431 mobile telecommunication users to measure their satisfaction level. Collected data were analyzed using frequency and percentage distribution and Logistic Regression was used to determine if there existed any relationship between the SERVQUAL dimensions and customers' satisfaction. Findings revealed Responsiveness, Assurance and Empathy to be significant in explaining customer satisfaction. The findings may further strengthen the position of the regulatory authorities in developing policies that will address customers' satisfaction based on defined priorities. This study recommends that mobile operators should improve the quality of mobile services offered to customers in terms of responsiveness, assurance and empathy in order to achieve high level of customer satisfaction and brand loyalty.**

Index terms-consumer satisfaction, service quality, mobile telecommunication services

1. INTRODUCTION

In India, banking industry contributes 58 percent of the country's financial requirement, and this is one of the significant industries (Thusyanthy & Senthilnathan, 2012; the official government news portal of Sri Lanka, 2013; Central Bank of Sri Lanka, 2014). In fact, the banks (i.e., 24 licensed commercial banks) are increasingly becoming turbulent and competitive, since they are trying to target on 20.5 million population in Sri Lanka and 0.5 million population in Batticaloa district (Central Bank of Sri Lanka, 2014). Due to the intensive competition these banks are using telecommunication systems and technologies, and revolutionizing the whole banking industry though the adoption of electronic banking (Sohail & Shanmugham, 2003; Jayasiri & Weerathunga, 2008). Notably, six prominent banks in Sri Lanka-Bank of Ceylon, People's Bank, Commercial Bank of Ceylon Plc, Hatton National Bank Plc, Sampath Bank Plc and Seylan Bank Plc have adopted the electronic banking (e-banking) to get the competitive advantage and to give the convenient services to their customers, and this is true for Batticaloa district in particular.

Nevertheless, many firms use service quality as an effective and essential tool to compete successfully within the industry (Stuart & Tax, 1996; Hartono, 2012; Chen, Cheng & Hsu, 2015) and this is particularly appropriate for the banks, which are delivering their products and services via online (Yang, Jun & Peterson, 2004; Zarei, 2010; Mahfooz, Al-Motairi, Ahmad & Khan, 2013). Service quality in the e-banking context is the key determinant in differentiating service offering form the competitors and building competitive advantage and thus, service quality becomes as a crucial issue in e-banking (Santos, 2003; Bauer, Hammerschmidt & Falk, 2005; Zarei, 2010; Ariff, Yun, Zakuan & Jusoh, 2012), but what is the degree of service quality in the e-banking in Batticaloa district? Extant published researches do not answer this question.

Even though service quality has become necessary in e-banking (Santos, 2003; Al-Hawari & Ward, 2006), Herington and Weaven (2009) argue that customer satisfaction of e-banking is also a critical issue due to the intensive competition in the banking industry. Bauer et al. (2005) imply that banks invest billions in the internet infrastructure owing to satisfy the customers. For example, Deutsche Bank invests on e-banking about half a billion $US per year to satisfy their customers (Bauer et al., 2005). Clearly, in the e-banking context, customer satisfaction is essential, but what is the degree of customer

satisfaction in the e-banking in Batticaloa district? Previous published researches do not answer this question. Moreover, these preceding two main questions convey two gaps in the relevant literature.

Therefore, this study attempts to empirically answer these two questions and aims to fill these two gaps in the e-banking context. The rest of this study is organized as follows: the next section literature review, followed by methodology, data analysis and results, and discussion. The final section offers the limitations and further research directions.

