

**E-BANKING SERVICE QUALITY IN PRIVATE COMMERCIAL BANKS****R.K. Pardeshi and V.L. Gadekar**

DVVPFs IBMRD, Ahmednagar

kavirajthakur@yahoo.co.in, gadekar555@gmail.com

**ABSTRACT**

*Private commercial banks in India are exceptional service providers as they work in a more converse and competitive environment. They offer more products and services than nationalized banks. They ensure the privacy and security of the customers. With the advent of technology e-banking has emerged as a preferred way of banking. This study is based on secondary data and conceptual discussion. Service quality is a measurement of how an organization delivers its services as compared to the expectations of its customers. E-Banking service quality has repercussions on customer satisfaction. Banks should try to improve the quality of e-banking services to improve customer satisfaction. Quality of e-banking services is an important basis for competition amongst the private commercial banks.*

**Keywords:** Service quality, Customer satisfaction, Private Commercial Banks, Services marketing

**1. Introduction**

Over the years, the banking system in India has evolved to achieve greater efficiency and transparency in the provision of financial services to customers. It covers the financial requirements of the various social classes of the country.

Public and private banks in India come with more flexibility in terms of their offerings and schemes. But private banks are in a better position to be peoples best choices. India's private banks are better in terms of efficiency and innovation. They are driven by profit, as a result they provide a better level of service.

Private banks were recognized in the 1990s after the LPG policy came into existence. Among the oldest and most popular private banks, Axis Bank and IndusInd Bank are considered to be the oldest private banks in India starting in 1993-94 when the government allowed them to introduce such banks.

Electronic Banking is commonly referred to as internet banking or just netbanking. It is an electronic payment system supported by a website that offers a wide range of products and services of any bank that can operate electronically, such as payments, transfers, deposits and more. It is an easy way to access account information and integrated account-related services from the comfort of your home and a stable internet connection. These services are also designed to protect you from online attacks. These netbanking sites can only be accessed with User IDs and passwords, by generating OTPs and captchas while logging

in. Online banking has reduced the pressure on banking institutions and their customers. Today, when an account is opened in a bank, online banking services are automatically provided. Opening an account with a bank is also possible online. Online banking also maintains and provides tracking of all transactions and work done during the active session. E-Banking is secure and quick to access and process. Non-financial information such as banking news, checking statements, completing and submitting applications and more is possible at the click of a button. Nowadays, there is little difference between netbanking and e-Banking and terms are often used interchangeably. However, online banking is one of the many e-Banking services, while e-Banking integrates all the resources, financial and non-financial, offered. Unusual applies to e-Banking, even more so as the information hosted here is very sensitive. It is best not to use e-Banking services on public Wi-Fi, or on public computers.

In this paper we present a study reviewing the concept quality of E-banking services and its impact of customer satisfaction. The study is based on secondary data and conceptual discussion. Service quality is a measurement of how an organization delivers its services as compared to the expectations of its customers. E-Banking service quality has repercussions on customer satisfaction.

## 2. Literature review

### *E-banking*

Historically, the introduction of the first Automated Teller Machine (ATM) in Finland marked the beginning of a new banking channel, which made Finland a leading E-Banking country, before being widely used in any other developed and developing country (Sharma, 2011). More recently, E-Banking, or the distribution of financial services through electronic systems, it has spread among customers due to rapid developments in IT and competition between banks (Mahdi, Rezaul, & Rahman, 2010). Lustsik (2004) describes E-Banking services as a variety of e-channels for online banking, telephone, TV, mobile, and computer banking. Bank customer requirements and service expectations are growing, as technology evolves and develops. These days, the customer wants to work and perform his or her banking activities anywhere without going to the bank, at any time without limiting the hours of operation of the bank, and making all its payments (purchases, debts, shares) immediately and a cost-effective approach. Therefore, the quality of financial services must be characterized by independence, flexibility, freedom, and flexibility, in order to meet these aspirations (Khalfan & Alshawaf, 2004).

