



Recent Advancement in Electronic Banking Service Quality

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ABSTRACT

In order to remain competitive, Banks are increasing using e-banking mode for providing services. The quality of service has been widely used to assess the performance of various banks. Various models of e-banking service quality have been proposed from time to time by various researchers. The aim of this paper is to review some of the important studies on e-banking service quality conducted in various countries across the world. The paper discusses problem with generic e-banking service quality scales. On the basis of review, various studies on e-banking service quality have been classified into four categories. The paper suggests the need for further research to develop a generally accepted scale and model of e-banking service quality.

Keywords : E-Banking, Service Quality

INTRODUCTION

Traditional banking or branch banking is increasingly being replaced by the electronic banking. The e-banking services provided by banks include ATM, credit card, internet banking, mobile banking, telephone banking, electronic fund transfer, electronic clearing services etc. Since the products offered to the customers of a bank are more or less standardized in nature, banks are feeling an increasing need to differentiate themselves from the competitors on other criteria that can influence customer satisfaction and loyalty. This is so because customer satisfaction and loyalty has been shown to be of utmost importance for a firm's performance in the long run (Hallowell, 1996). Moreover, banks are under pressure to reduce cost of transactions and work load on branches. This has resulted in increasing number of banks using technology to deliver their services to customers. The acceptance of e-banking among people is growing day by day. This growth has been accompanied by increased business interest in measuring and managing e-banking service quality. This interest is also reflected in a large number of academic studies pertaining to measuring e-banking service quality. (Al-Hawari et al., 2005) identified that bank customers tend to use a combination of automated service channels. With time various models and scales of e-banking service quality have been proposed by various researchers. This paper aims at reviewing various e-banking service quality models and scales proposed by various researchers.

LITERATURE REVIEW

In the present paper we have reviewed 6 studies on e-banking service quality conducted in different countries across the world over a period of more than 5 years. Details of these studies are given below:

Al-Hawari et al. (2005) developed a model of banking automated service quality taking into consideration the unique attributes of each delivery channel (ATM, Internet and Telephone Banking) and other dimensions that have a potential influence on quality issues. The survey instrument consisted of 22 items which were identified through a comprehensive review of the automated service and service quality literature. Research involved the distribution of 600 surveys to a random sample of people from the general public. Only respondents who used at least one of the bank automated services were accepted in this sample. A mall intercept method was used to administer the survey which was collected via face-to-face

interviews. Respondents were asked to give their perception of the quality level of automated banking services on a seven point Likert scale ranging from 1 indicating very poor to 7 indicating very good. A total of 442 useable surveys were collected with 158 rejections, which gave a response rate of 74 per cent. Authors found that customers' perceived automated service quality for banking services is based essentially on five factors namely: ATM service, internet banking service, telephone banking service, core service, and customer perception of price. All of the proposed five factors of customer perceptions of automated banking service quality have exhibited strong unidimensionality, reliability, convergent, discriminate, and criterion related validity.

Ombati et al. (2010) conducted research to establish the relationship between technology and service quality in the banking industry in Kenya. The research was carried through a cross-sectional survey design which questioned respondents on e-banking services. The population of study mainly constituted of customers of banks within the Central Business District (CBD), Nairobi. The respondents of the study were customers of banks using e-banking services (internet banking, mobile banking and ATM). The sample in this study consisted of 120 respondents who are users of the e-banking services. The data collected was analyzed by use of frequency, percentage, means and correlation analysis. The findings revealed that, secure services as the most important dimension, followed by convenient location of ATM, efficiency (not need to wait), ability to set up accounts so that the customer can perform transactions immediately, accuracy of records, user friendly, ease of use, complaint satisfaction, accurate transactions and operation in 24 hours.

Autu (2010) empirically examined the impact of e-banking in Nigeria's economy using Kaiser-Meyer-Olkin (KMO) approach and Barlett's Test of Sphericity which supports the use of factor analysis in order to extract independent variables associated with e-banking. The author explored the major factors responsible for internet banking based on respondents' perception on various e-banking applications. Factor analysis results indicated that security, user friendly, queue management, accessibility, time factor and fund transfer are major factors. Out of total respondents' about 88% agreed that e-banking is convenient and flexible way of banking and it also has various transaction related benefits. The results of this study shows that e-banking serves several advantages to

Nigerian banking sector. The customers (respondents) perception is that e-banking provides convenience and flexible advantages. It also provides transaction related benefits like easy transfer, speedy transaction, less cost and time saving. However, the study shows that the Nigerian customers have security, access, and not enough knowledge regarding e-banking services rendering by banking sector in Nigeria.