The emergence of Internet has changed the business landscape. The Internet is an extremely important new technology in this era. One particularly important application of the internet is the area of banks and financial institutions. Today, with development of information technology and offering Internet services, network management issues and providing optimal service quality are considered as important issues. Growth of Electronic banking in a country depends on many factors ,such as success of internet access ,new online banking features ,household growth of internet usage ,dependable services to the customers for which they may be relatively satisfied than of manual system of banking EService quality evaluation results can be used as a basis for e-service quality improvement as well as the improvement of enterprise efficiency, competitiveness and attractiveness in the virtual market .The traditional service quality dimensions cannot directly apply to internet banking, because it represents a different and unique service delivery process. E-banking has become important phenomenon in the banking industry and it will continue as more progress and innovations are made in information technology. To understand satisfaction in the e-commerce context, we need to have a clear understanding of what it meant by customer satisfaction. Customer satisfaction is defined as a result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance.

If the perceived is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Effective customer satisfaction investigation is a very important precondition for e-commerce area to win in market competition.

In India, automation started off with State Bank of India in initial phase in 1995, where manual entry process was converted into computerized system in phases. Passbook entry, demand draft making, fixed deposit making and other operations were computerized to increase the speed of operations and productivity. All the banks were provided with computers connected with local area network. This facilitated the linkage and automation of operations within the branch. All these efforts were aimed to enhance the productivity of bank along with customer satisfaction, which the banks have achieved to a large extent.

2. REVIEW OF LITERATURE

Delivering a higher service quality better than competitors gives an opportunity for the banks to achieve competitive differentiation and advantage (Ranganathan & Ganapathy, 2002). Akinci, Atilgan-Inan and Aksoy (2010) argue that the survival of an online related firm depends on the understanding the perception and assessment of electronic service quality (e-service quality) by consumers, and this is mainly true for e-banking. Indeed, Santos (2003) defines e-service quality as 'the consumers' overall evaluation and judgment of the excellence and quality of e-service offering in the virtual market place', and this definition describe the e-service quality in general as well as service quality in e-banking in particular.

Although the discussion about the e-service and its quality began only with the onset of the information society in Europe, there are numerous systems dealing with the evaluation of the e-service quality. Zeithaml, Parasuraman and Malhotra developed the e-servqual measure for electronic service quality to study customer's judge about service quality. They identified seven dimensions-efficiency, reliability, fulfillment, privacy, responsiveness, recovery and contact to measure customer perception of service quality in online field Lociacono, Watson and Goodhue planed a system which called Web Qual, and is used for measurement of website quality.

Wolfinberger and Gilly presented a scale named .com Q with four factors website design, reliability, security/privacy and customer service. Wolfinberger and Gilly developed the TailQ system to measuring the quality of online retail shopping.

In 2004 Web and Web suggested Site Qual system that can be used in creation and upgrading of the B2C websites. WebQual system in 2005 is renamed e. Qual this model is based on user perceptions and its importance. The difference between the factors appears if they measure different types of service ,so one type of factors are used in evaluation of the online shopping ,and the other type of factors are used service buying.

Mugenda (2003) defines research approach as the overall conception of the study; the variables, concepts, methods of data collection and analyses. The main objective of the study was to find out the qualities of the OBS and how the dimensions of these qualities related to customer satisfaction. Orodho, 2009 states that research approach should be chosen based on the research objectives as this dictates how to collect and analyze the data. This study used quantitative research approach as it is based on the development of testable variables that can then be generalized across settings. It was also chosen because it allows for generalization of repeatability of data collection in order to verify reliability Kothari (2004). Quantitative approach was also chosen as it allowed for statistical analysis to be done on the data collected with the tool (questionnaire) that was used. This approach coupled with the survey method of collecting data was found to be suitable as the population of the study was large and conclusions were drawn for the entire population.

3. RESEARCH METHODOLOGY

Sampling: Among the population of customers of PNB and Allahabad Bank, a sample size of 300 was selected for study, which included 150 customers each of largest branches of PNB and Allahabad Bank in Bhopal. These banks were considered as representative banks since these were largest in their own segment the public sector and private sector. The respondents included current and savings account holders as well as other customers who apply for loan, demand drafts etc.

