

Services Quality in Online Banking

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Abstract:

The manner in which banking errands are carried out has been significantly altered as a result of the ongoing development and expansion of online banking. As online banking gradually replaces the traditional bank, customers and banks must find new ways to communicate. The relationship between banks and their customers has shifted from a physical to a digital one as a result of self-service technology and customer demands. Web based financial connections were laid out to make interest for long haul relations to keep away from the expense of securing new clients. Because it influences a bank's performance, it has become important to investigate how online banking service quality factors affect customer satisfaction. where the performance increases the likelihood of gaining advantages over rivals, such as a larger market share and long-term banking industry success. Using service quality factors from the e-SERVQUAL, SSTs, and TAM, this thesis aims to explain how customer satisfaction is affected by online banking service quality. In order to test the study hypotheses, a positivistic and deductive research approach employed a quantitative method based on relevant theories. 110 people participated in this study, which led to the findings. Technology and fulfillment contributed the most to customer satisfaction, while reliability contributed the least, indicating a positive relationship between service quality and customer satisfaction.

INTRODUCTION

The theoretical framework of the study is presented in the first chapter, along with fundamental information on services, service quality, e-services, e-service quality, E-Banking services, and online system quality. In addition, two models, the SERVQUAL and E-SQ (E-S-QUAL and E-RecS-QUAL) models, have been presented, on the basis of which the study will be further developed.

Traditional Services

Definition and Characteristics of Services

The increased share of services in national economies demonstrates the significance of the service sector over the past few years. The global economy is undergoing a significant shift toward services, and both the number and variety of service providers are constantly expanding. In order for service businesses to remain competitive in this highly competitive environment, they need to work more effectively, be faster, and more efficient.

There are many things that set services apart from tangible goods. According to Grönroos (2000, p. 47), the fact that services are processes is one of the primary distinctions between physical goods and services; They are diverse and intangible; They cannot be stored in stock, and ownership cannot be transferred; In the context of services, production, distribution, and consumption are concurrent processes. In service

contexts, where customers participate in the production process, interactions between buyers and sellers produce the core value. When it comes to the discussion of service quality, this final characteristic of services—the fact that customers participate in the production process—is of the utmost significance. The reason for this is that the quality of the service is directly perceived by the customer during the production process because customers participate in the process. The measurement of service quality has been a real challenge for service providers because service quality can be defined as the quality as it is perceived by customers (Grönroos, 2000, p. 63).

Traditional Services Quality

Service quality has been the subject of extensive research over the past two decades, and its significance for service differentiation and competitive advantage has been recognized. According to Zeithaml et al., "service quality stems from a comparison of what customers feel a company should offer (their expectations) with the company's actual service performance." This is what early scholarly writing on service quality suggested. al., 2000, p. 5). Gummesson (1979) was one of the first researchers to suggest that the idea of service quality was strongly linked to trust and perceptions. Later on, Grönroos came up with the term "Total Perceived Service Quality," which describes a customer's perception of the difference between the service they expected and the service they received.

E-Services

Definition and Characteristics of E-services

Services offered via the Internet are referred to as e-services. The service providers face some difficulties as a result of the services' Internet delivery. First, there is no longer any direct interaction between service workers and customers, and second, the setting in which services are provided has been completely altered. According to Iwwarden, Wiele, Ball, & Millen (2003), websites have evolved into the "moment of truth" between businesses and customers when it comes to e-services. Because of this, websites (user interfaces) have a significant impact on how customers receive services. Customers look at the company's services and how they are provided. Customers of e-services interact with the user interface (site design) because there is no face-to-face interaction with service representatives. As a result, it is reasonable to anticipate that this interaction will have an impact on their assessment of the overall quality of the service. As a result, businesses should carefully consider the design and functionality of their websites as well. Customers may become dissatisfied and eventually stop visiting a website if it is difficult to use or takes a long time to complete tasks. According to Grönroos (2000), the website's informational content is also thought to be crucial for online evaluations.