Ganguli and Roy (2011) identified the generic service quality dimensions of technology-based banking and examined the effect of these dimensions on customer satisfaction and customer loyalty. Authors identified generic service quality dimensions using an exploratory factor analysis (EFA). They established the reliability and validity of the factors and customer satisfaction and customer loyalty through confirmatory factor analysis (CFA) using AMOS 16.0 software. The related hypotheses were tested using structural equation modeling using AMOS 16.0. The paper identified four generic service quality dimensions in the technology-based banking services – customer service, technology security and information quality, technology convenience, and technology usage easiness and reliability. It was also found that technology convenience and customer satisfaction have significant and positive impact on customer loyalty.

Sadeghi and Farokhian (2011) developed a service quality model for e-banking services based on different service quality models and theories such as technology acceptance model (TAM), theory of reasoned action (TRA) and theory of planned behaviour (TPB). They developed a model with 7 factors on the following dimensions: Convenience, accessibility, accuracy, security, usefulness, bank image and web site design. These dimensions are determinants of customer's quality perception in e-banking services. They also found that some of these factors have a significant statistical difference between males and females.

Kumbhar (2011) assessed the relationship between perceived quality, brand perception and perceived value with satisfaction. He found service quality dimensions as System availability, e- Fulfillment, accuracy, efficiency, security, responsiveness, ease to use, convenience, cost effectiveness, problem handling, compensation and contact. For the data analysis structural equation modeling (SEM) method and path analysis method were used. A result indicates that, eBankQual model is fit to assess relationship between service quality, brand perception and perceived value with overall customers' satisfaction in e-banking service. Result of regression SEM indicates that, all 14 variables found significant and good predictors of overall satisfaction in e-banking services. However, result of SEM analysis indicates that, data supports to e-BankQual model and dimensions Compensation, convenience, Contact Facilities, Easy to Use, Responsiveness, Cost Effectiveness and System Availability including brand perception and perceived value were found more significant factors in the e-BankQual model.

ANALYSIS OF E-BANKING SERVICE QUALITY

On the basis of review of the above mentioned studies on e-banking service quality, it has been found that with time vari-

ous models and scales have been developed to measure e-banking service quality. Analysis of above mentioned studies on e-banking service quality reveals that these studies may be classified into four categories:

- 1) First category includes studies that considered scales to measure generic e-banking service quality i.e. dimensions are considered in scale irrespective of the technology used (ATM Banking, Internet Banking, Mobile Banking, Telephone Banking etc.)
- 2) Second category include studies that used scale to measure combined e-banking service quality i.e. to measure e-banking service quality, dimensions of various electronic banking channels are taken collectively in a scale.
- 3) Third category includes study that considered different technologies as different factors in the overall e-banking service quality model. There are different variables corresponding to different factors i.e. different technologies are considered as different factors in overall e-banking model.
- 4) Forth category includes studies measuring automated service quality that are limited in their focus, encompassing only one electronic channel – the internet – thereby ignoring attributes of the other automated service channels.

FINDINGS

On the basis of review, it has been found that generic service quality scales lead to state of dilemma for respondents. Survey usually asks respondents to give their response on the basis of their overall experience with e-banking. But as respondent may be using multiple e-banking modes and his experience with all the technologies may not be same, so it results in dilemma for the respondent regarding which service to consider at the time of responding. Customer evaluation of automated service options and their intention to use a particular option are directly affected by their perception toward the attributes associated with that option (Dabholkar 1996). Attributes of each and every automated service delivery channel differ from each other in some way or the other. So measuring service quality of all automated channels separately will give better understanding of automated service quality. It has also been observed that different studies on e-banking service quality consider different dimensions of e-banking service quality. So it may be said that there is no universal or generally accepted model till date to measure e-banking service quality.

CONCLUSION

On the basis of review of studies on e-banking service quality, studies may be classified into four categories. It has been explored that there is problem with generic e-banking service quality scales as these scales lead to state of dilemma for respondents. It has also been found that there is no consensus among researchers on scales of e-banking service quality. So it is suggested that there is need for further research in order to develop a model and scale based on standard dimensions that can be universally applied for measuring e-banking service quality.

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