These were the customers who have been visiting banks for at least seven years. First-time visitors and pensioners were not included in the sample. It was a simple, non-probability sampling that comprised of businessmen, salaried people and students irrespective of age or gender; but most of the

customers were in the age group of 30 to 45 years. Their point of view was recorded through primary data collection instrument and efficiency of public and private sector banks after automation was determined.

Tools for data collection and collection and analysis: Secondary data were collected from sources like-journals, books, Internet, newspapers, business magazines etc. For primary data collection, a questionnaire containing 21 closed ended statements on Likert five point scales was used; where factors causing customer satisfaction especially with reference to Service Quality were enlisted and the respondents were asked to mark their opinion in terms of agreement.

Pilot testing was done before actual data collection. After making minor syntax correction, it was finalized. The questionnaire was given to 180 respondents; but due to delayed and incomplete response six questionnaires were excluded. The collected data was tabulated in Excel sheet and analyzed by applying z-test for testing hypothesis. And here we will apply the Z test for research Test.

4. RESEARCH HYPOTHESIS

- H01 – There is no significant difference in reliability of private and public sector banks after computerization of operations.
- H02 – There is no significant difference in speed of transactions in private and public sector banks.
- H03 – There is no significant difference in promptness and cooperativeness of clerical staff in private and public sector banks.
- H04 – There is no significant difference in empathy of staff in private and public sector banks.
- H05 – There is no significant difference in overall performance of private and public sector banks. The above hypotheses were tested and results were drawn.

5. DATA ANALYSIS AND INTERPRETATIONS

Reliability is the property of a measurement instrument, which causes it to give similar results for similar inputs. It allows studying the properties of

measurement scales and the items that compose the scales. It calculates the number of commonly used measures of scale reliability and provides information about relationships between individual items in the scale.

RELIABILITY ANALYSIS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.812	.886	21

It can be observed that Cronbach's Alpha was 0.812 since Cronbach's Alpha was .886 which is higher than standard so it can be used for the purpose of the study.

5.1 STATISTICS RELATED TO VARIABLES:

Variable	Type of respondents	Mean	Std. deviation
Reliability	Private bank	3.21	.965
	Public bank	3.38	.1156
Computerization	Private bank	3.25	.930
	Public bank	3.55	1.115
Promptness	Private bank	3.95	.978
	Public bank	3.45	.922
Service Quality	Private bank	3.65	.965
	Public bank	3.42	.935
Overall performance	Private bank	3.94	.978
	Public bank	3.78	.921

5.2 RESULTS OF Z-TEST AT 0.05 LEVEL OF SIGNIFICANCE

Null Hypothesis	Statement of the Study	Calculated value	Results of z-test
Hypothesis First	No significant difference in reliability of private and public sector banks.	2.515	H01 Rejected
Hypothesis Second	No significant difference in speed of transactions in private and public sector banks.	2.125	H02 Rejected
Hypothesis Third	No significant difference in promptness and cooperativeness of clerical staff.	1.113	H03 Not Rejected
Hypothesis Fourth	No significant difference in empathy of staff in private and public sector banks	2.262	H04 Rejected
Hypothesis Fifth	No significant difference in overall performance of private and public sector banks.	2.511	H05 Rejected

6. DISCUSSIONS

On applying z-test, hypotheses H01, H02 H04 and H05 were rejected and H03 was found to be accepted at 0.05 level of significance. It can be inferred that there is a significant difference in terms of reliability, speed of transactions, empathy and overall performance between private and public sector banks before and after computerization of operations.

7. LIMITATION AND SCOPE OF THE STUDY

The study was confined to particular branches of PNB Bank of India and Allahabad Bank in Bhopal city. The findings of study should not be generalized for all the branches of banks and all the cities. The results may differ in other branches. Further study can be done on a large sample size and comparison across various parameters can be done. Demographic variables of customers can also be delved into. The study has wide implications for public sector banks in particular. Much work can be done towards strengthening customer satisfaction in this regard.

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