

Service Quality and Customer Satisfaction of E - Banking Services with Special Reference to Public Sector Banks in Tirupattur District

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Abstract

Electronic banking is an imperative tool for all banks to survive in the competitive Indian banking sectors. This study examines the relationship between the quality of service and customer satisfaction in the e-banking era. To identify various e-banking services/products provided by public sector banks. The researcher was collected a sample of 500 respondents through banking customers. In this study were used structured questionnaires and interview were used in collecting the data. Descriptive statistics was adopted in analysing the data from the respondents. The results revealed that there is a significant relationship between quality of service and customer satisfaction. The paper concludes that E-banking has a positive impact on the quality of service in the Public sectors banks in Tirupattur Distric. To find out the study that staff training and development should be enhanced in the banking industry in order to render quality and timely services to their customers.

Keywords: E-Banking, Service quality, Customer satisfaction

1.1 Introduction

Nowadays, the increasing progress in technology makes the service organizations like banks provide e-banking services or online banking in order to access the competitive advantage and dedicate much market share for themselves (Beigi, Jorfi, Tajarrood, & Beigi, (2016). To explore the online customer services provided by the banking industry in India and additionally discussed the magnification rate and future prospects of the e-banking services provided by the public sector banks in this regard. The main aim of this study was to explore the effect of internet banking service quality on customer satisfaction identifying how efficiency, system availability, fulfilment, privacy, responsiveness, compensation and contact were effect on customer satisfaction (Perera and Priyanath 2018).

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. The rationale of this research is to recognize the impact of service quality factors on customer satisfaction in internet banking.

Research questions which the study will try to get answer are given below:

- i) What are the service quality dimensions to satisfy the customers in e-banking?
- ii) Which System is appropriate for measuring the factors affecting customer satisfaction in internet banking?
- iii) How much is the impact of each of the criteria of e-banking services, on customer satisfaction?

Therefore, this study required to identify service quality factors in internet banking and present a model to measure customer satisfaction that would be suitable in the Internet environment, because due to the vast competences of the Internet environment, a dissatisfied customer, with one click, can change the service provider .So, the online intensive care of customer satisfaction is very important.

1.2 Literature Review

Vadivelu Tharanikaran (2017), the study aims to assess the degree of service quality and customer satisfaction in the electronic banking context in Batticaloa district. To achieve these objectives a questionnaire was developed with item measures that capture the service quality and customer satisfaction constructs. In this study of 231 respondents and one sample t-test was performed to test the hypotheses. The findings of this study assist the bank managers, academics and practitioners to develop and implement service quality and customer satisfaction related strategies in the electronic banking. **Muslim Amin (2016)**, to examine the internet banking service quality and its implication on e-customer satisfaction and e-customer loyalty. A total of 1,000 questionnaires were distributed for internet banking customers and 520 were returned (resulting 52 percentage of response rate). The finding found that the relationship between internet banking service quality, e-customer satisfaction and e-customer loyalty are significant. The results show that the higher level of internet banking service quality significantly impacts to e-customer satisfaction and consequently leads to e-customer loyalty and a lower intention to leave the relationship with bank. **Fatemeh Sakhaei (2014)**, to investigate service quality indexes in Internet Banking. This is an applied research study of descriptive-surveying kind .The purpose of this research is to understand the impact of service quality factors of Internet Banking on customer satisfaction in Iran .To study the relation between service quality and customer satisfaction. This study evaluated influence of service quality on customer satisfaction in Internet Banking .The

study shows that the Six service quality dimensions has meaningful relationship with customer satisfaction in Internet Banking and reliability has most relation and website design has least relation to customer Satisfaction. **Perera and Priyanath (2018)**, this study attempted to explore how internet banking service qualities affect the customer satisfaction? The data were collected from the 285 customers who are using internet banking services in Bank of Ceylon, Panadura Branch for the structured questionnaire conducting face-to-face interviews. Data were analyzed using Partial Least Squares-Structural Equation Modelling. The results further revealed that the contact and efficiency are the most effected factors which improve the satisfaction level of the customers who are using internet banking. The customer satisfaction in order to expand the customer retention of banking sector. **Farnaz Beheshti Zavareh et al. (2012)**, this study assessed the use of E-SERVQUAL scale to construct e-Service Quality (e-SQ) for internet banking services. The primary data of e-SQ and e-CS were gathered from 392 internet banking users, representing 76% response rates, of four main public banks in Iran. The finding indicated that efficient and reliable services, fulfilment, security/trust, site aesthetics, responsiveness/contact, and ease of use constitute e-SQ for internet banking services in Iran; indicating that dimensions and items of E-SERQUAL need to be reorganized and reinterpreted when it is used to measure e-SQ for internet banking.

