Relationship Between E-Service Quality And Consumer Loyalty In Banks

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ABSTRACT

This paper investigated the relationship between e-service quality and consumer loyalty in the context of e-retailing by HDFC and Union Bank in South Delhi region. E-service quality is found to be a prime determinant of consumer loyalty which is very important for the growth of any business regardless of the industry. It is found that all the four dimensions of e-service quality have strong relationship with consumer loyalty. It was found out that the consumers give the highest priority to the organization of website contents and security of transaction. If the bank present the e-retailing website convincingly and ensure safety of transaction, the consumers are more likely to show loyalty towards that bank. This study fulfils the lack of industry-specific study on the relationship between e-service quality and loyalty for e-retailing in the banking industry.

Introduction:
In recent years, with the rapid development of information, communication technology, and the globalization of the market, Internet and World Wide Web (WWW) have become important tools in business. Internet Banking is a product of e-commerce in the field of banking and financial services. Banks are also offering payment services on behalf of their customers who shop in different e-shops, e-malls etc. Further, different banks have different levels of such services offered, starting from level-1 where only information is disseminated through Internet to level-3 where online transactions are put through.

Considering the volume of business e-commerce, particularly in B2B domain, it is natural that banking would position itself in an intermediary role in settling the transactions and offering other trade related services. This is true both in respect of B2C and B2B domains. Besides, the traditional role of financial intermediary and settlement agents, banks have also exploited new opportunities offered by Internet in the fields of integrated service providers, payment gateway services, etc.

Research Objectives:
1. To Study various E-Retailing services offered by HDFC and Union Bank of India.
2. To evaluate e-service quality of these banks and its importance to customer satisfaction in South Delhi region.

Research Methodology
For this research quantitative research strategy is adopted, questionnaire is developed to collect data from 150 sample-75 each of HDFC and Union Bank. The variables are quantified with the use of likert scale so that data can be used for statistical analysis. Following the quantitative strategy, the data has been analysed using SPSS. Data is collected from account holders of HDFC and Union Bank of India in the South Delhi using online banking services by way of structured questionnaires.

Literature Review
Rowley (2006) gives a definition of e-service in conclusion of many scholars opinions, e-service, based on information technology, includes the information provision and system support, the logistic transportation of service and the trace and exchange of information. E-service can be provided through e-stores. Electronic store or e-store is the web-based point of sales from where people can buy stuffs and services. E-retailer is the electronic version of real life retailing shop which is defined as 'an online retail store' (Ponirin, Scott, & von der Heidt, 2010).

Gronroos (1984) introduces the idea of total service quality which he defined as the consumer perception on the difference between expected service and perceived service. However, at the beginning, the concept of service quality was developed on the basis of disconfirmation model proposed by **Oliver (1980)**. According to **Oliver**, service quality is the measurement of to what extend the executed service matches the expectation of the user..

Parasuraman et al. (1988) proposed a definition of service quality as the overall evaluation of a specific service firm that results from comparing that firm's performance with the customer's general expectations of how firms in that industry should perform. (Babakus & Boller, 1992; Brown et al. 1993; Cronin and Taylor, 1992, Dabholkar et al., 2000; Parasuraman et al., 1994; Tse and Wilton, 1988; Teas, 1993, 1994). Perception measures are documented to have even greater explanatory power regarding service quality.

Zeithaml et al. (2000; 2002) defined e-service quality as the extent to which a web site facilitates efficient and effective shopping, purchasing, and delivery of product and services.

E-service quality is a multi-dimensional factor. E-service quality has been defined as the extent to which a Web site facilitates efficient and effective shopping, purchasing, and delivery (Zeithaml et al. 2000

Van Riel et al. (2003) described their own e-service quality dimensions. They use design of user interface, reliability, security, customization, and responsiveness as major factors that drive e-service quality. These dimensions reflect the different nature of dealing with a website as opposed to interacting with service employees.

Data Analysis:
Age Analysis:

Table 1:Age of Respondent-HDFC

		Frequency	Percent	Valid Percent	Cumulative Percent
	20-25	13	17.3	17.3	17.3
	25-30	20	26.7	26.7	44.0
Valid	30-35	25	33.3	33.3	77.3
	35 and above	17	22.7	22.7	100.0
	Total	75	100.0	100.0	

Table 2:Age of Respondent-Union Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
	20-25	8	10.7	10.7	10.7
	25-30	24	32.0	32.0	42.7
Valid	30-35	22	29.3	29.3	72.0
	35 and above	21	28.0	28.0	100.0
	Total	75	100.0	100.0	

2.Security Analysis:

Table 3: Security of E-Retailing Services-HDFC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	20	26.7	26.7	26.7
	Agree	33	44.0	44.0	70.7
	Neutral	12	16.0	16.0	86.7
	Disagree	7	9.3	9.3	96.0
	Strongly Disagree	3	4.0	4.0	100.0
	Total	75	100.0	100.0	

Table 4: Security of E-Retailing Services-Union Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	13	17.3	17.3	17.3
	Agree	28	37.3	37.3	54.7
	Neutral	19	25.3	25.3	80.0
	Disagree	9	12.0	12.0	92.0
	Strongly Disagree	6	8.0	8.0	100.0
	Total	75	100.0	100.0	

3.Reliability Analysis:

Table 5:Reliability of E-Retailing Services-HDFC

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	34	45.3	45.3	45.3
	Agree	36	48.0	48.0	93.3
Valid	Neutral	4	5.3	5.3	98.7
	Disagree	1	1.3	1.3	100.0
	Total	75	100.0	100.0	

Table 6:Reliability of E-Retailing Services-Union Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	20	26.7	26.7	26.7
Valid	Agree	44	58.7	58.7	85.3
	Neutral	8	10.7	10.7	96.0
	Disagree	3	4.0	4.0	100.0
	Total	75	100.0	100.0	

4.Responsiveness Analysis:

Table 7:Responsiveness of E-Retailing Services-HDFC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	20	26.7	26.7	26.7
	Agree	38	50.7	50.7	77.3
	Neutral	9	12.0	12.0	89.3
	Disagree	6	8.0	8.0	97.3
	Strongly Disagree	2	2.7	2.7	100.0
	Total	75	100.0	100.0	

Table 8: Responsiveness of e-retailing services-Union Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	6	8.0	8.0	8.0
	Agree	36	48.0	48.0	56.0
Valid	Neutral	15	20.0	20.0	76.0
	Disagree	10	13.3	13.3	89.3
	Strongly Disagree	8	10.7	10.7	100.0
	Total	75	100.0	100.0	

5.Ease of Use Analysis:

Table 9: Ease of Use of E-Retailing Services-HDFC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	28	37.3	37.3	37.3
	Agree	40	53.3	53.3	90.7
	Neutral	6	8.0	8.0	98.7
	Disagree	1	1.3	1.3	100.0
	Total	75	100.0	100.0	

Table 10: Ease of Use of E-Retailing Services-Union Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	26	34.7	34.7	34.7
	Agree	30	40.0	40.0	74.7
Valid	Neutral	4	5.3	5.3	80.0
	Disagree	11	14.7	14.7	94.7
	Strongly Disagree	4	5.3	5.3	100.0
	Total	75	100.0	100.0	

Table 11: Questionnaire of E-Retail Services for HDFC and Union Bank (Mean & Std. Deviation)

Construct Variables	Questions	N	Minimum	Maximum	Mean-HDFC	Mean-UBI	Std. Deviation (HDFC,UBI)
Security	The bank will not misuse your personal information.	75	1	5	2.20	2.49	1.065,1.032
	You feel safe in your online transactions.				2.32	2.56	1.016,.1.154
	You feel safe in providing sensitive information to the bank.				2.35	2.35	1.046,1.046
	You feel the risk associated with online transactions is low.				2.79	2.75	1.094,1.337
Responsiveness	You receive prompt responses to your requests/transactions by e-mail or other means.	75	1	5	1.92	2.73	0.882,1.119
	The bank quickly resolves problems you encounter.				2.09	2.69	0.975,1.150
	The bank employees give you prompt service				1.79	2.63	0.703,1.250
Reliability	The bank performs service correctly the first time	75	1	5	1.72	2.21	0.847,1.031
	Your online transactions are always accurate.				1.48	1.92	0.601,0.731
	The bank keeps your records accurately.				1.55	2.15	0.703,1.135
Ease of Use	The website is well organised.	75	1	5	1.85	2.15	0.954,1.216
	Navigation is consistent and standardised.				1.72	1.56	0.669,0.721
	Scrolling through pages is kept to minimum.				2.01	1.71	1.129,0.955
	Graphics and animation do not distract from use.				2.35	2.37	1.020,1.124
Loyalty	You prefer this bank.	75	1	5	1.75	2.52	0.902,1.095
	You will continue to avail banks' services in future.				1.97	2.45	0.972,0.896
	You recommend this bank to others for e-retailing services.				1.60	2.32	0.885,1.141
Overall Mean					1.97	2.327	

Findings:

Majority of the respondents fall within the age group of 20 to 35 suggesting that youth is more comfortable and inclined towards using e-retailing services (refer table 1 and 2)

Customers perceive e-retailing services of HDFC as more secure when compared to that of Union Bank, (refer table 3 and 4).

Customers perceive e-retailing services of HDFC as more reliable when compared to that of Union Bank (refer table 5 and 6).

The analysis shows that customers perceive e-retailing services of HDFC as more responsive when compared to that of Union Bank (refer table 7 and 8).

The analysis shows that customers perceive e-retailing services of HDFC as more easy to use when compared to that of Union Bank (refer table 9 and 10).

The analysis finds out the mean and standard deviation of the responses to various questions asked to the customers of HDFC and Union Bank of India in South Delhi region availing e-retailing services by these banks under five construct varia-bles namely security, reliability, responsiveness, ease of use and loyalty (refer table 11). The overall mean for HDFC comes out as 1.97 as compared to 2.327 for Union Bank denoting greater overall agreement for HDFC than Union bank. It can thus be inferred from this statistic that consumers are more loyal and inclined towards HDFC than Union Bank.

Conclusion:

Reliability, responsiveness, ease of use and security of e-retailing services by banks are all very important for maintaining consumers loyal. The security of consumers' transaction is an important issue. Banks must establish that the money of the consumers is completely secured with them. To do this, the well representation of the website can be helpful to create a positive first impression. Service provider's ability and willingness to respond to consumers' demand is also a crucial issue to the customer. It is also a potential area where the banks can gain competitive advantage. Accuracy of information is important- not only the information about the e- retailing services offered but also the information of the consumers. Consumers value the organization of information on the company website, thus the information need to be presented in a unique yet simple way so that consumers have a higher perception about the service quality.

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