E-Banking Services

Definition and Types of E-Banking Services

E-Banking services are banking products and services that are offered online. The Internet banking services that banks previously offered only limited to account checking have recently expanded to include a comprehensive array of banking services. Nowadays, almost all services that can be accessed via phone or branch can also be accessed online, so this is not uncommon. The improvement of innovation permits banks to offer "branch-based" administrations over the Web, yet in addition new added-esteem administrations which are accessible just web-based, for example, electronic business, constant financier, monetary data menus, email alarms and outsider administrations (charge installment, entries or the board of power charges) (Centeno, 2003).

LITERATURE REVIEW

The SERVQUAL scale has been utilized by researchers to evaluate the quality of a variety of services, including banking services (Cowling & Newman, 1995). One bank found that tangibles had the lowest disparity between customer expectations and perceptions, while reliability, responsiveness, and empathy had the highest disparity, according to a 1995 study by Cowling and Newman on the SERVQUAL scale. Johnston (1995) also used the critical incident method to investigate customer perceptions of service quality in the banking sector. He discovered 18 qualities of high-quality service: accessibility, aesthetics, attentiveness/helpfulness, availability, care, tidiness, comfort, commitment, communication, competence, courtesy, adaptability, friendliness, functionality, integrity, reliability, responsiveness, and security are all important factors.

In addition, Bahia and Nantel proposed an alternative retail banking service quality measure that consists of 31 items and six underlying key dimensions. These are the six dimensions: access, cost, tangibles, assurance and effectiveness, as well as dependability and service portfolio

Oppewal and Vriens (2000) also suggested using 28 attributes, including four service quality dimensions, to evaluate service quality by using conjoint experiments to measure retail banks' service quality. These four aspects are: accessibility, proficiency, precision, friendliness, and tangibles. Accuracy and friendliness were found to be the most important of these four aspects in determining banking preference, followed by competence, tangibles, and accessibility.

Researchers and managers are becoming increasingly interested in E-banking quality issues as a result of the growing significance of information and communication technology for the provision of financial services (Jayewardene, 2004). Different studies focus on specific aspects of simple banking websites' service quality.

Using the critical incidents method, Jun and Cai (2001) distinguish three central quality categories in online banking: the quality of customer service, the quality of online systems, and the quality of banking service products. Broderick and Vachrapompuk (2002), two additional researchers, monitored the internet banking community's usage habits. They discovered that key events in service encounters, cues in the service setting, and the level and nature of customer participation influenced the service evaluation the most. Unfortunately, they were unable to derive a precise and testable measure of the quality of E-banking services from their research.

An Internet-specific adaptation of the SERVQUAL instrument was used in Jayewardene's (2004) study on E-banking service quality. There were 21 items in the study, which were broken down into five quality dimensions: access, the interface of the website, trust, attention, and credibility. In conclusion, it is important to note that although some research has been conducted to identify E-banking service quality dimensions, no universally applicable model for E-banking service quality has yet been developed. More exploration in the field is important, for this to be finished.

In his research, Yang (2001) suggested using seven online service quality dimensions that are in line with the SERVQUAL scale. Reliability, responsiveness, accessibility, ease of use, attentiveness, credibility, and security are some of these dimensions. In addition to using existing models for measuring the quality of e-services, some researchers have recently proposed new quality dimensions that are unique to online services.

For instance, Kaynama and Black (2000) used seven quality dimensions derived from SERVQUAL in a recent study on the quality of online services provided by 23 travel agencies: accessibility, accessibility of content and purpose (all derived from tangibles), accessibility of navigation, accessibility of design and presentation, background (assurance), and personalization and customization (derived from empathy). Additionally, Zeithaml et al. (2000) made research with center gatherings comprising of individuals with experience in web based shopping. They defined eleven e-quality dimensions (the so-called E-SQ instrument) as a result of the study: ease of use, efficiency, assurance/trust, security/privacy, price awareness, site aesthetics, and customization/personalization are all aspects of reliability. Zeithaml et al. later in 2002 changed the E-SQ model, bringing the number of online service quality dimensions down to seven. The following are the dimensions: effectiveness, satisfaction, framework accessibility, protection, responsiveness, remuneration and contact (Parasuraman et Al., 2005).