### *Customer Satisfaction*

Customer satisfaction is one of the most important concepts in the field of marketing studies today (Jamal, 2004). Overall, it integrates processes that culminate in post-purchase purchases such as mood swings, recurring purchases and product reliability (Churchill & Surprenant, 1982). Oliver (1980) explains that a sense of satisfaction arises when customers compare their actual product / service performance with their expectations. Several different definitions have been suggested to clarify customer satisfaction. However the concept of comparing post-product / service performance with pre-built expectations seems common in many definitions. Oliver (1981) defines contentment as a decision that assesses the background of use in relation to a product or service. Similarly, Tse and Wilton (1988) describe customer satisfaction as "the consumer's

response to assessing the apparent difference between expectations and the end result after use" (page 204). Satisfaction can also be defined as response to post-purchase evaluation of a specific service / product quality, and compared to the expectations of the previous purchase phase (Kotler & Keller, 2011). In contrast, some researchers have found that the effect of the customer judgment regarding satisfaction about product or service on consumer goods and services is likely to be significant (Homburg, Koschate, & Hoyer, 2006). Therefore, customer satisfaction is the customer's feeling of happiness or unhappiness after severing the product / service performance in terms of expected years (Keller & Lehmann, 2006).

### *Customer Satisfaction and E-banking*

According to Grönroos (1998) there is a stable and positive relationship that combines both E-service quality and customer satisfaction. Indeed, Parasuraman, Zeithaml, and Berry (1988) also conclude in the study that the relationship between service quality and customer satisfaction is very strong and long lasting (Parasuraman et al., 1988). The simplest and most logical way to conclude that maximum customer satisfaction depends largely on getting the best service and the highest quality (Jain & Gupta, 2004). Many additional studies point to the relationship between customer satisfaction and E-Banking services. In their study, Asiyanbi and Ishola (2018) showed that they were satisfied the level of customers in the banking sector is growing when using E-Banking services (Asiyanbi & Ishola, 2018). Similarly, Ranaweera and Neely (2003) ensure quality E-service is the first step in customer satisfaction (Ranaweera and Neely, 2003). Similarly, research conducted on the banking sector by Bei and Chiao (2006) noted a great deal the relationship between service quality and customer level of customer satisfaction. Finally, Zhou, (2004) stated that the quality of loyalty-related E-Banking service has a major impact on the level of customer satisfaction.

### *Dimensions of E-Banking Service Affecting Customer Satisfaction*

With the number of studies coming together to demonstrate the relationship between E-Banking service and customer satisfaction, the question becomes the following: What characteristics or size of E-Banking service affects customer satisfaction and in what ways? Our review of the literature reveals that these factors can be integrated under efficiency, reliability, privacy and security, as well as responsiveness and communication. The speed of E-Banking services is a determining factor in customer satisfaction according to Parasuraman, Zeithaml, and Berry (1985). Effectiveness in terms of fast service is also confirmed by Wirtz and Bateson (1995) and Khadem and Mousavi (2013). Liao and Cheung (2002) find reliability as one of the most important factors customers need in assessing the quality of E-Banking service. A similar result was found in a case-based study by Kettinger and Lee (2005). With regard to privacy and security, a number of items identified and researched by researchers include maintaining job privacy, avoiding the sharing of personal information, and ensuring a high level of customer information security (Agarwal, Rastogi, & Mehrotra, 2009; Datta, 2010; Poon, 2007). According to Madu and Madu (2002), accountability is the willingness to support bank customers and provide fast-moving services. This type of service can be divided into four forms. First, the E-Banking system can control and use the service efficiently. Second, E-Banking channels can guide customers in moving forward in the event of any failure. Third, it can also cover the immediate solution to any possible errors in E-Banking operations. Finally, it can support customer questions with the answer available there.

### **3. Service Quality for Private Commercial Banks**

#### *Dimensions of service quality*

The five dimensions of service quality are:

*Reliability:* This refers to the organization's ability and consistency in performing a particular service in a way that satisfies the needs of its customers. This process covers all

aspects of customer engagement, including delivery or upgrading of a service or service, quick and accurate problem solving and competitive pricing. Customers sincerely expect to buy the product, and the success of the company often depends on its ability to meet its expectations.

*Tangibility:* This is an organization's ability to demonstrate service quality to its customers. There are many factors that contribute to a company's success, such as its headquarters, staff and morals, its marketing resources and its customer service department.

