Research Paper   **Management**

Study of The Impact of Service Quality on Consumer Behavior in Internet Banking Services

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ABSTRACT

Service quality has been reported as having apparent relationship to costs, profitability, customer satisfaction, customer retention, behavioural intention and positive word-of-mouth. Quality is the most important purchase decision factor influencing the customer's buying decisions. With the emergence of technology bank has started facing more difficulty in order to remain unique. With increased use of internet users, Internet Banking Services is another common service offered by every bank. Brick and Mortar Banks are replaced with online internet banking. Thus, it has become necessary to understand who use internet banking and for what purpose.

Using non-probability convenience sampling a survey of 200 internet users of Ahmedabad was carried out using a structured questionnaire on Service Quality and consumer behavior. Analysis was carried out using factor analysis, Regression and Charts. This paper is intent to measure how service quality influences the internet users of the banks.

Keywords : Service Quality & Consumer Behavior

INTRODUCTION

New channels used to offer banking services will drive the growth of banking industry exponentially in the future by increasing productivity and acquiring new customers. During the last decade, banking through ATMs and internet has shown a tremendous growth, which is still in the growth phase. Internet banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society. It may include of any transactions related to online usage. With the emergence of technology bank has started facing more difficulty in order to remain unique. With increased use of internet users Internet Banking Services is another common service offered by every bank. Service is acting as a launch pad that has accelerated the growth in those banks that have identified the importance of service quality.

LITERATURE REVIEW

According to Parasuraman et al (1985), service quality is more difficult to evaluate. Service Quality involves comparison of expectations with performance. Valarie A. Zeithaml (1988), revealed that quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumer's judgment about a service's overall excellence or superiority. Jean-Michel Sahut, Zuzana Kucerova (2007) suggests that the electronic product and service delivery is nowadays a necessary part of a business strategy. By increasing the competitive pressure the electronic environment makes the service providers 'listen' to the voice of the customer more carefully, to refine it and deliver high quality products and services.

P.K. Gupta, Jamia MilliaIslamia (2008) examined the consumer behavior with respect to Internet banking. It

was revealed in the study that most of the consumers use Internet banking for account information and day-to-day transactions. It has also found out that usage levels can grow once the web sites are equipped with multiple products offering coupled with appropriate infrastructure. Hsin Hsin Chang, Su Wen Chen (2009) revealed the fact that it is difficult to build customer loyalty in e-commerce transaction primarily because of the low switching costs when competition is only a click away. Sisira Kanti Mishra (2009) investigated that when customer orientation through various ways of virtual banking service is done, the ultimate profitability of the banks will rise. It has been further concluded that perception of the consumers may be changed by awareness program, friendly usage, less charges, proper security and improvement on how the service is delivered.

OBJECTIVES
- To find out the factors affecting consumer behavior towards internet banking services.
- To study the impact of service quality on consumer behavior.
- To study loopholes of internet banking services

SAMPLING FRAME
- Sample size : 200 respondents
- Sampling Unit: Internet Banking Users
- Collection method: Primary as well as secondary
- Primary data: Using Questionnaire
- Secondary: website, books.
- Sampling technique: Convenience sampling
- Analysis Tool: Statistical tools
- Statistical tools: Factor Analysis, Regression & Charts

DATA ANALYSIS AND INTERPRETATION
Objective 1: To find out the factors affecting consumer behavior towards internet banking service.