1.3 Objectives of the Study

- ❖ To identify various e-banking services/products provided by Public Sector banks.
- ❖ To study and analyse the progress made by banking industry in adoption of technology to provide technology based services.
- ❖ To analyse the future prospects of the e-banking services in public sector banks.
- ❖ To study the challenges faced by Public Sector banks in adoption of technology and make recommendations to tackle these challenges.

1.4 Theoretical Background

1.4.1 E- Banking

Historically, the launching of the first Automated Teller Machine (ATM) in Finland marked the start of a new banking channel, which made Finland the leading country in E-Banking, before it became widely used in any other developed and developing countries (H.Sharma2011). More recently, E-Banking, or the distribution of financial services via electronic systems, has spread among customers due to rapid improvement in IT and through competition between banks (Mahdi, Rezaul, & Rahman, 2010).

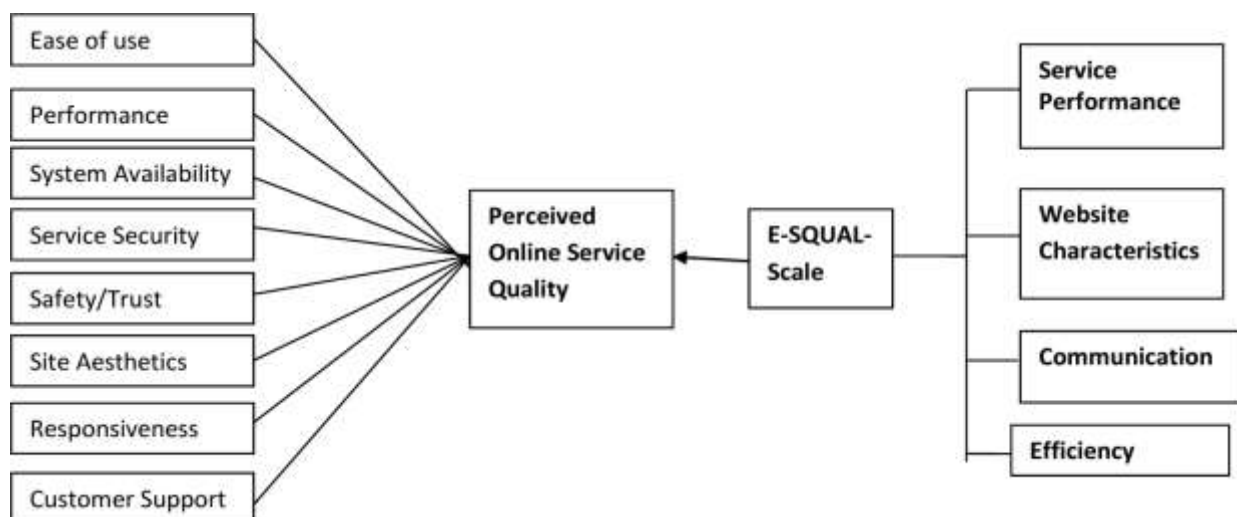
1.4.1 Service Quality in E-banking:

Delivering a higher service quality better than competitors gives an opportunity for the banks to achieve competitive differentiation and advantage (Ranganathan & Ganapathy, 2002).

1.4.2 Customer Satisfaction in E-banking Service:

Ankit (2011) indicates that customer satisfaction become an important factor for the firms, which are delivering the services via online. In fact, the electronic satisfaction (e-satisfaction) of the customers is significant for e-banking. Anderson and Srinivasan (2003) define e-satisfaction of the customers as ‘the contentment of the customer with respect to his or her prior purchasing experience with a given electronic commerce firm’.