*Empathy:* Empathy is the way an organization conducts its services in a way that makes the company seem sensitive to the wishes and needs of its customers. A customer who believes that the company really cares about his well-being may be more loyal to the company.

*Responsiveness:* This is the company's commitment and ability to provide customers with instant services. Responsiveness means receiving, evaluating and promptly responding to customer requests, feedback, questions and concerns. A company with high quality service always responds to fast customer communications which may reflect the value the company puts on customer satisfaction.

*Assurance:* A guarantee of trust in the customers they have in a particular organization. This is especially important for services that the customer may perceive as beyond their ability to understand and evaluate properly, which means that there must be some aspect of trust in the service provider's ability. Company employees need to be careful in order to gain the trust of their customers if they want to keep them.

#### *Customer satisfaction*

Customer satisfaction is a measure of how needs and responses are integrated and delivered to exceed customer expectations. It can only be achieved if the customer has a good relationship with the supplier. In today's competitive business markets, customer satisfaction is an important aspect of performance and a fundamental difference in business strategies. Customer satisfaction is part of the customer experience that discloses



supplier behavior to customer expectations. It also depends on how well it is managed and how fast the services are provided. This satisfaction can be attributed to various business aspects such as marketing, product production, engineering, product and service quality, responses to customer problems and inquiries, project completion, delivery services, grievance management etc. Customer satisfaction is the core of customer feedback about the supplier. The idea that a customer makes about a supplier is the sum total of the whole process they go through, from contacting the supplier before doing any marketing to the delivery of options and services and handling questions or complaints after delivery. During this process the client encounters the work environment of the various departments and the type of strategies involved in the organization. This helps the customer to have a strong view of the supplier which ultimately results in dissatisfaction or dissatisfaction. The customer perspective of the supplier helps the customer to choose between the supplier on the basis of price and how well the products delivered fit all the requirements. Supplier services never decrease after delivery as the customer demands higher prices after marketing services that can help them use and customize the delivered product more efficiently. If you are satisfied with the postal services, then there is a good chance that the supplier will retain customers in order to promote recurring purchases and make a good business profit. The organization really needs to work together and communicate with customers on a regular basis to increase customer satisfaction. In this communication and communication it is necessary to read and determine all the needs of each customer and respond appropriately. Even if the products are similar in competitive markets, satisfaction offers higher end prices. For example, buyers and sellers share regular purchases with credit cards for customer satisfaction, and many high-profile retailers also offer membership cards and discount benefits on those cards so that the customer remains loyal to them. The higher the level of satisfaction, the higher is the emotional

attachment of the customer to a particular type of product and supplier. This helps to create a strong and healthy customer service commitment. This obligation forces the customer to be bound by that particular provider and the chances of deviation are very small. So customer satisfaction is very important which every supplier should focus on in order to establish a discarded position in the global market and improve business and profitability.

#### **4. Conclusion**

Private commercial banks operate in a stiffly competitive framework. They have to compete with nationalized banks and other peer private commercial banks. Quality of e-banking services is an important basis for competition by the private commercial banks.

Electronic Banking is commonly referred to as internet banking or just netbanking. It is an electronic payment system supported by a website that offers a wide range of products and services of any bank that can operate electronically, such as payments, transfers, deposits and more. It is an easy way to access account information and integrated account-related services from the comfort of your home and a stable internet connection. E-Banking, or the distribution of financial services through electronic systems, it has spread among customers due to rapid developments in IT and competition between banks. Due to events like Corona, the use of e-banking has increased further. The Indian Governments move of demonetization was also directed to propel the use of e-banking. Thus, the conventional banking has been replaced to a sizable extent by e-banking. However, customer satisfaction still remains the priority for the banks. Dimensions of service quality like reliability, tangibility, empathy, responsiveness, and assurance, are applicable to e-banking service and they impact customer satisfaction. Service quality of e-banking services can be improved by working on these five dimensions. This will help the private commercial banks to gain market share and improve their business.