FACTOR ANALYSIS

Factors	Variables	Correlation
Customer Preference	Visit Grievance Regular Check and Download Utility Bill Tickets Online Shopping Manage Funds Transfer of Funds Cheque book and Demand Draft	0.376 0.497 0.751 0.737 0.724 0.654 0.654 0.627 0.613
Customer Satisfaction	Reduces Eased Life Features Present	0.603 0.606 0.540

Twelve statements were used for applying factor analysis that generated two factors. Factor 1 is named as customer preference as it includes statements like visit to bank branch is more preferable than internet banking, complaint or grievance is dealt with rapidly and effectively, regular check of transactions and downloading of banking statements, online payment of utility bills, use of internet banking for buying tickets, online shopping, management of funds, transfer of funds and request for cheque book and demand draft carrying a correlation value of 0.376, 0.497, 0.751, 0.737, 0.724, 0.654, 0.654, 0.627 and 0.613 respectively. Variable termed as regular check of transactions and downloading of banking statements, online payment of utility bills, and use of internet banking for buying tickets are having highest correlation value that depicts highest closeness to the factor – customer's preference followed by online shopping, management of funds, third party transfer.

Factor 2 is named as customer satisfaction as it includes statements like internet banking service is very helpful and reduces frequent bank visits, internet banking has eased life and better than traditional banking and products & services along with features are correctly present on bank's website carrying a correlation value of 0.603, 0.606 and 0.540 respectively. Variables termed as reduced visit and eased lives are having highest correlation value that depicts highest closeness to the factor – customer satisfaction.

Objective 2: To study the impact of service quality on consumer behavior.
MULTIPLE REGRESSION
Independent Variable: Service Quality
Dependent Variable: Consumer Behavior

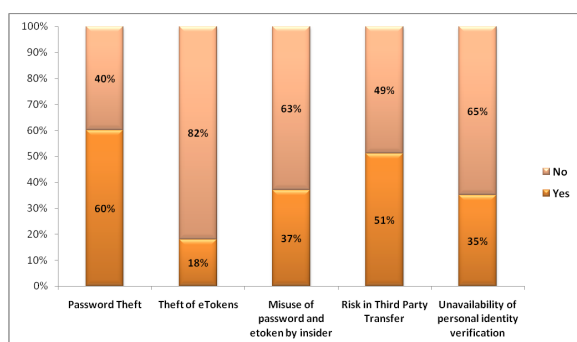H0: There is no significant impact of service quality on consumer behavior.
H1: There is significant impact of service quality on consumer behavior.

Independent Variable (Service Quality)	Dependent Variable	Significance (P)	Level of Significance (α)
1. Internet Banking Service is very comfortable and easy.	Consumer Behavior	0.004	0.05
2. Internet Banking has reduced waiting queues in Banks and has improved quality of service.		0.003	0.05
3. Information on Bank's Website is regularly updated		0.746	0.05
4. Internet Banking Website pages load quickly		0.012	0.05
5. The contents and services are easily found in the internet banking website.		0.003	0.05
6. The confidentiality of your data and online transactions is ensured		0.272	0.05
7. Clear information is provided on how to make transactions		0.020	0.05

Interpretation:
There is no significant impact of two variables of service quality named as updating of information on bank's website regularly and maintaining the confidentiality of data and online transaction on consumer behavior.

There is significant impact of variables termed as internet banking service easy and comfortable to use, it has reduced waiting queues and improved quality of service, user friendly website, extending complete and clear information is provided for transactions on consumer behavior.

Objective 3: To study loopholes of internet banking services.

Interpretation:
Out of 200 internet banking users, majority of respondents i.e 60% and 51% considered password theft and risk in third par-

ty transfer as a biggest loopholes of internet banking service followed by misuse of password and etoken by insider, unavailability of personal identity verification and theft of etokens. Some other loopholes of internet banking service as shared by respondents were like phishing spams and pharming and login information stealing.

CONCLUSION
The leading factors affecting the consumer behavior of internet banking users are customer preference and customer satisfaction. Further impact of service quality on consumer behavior turned out to be positive as variables termed as internet banking service easy and comfortable to use, it has reduced waiting queues and improved quality of service, user friendly website, extending complete and clear information have impact on consumer behavior. The biggest loopholes considered by the users of net banking are password theft and risk in third party transfer followed by misuse of password and etoken by insider, unavailability of personal identity verification and theft of etokens.

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