E- banking Service Quality Model



1.5 Research Problem

The study to investigate determinants of customer satisfaction of E- banking.

- ❖ Does service quality have impact on customer satisfaction of E- banking?
- ❖ Does service features have impact on customer satisfaction E- banking services?

1.6 The Purpose of the Study

The purpose of the study is to analyse the role of customer satisfaction.

- To analyse the impact of service quality on customer satisfaction of E- banking services.
- To analyse the impact of service features on customer satisfaction of E- banking services.

1.7 Methodology

❖ Type of research	Empirical
❖ Collection of Primary data	Structural questionnaire
❖ Collection of Secondary data	E- journals, E- thesis, websites
❖ Sample method	Convenience sampling
❖ Study area	Tirupattur District
❖ Respondents	Banking Customers
❖ Valid sample size	500 respondents
❖ Statistical tools used	Percentage methods used

1.8 Analysis

Table: 1.1 Demographic variables

Variables	Particulars	Frequency	Percentage	Cumulative Frequency
Gender	Male	276	55.2	55.2
	Female	224	44.8	100
	Total	500	100	-
Age	Below 19 years	15	3	3
	20-30 years	191	38.2	41.2
	31-40 years	179	35.8	77
	41-50 years	71	14.2	91.2
	51-60 years	33	6.6	97.8
	Above 60 years	11	2.2	100
	Total	500	100	-
Marital Status	Married	390	78	78
	Single	96	19.2	97.2
	Divorce/Widower	14	2.8	100
	Total	500	100	-
Area of Living	Rural	322	64.4	64.4
	Urban	107	21.4	85.8
	Semi-Urban	71	14.2	100
	Total	500	100	-
Educational Qualification	Illiterate	36	7.2	7.2
	School Education up to +2	79	15.8	23
	Graduate	108	21.6	44.6
	Post Graduate	182	36.4	81
	Technical Education	95	19	100
Total	500	100.0	-	
Occupation	Govt. Employment	60	12	12
	Private Employment	232	46.4	58.4
	Businessman	86	17.2	75.6
	Daily wages	47	9.4	85
	Others	75	15	100
	Total	500	100	-
Monthly Income	Rs.5,000 toRs.10,000	170	34	34
	Rs.10,001 toRs.25,000	130	26	60
	Rs.25,001 toRs.50,000	106	21.2	81.2
	Rs.50,001 toRs.75,000	53	10.6	91.8
	Rs.75,001 to Rs.1,00,000	25	5	96.8
	Above Rs.1,00,000	16	3.20	100
Total	500	100	-	

(Source: Primary Data)

Table 2: Electronic banking has improved the quality of bank services

Particulars	Frequency	Percept	Cumulative Percentages
Strongly Agreed	108	21.6	21.6
Agree	139	27.8	49.4
Neutral	45	9.0	58.4
Disagreed	142	28.4	86.8
Strongly Disagree	66	13.2	100
Total	500	100	-

(Source: Primary Data)

From the above table, the banks' customers on whether a Service quality of Banks has improved excellently since the adoption of E-banking. 142 (28.4 %) respondent's Dis-agreed 139 (27.8%) respondents Agreed, 108 (21.6%) respondents Strongly Agreed, 66 (13.2%) respondents Strongly Disagreed and 45 (9.0%) respondents Neutral. From the above table, the majority is that Service quality of Banks has not improved excellently since the adoption of E-banking.

Table 3: The E-banking services provide by banks offer services according to the customer's needs and requirements

Particulars	Frequency	Per cent	Cumulative Percentages
Strongly Agreed	107	21.4	21.4
Agree	117	23.4	44.8
Neutral	49	9.8	54.6
Disagreed	112	22.4	77
Strongly Disagree	115	23.0	100
Total	500	100	-

(Source: Primary Data)

From the above table, shows that 117 (23.4%) respondents are agreed , 115 (23%) respondents Strongly Disagreed,112 (22.4%) respondents are Disagreed, 107 (21.4%) respondents are Strongly Agreed and 49 (9.8%) respondents are Neutral. From the foregoing, the majority "Agreed" that E-banking services provided by banks offer services according to the customer's needs and requirements.