The WebQual Index, developed by Barnes and Vidgen (2001) and based on the SERVQUAL scale, has 24 measurement items specifically designed for measuring online service quality. The following seven dimensions of online service quality are included in the Index: competence, dependability, responsiveness, accessibility, credibility, communication, and comprehension of the individual. In a similar vein, Madu and Madu (2002) conducted a literature review and proposed 15 dimensions of online service quality on the basis of their findings: performance, features, structure, appearance, dependability, storage capacity, serviceability, trust, responsiveness, product differentiation and customization, Web store policies, reputation, assurance, and empathy are all important factors.

RESEARCH

Only 100 questionnaires were used to collect data and test the theoretical model used to measure the quality of online banking services because of time constraints and specific conditions. Even though the theoretical model that was used in the study was found to be reliable and valid, it should still be used as a preliminary scale and tested with a larger number of people who responded. Additionally, due to time and resource constraints, the number of items used in the model to describe each quality dimension is intentionally reduced due to the circumstances of the study. Based on the results of this work, additional research could be carried out with the intention of developing a more comprehensive and elaborate instrument for evaluating the quality of online banking services.

In addition, in the underlying study, I have decided to focus on people between the ages of 18 and 34. A survey based on the developed instrument may be conducted to target respondents from various age ranges because banks may also be interested in people who are not included in this age range.

Additionally, the presented modified theoretical model was created specifically for online banking services. It would be interesting and challenging to test the model on other kinds of online services, with the necessary adjustments for the new field of study.

Last but not least, the developed instrument only measures the level of customer satisfaction with the various quality dimensions of online banking services, but it does not show how important each dimension is in relation to the others. How significant is each component of the online banking services for ensuring customer satisfaction? Do different age groups, occupations, and genders of respondents have different requirements for particular aspects of the online banking services? It seems worth looking into these and other related questions.

CONCLUSION

Customer satisfaction and retention are becoming increasingly important for online banking success due to the large investments banks make in Internet infrastructure. This means that long-term customer relationships are necessary for creating positive customer value on the Internet. Offering high-quality services to customers is one way for banks to increase customer satisfaction and retention. Because of this, banks believe it is essential for them to be able to measure and evaluate the quality of their online banking services in order to correct any aspects of those services that customers find to be unsatisfactory.

In view of recently directed examinations, I have chosen to apply a somewhat changed rendition of a model created by Parasuraman, Zeithaml and Malhotra for estimating nature of online administrations to the financial setting and check whether and what ought to be changed in that model for an instrument to be produced for estimating the nature of web based financial administrations specifically. In addition, I attempted to assess how satisfied customers are with the quality of various aspects of the online banking services they use using the applied and later modified theoretical model.

A survey was given to 100 people for the study, and the responses from 70 of those people were used for the analysis. Cronbach's Alpha Test of Reliability and Principal Component Analysis were used to evaluate the data's reliability. The relative reliability of the model's dimensions was established by the Cronbach's Alpha Test of Reliability.

The initial theoretical model underwent some modifications as a result of the Principal Component Analysis: Service Performance, Website Characteristics, Communication, and Efficiency are the four new dimensions; Additionally, three items from the initial theoretical model—Q2*, Q11*, and Q15*—were eliminated from the model. At long last, the underlying two sizes of the model were consolidated into one last scale. Subsequently, the last rendition of the created instrument in this review for estimating the nature of web based financial administrations comprises of one scale with complete of four quality aspects: Performance of the service, characteristics of the website, communication, and efficiency These are the service quality dimensions that banks should take into account when evaluating the quality of their online banking services, according to the study. In addition, these four dimensions are described by seventeen items. The study's four different dimensions of service quality can be used by banks to measure the quality of their online services using the seventeen items described in this work.

I analyzed the Descriptive Statistics data presented in the study after modifying the theoretical model to assess how customers perceive the quality of the various aspects of the online banking services they use. Customers' levels of satisfaction with the various quality dimensions of the modified theoretical model were also evaluated in order to determine which aspects of online banking services require improvement and attention and to provide bank managers with recommendations.