### References

1. Agarwal, R., Rastogi, S., & Mehrotra, A. (2009). Customers' perspectives regarding E-Banking in an emerging economy. *Journal of Retailing and Consumer Services*, 16, 340-351.
2. Asiyambi, H., & Ishola, A. (2018). E-Banking services impact and customer satisfaction in selected bank branches in Ibadan metropolis, Oyo state, Nigeria. *Accounting*, 4(4), 153-160.
3. Bei, L. T., & Chiao, Y. C. (2006). The determinants of customer loyalty: An analysis of intangible factors in three service industries. *International Journal of Commerce and Management*, 16, 162-177.
4. Churchill, G. A., Jr., & Surprenant, C. (1982). An investigation into the determinants of customer satisfaction. *Journal of Marketing Research*, 19, 491-504.
5. Datta, S. K. (2010). Acceptance of E-Banking among adult customers: An empirical investigation in India. *Journal of Internet Banking and Commerce*, 15(2), 1-17.
6. Grnroos, C. (1998). Marketing services: The case of a missing product. *Journal of Business & Industrial Marketing*, 13, 322-338.
7. Sharma, H. (2011). Bankers' perspectives on E-Banking. *Global Journal of Research in Management*, 1(1), 71-85.
8. Homburg, C., Koschate, N., & Hoyer, W. D. (2006). The role of cognition and affect in the formation of customer satisfaction: A dynamic perspective. *Journal of Marketing*, 70(3), 21-31.
9. Jain, S. K., & Gupta, G. (2004). Measuring service quality: SERVQUAL vs. SERVPERF scales. *Vikalpa*, 29(2), 25-38.
10. Jamal, A. (2004). Retail banking and customer behaviour: A study of self-concept, satisfaction and technology usage. *The International Review of Retail, Distribution and Consumer Research*, 14, 357-379.
11. Keller, K. L., & Lehmann, D. R. (2006). Brands and branding: Research findings and future priorities. *Marketing Science*, 25, 740-759.
12. Kettinger, W. J., & Lee, C. C. (2005). Zones of tolerance: Alternative scales of measuring information systems service quality. *MIS Quarterly*, 29, 607-623.
13. Khadem, P., & Mousavi, S. (2013). Effects of self-service technology on customer value and customer readiness: The case of banking industry. *Management Science Letters*, 3, 2107-2112.
14. Khalfan, A. M., & Alshawaf, A. (2004). Adoption and implementation problems of E-Banking: A study of the managerial perspective of the banking industry in Oman. *Journal of Global Information Technology Management*, 7(1), 47-64.
15. Kotler, P., & Keller, K. (2011). *Marketing management (14th ed.)*. New York, NY: Pearson.
16. Liao, Z., & Cheung, M. T. (2002). Internet-based E-Banking and consumer attitudes: An empirical study. *Information & Management*, 39, 283-295.
17. Lustsik, O. (2004, November). Can E-Banking services be profitable? (University of Tartu Economics and Business Administration Working Paper No.30-2004). doi:10.2139/ssrn.612762
18. Madu, C. N., & Madu, A. A. (2002). Dimensions of e-quality. *International Journal of Quality & Reliability Management*, 19, 246-258.
19. Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17, 460-469.
20. Oliver, R. L. (1981). Measurement and evaluation of satisfaction processes in retail settings. *Journal of Retailing*, 57(3), 25-48.
21. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *The Journal of Marketing*, 49(4), 41-50.
22. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
23. Poon, W. C. (2007). Users' adoption of E-Banking services: The Malaysian

- perspective. *Journal of Business & Industrial Marketing*, 23, 59-69.
24. Ranaweera, C., & Neely, A. (2003). Some moderating effects on the service quality-customer retention link. *International Journal of Operations & Production Management*, 23, 230- 248.
25. Tse, D. K., & Wilton, P. C. (1988). Models of consumer satisfaction formation: An extension. *Journal of Marketing Research*, 25, 204-212.
26. Wirtz, J., & Bateson, J. E. (1995). An experimental investigation of halo effects in satisfaction measures of service attributes. *International Journal of Service Industry Management*, 6(3), 84-102.
27. Zhou, L. (2004). A dimension-specific analysis of performance only measurement of service quality and satisfaction in China's retail banking. *Journal of Services Marketing*, 18, 534-546.