Table 4: Service quality and Customer's Satisfaction are inter-dependent

Particulars	Frequency	Per cent	Cumulative Percentages
Strongly Agreed	180	36.0	36.0
Agree	101	20.2	56.2
Neutral	58	11.6	67.8
Disagreed	93	18.6	86.4
Strongly Disagree	68	13.6	100
Total	500	100	-

(Source: Primary Data)

The above table show that, 180 (36%), respondents are strongly agreed, 101 (20.2%) respondents are Agreed, 93 (18.6%) respondents are disagreed, 68 (13.6%) respondents strongly disagreed, and 58 (11.6%) respondents neutral. From the foregoing, the majority "Strongly Agreed" that Service quality and Customer's Satisfaction are inter-dependent.

Table 5: The service quality in banks at present can improve customer's satisfaction significantly

Particulars	Frequency	Per cent	Cumulative Percentages
Strongly Agreed	87	17.4	17.4
Agree	97	19.4	36.8
Neutral	50	10.0	46.8
Disagreed	128	25.6	72.4
Strongly Disagree	138	27.6	100
Total	500	100	-

(Source: Primary Data)

From the above table, 138 (27.6%) respondents Strongly Disagreed, 128 (25.6%) respondents Disagreed, 97 (19.4%) respondents are Agreed, 87(17.4%) respondents Strongly Agreed and 50 (10%) respondents Neutral. From the table, the majority "Strongly Disagreed" that service quality in the banking sector at present can improve customer's satisfaction significantly.

Table 6: The adoption of E-banking has led to improvement customer's satisfaction

Particulars	Frequency	Per cent	Cumulative Percentages
Strongly Agreed	115	23.0	23.0
Agree	71	14.2	37.2
Neutral	44	8.8	46.0
Disagreed	119	23.8	69.8
Strongly Disagree	151	30.2	100
Total	500	100	-

(Source: Primary Data)

Table 6, from the surveyed banks' customers on whether the adoption of E-banking has led to improvement customer's satisfaction. 151(30.2%) respondents Strongly are Disagreed, 119 (23.8%) respondents are Disagreed, 115 (23%) respondents are Strongly Agreed, 71 (14.2%) respondents are Agreed and 44 (8.8 %) respondents are Neutral. From the foregoing, the majority "Strongly disagreed" that the adoption of E-banking has led to improvement customer's satisfaction.

1.9 Interpretation

- ❖ It can be inferred that 55.2% (276) the majority of the respondents were male customers, 38.2% (191) of the respondents are in the age group of 20-30 years, 78% (390) married people frequently and have more dealing with the bank.
- ❖ 64.4% (322) of the respondents are rural areas, it can be observed that 36.4% (182) of the respondents are graduated, 46.4% (232) of the respondents are private employment, 34% (170) of banks customer earning between Rs.5000 to Rs. 10,000 monthly income. It was concluded that low income group customer more in number.
- ❖ 28.4% (142), of the respondents that Service quality of Banks has not improved excellently since the adoption of E-banking.
- ❖ 23.4% (117), of the respondents "Agreed" that E-banking services provided by banks offer services according to the customer's needs and requirements.
- ❖ 36% (180), of the respondents "Strongly Agreed" that Service quality and Customer's Satisfaction are inter-dependent.
- ❖ 27.6% (138), of the respondents "Strongly Disagreed" that service quality in the banking sector at present can improve customer's satisfaction significantly.
- ❖ 30.2% (151), of the respondents "Strongly disagreed" that the adoption of E-banking has led to improvement customer's satisfaction.

1.9 Conclusion

The third wave has brought a lot of changes world over; the banking industry has been benefiting greatly through its electronic banking and so on. E-banking has become the fundamental electronic distribution mechanism in today's banking business. Banks have been utilizing these alternative delivery channels to serve their pool of customers with the intention to satisfy them despite all the challenges. Thus, it can be said that e-banking services have above all odds improved banking services; however, it is yet to have a significant effect on customers' satisfaction as evidence abounds on the daily challenges customers are going through with the use of any of the e-banking products especially the Automated Teller Machine (ATM). This is why long queues have remained a feature of daily banking business. Poor network service, insecurity, power failure amongst other issues are the reasons alluded by the customers to their dissatisfaction with the e-banking service.

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