- Based on the evaluations that were carried out, the following inferences can be drawn. First and foremost, the majority of customers have expressed indifference or dissatisfaction with the following aspects of the online banking services: prompt responses from the bank to inquiries from customers; web design for the bank; prompt resolution of customer issues; the ease with which customers can reach the bank via phone and the website to find the information they require. Second, according to customer satisfaction, banks appear to perform exceptionally well on the Service Performance and Efficiency dimensions of their online services. Lastly, communication and website characteristics, which bank managers should take into consideration for immediate modification, consistently rank highest on dissatisfaction lists.

• Additionally, it is intriguing to note that the aspects of online services, such as Service Performance and Efficiency, for which banks receive the highest levels of customer satisfaction, are not unique to the Internet context but are also typical of traditional settings. The Website Characteristics dimension, on the other hand, is more Internet-specific than the other online services with which banks are dissatisfied. This may be due to the fact that banks have focused their efforts on other aspects of online services rather than on this feature because they do not consider it crucial to the quality of their services. However, due to the absence of human interaction in the online environment, it is important to remember that the website serves as the "moment of truth" between customers and their banks when it comes to online services. As such, the website should be consistent with the service provider's overall quality efforts, making a high-quality website an essential component of the online banking services offered.

Managerial Recommendations

For a better understanding of the quality dimensions of online banking services and their relative importance to be achieved, further research and testing of the developed instrument are required. Despite this, the present study's findings have few significant applications for practitioners.

The results of this work's analysis have implications for bank managers regarding the level of customer satisfaction with various aspects of online banking services. Bank managers can use customer satisfaction data to determine what aspects of their online services customers are most satisfied with and least satisfied with in order to take the necessary steps to improve the quality of their services.

As a matter of some importance, in view of the examination, clients have shown most significant level of disappointment or

lack of interest with parts of the web based financial administrations, for example, prompt bank responses to customer inquiries via email or other channels; web design for the bank; prompt resolution of customer issues; the ease with which customers can reach the bank via phone and the website to find the information they require. In contrast, aspects of the service that customers seemed to be most pleased with included: the bank's well-known brand and reputation; online transactions' accuracy; having a solid sense of reassurance in exchanges with the bank and the non-abuse of individual data from the bank. How this affects specialists is that they have been very fruitful in building notable name and notoriety likely through efficient promoting efforts; They also do a good job of gaining customers' trust and providing prompt, accurate service. However, the aspects of the online banking services with which the majority of customers have expressed dissatisfaction—the communication and website characteristics quality dimensions—deserve their primary focus.

In addition, the analysis's findings suggest that banks perform relatively well on issues related to their online services, such as Service Performance and Efficiency, which are not unique to the Internet but are also typical of traditional settings. In correlation, their presentation is by all accounts not that good to the extent that a part of the web-based administrations, for example, Site Qualities is concerned, which is profoundly unambiguous for the internet based space. The conclusion is that managers might focus their efforts on the services' more conventional aspects and undervalue this aspect of the online services. This infers absence of comprehension of and experience with the particular highlights and necessities of the web-based space. In this instance, managers should learn more about and pay more attention to the Internet-specific features of their online services because they are a big part of the customer experience and, as a result, how satisfied customers are with those services. Managers of banks shouldn't forget that

the bank's website is the medium of interaction between the bank and its customers when it comes to online banking services. As a result, the website should represent the bank's overall quality efforts.

Managers should also pay more attention to the Communication dimension because it includes how banks respond to customers' requests and how easy it is to contact the bank by phone when needed. In the recovery phase of the service delivery process, these two aspects may be crucial. Many investigations have demonstrated the significance of the recuperation interaction for the complete view of administration quality and on the off chance that gotten along nicely, the recuperation can emphatically affect the advancement of confiding in associations with clients and can prompt expanded consumer loyalty. It is possible to recommend that managers make immediate corrections and enhancements in order to increase total customer satisfaction because this dimension demonstrated high levels of customer dissatisfaction and because it can have an impact on the overall perceived quality.

Last but not least, despite the fact that other dimensions like Service Performance and Efficiency have a relatively high percentage of people whose expectations have been met, banks should strive to exceed their customers' expectations in order to cultivate customer loyalty and positive word-of-mouth. In conclusion, the aspects associated with these dimensions can also be improved to meet and exceed customers' expectations because banks, as service providers, should strive for excellence in today's competitive business environment.

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