# E-Banking Service Quality Assessment in Public and Private Sectors Banks in Kalaburagi City

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## ABSTRACT:

With the advancing technology, e-banking has proved as one of the important factors in the growth of the economy. Service quality is an important aspect in providing the best value to the e-banking customer. Therefore,measuring service quality and finding out the gap between the expected e-banking service and the perceived e-banking service of the customer has become an important aspect in today's scenario. So that, the organisation can identify the quality gap and try to bridge the gap. In this paper, the SERVQUAL model has been used for measuring the service quality of the select public and private sector banks in KalaburagiCity. The study of the service quality gap helps in improving the quality of banking services in KalaburagiCity.

*Keywords: Expectation, Perception, E-banking, Service-quality, SERVQUAL, Customer satisfaction.*

## INTRODUCTION:

The world is changing at a staggering rate and technology is considered as the key driver for these changes in the economy.E-Banking is one of those changes, which has gained growing significance in the banking sector.E-banking consists of several distribution channels, it is a construct(Karjaluoto et al. 2002). E-banking is delivery of banking services and products through electronic channels such as internet, telephone, mobiles etc (Uppal 2007). E-Banking performs the fundamental banking services to the customers around the clock through the internet. E-Banking has increased the competition in banking sector, enhanced customer base, improved customer relationship, reduced transaction cost and improved the quality of services offered to customers. As technology is upgraded the competition pressure is also increased.So, enhancing the service quality has become inevitable. According to the Wall Street Finance Report (Yu, 2005), if online stock and insurance brokering are, respectively, the first and second waves of the internet revolution in the financial service industry, then online banking may be deemed the third wave of the internet revolution for this industry. Therefore, banks have become increasingly interested and concerned about online banking services and are seeking methods to provide high-quality service that exactly fulfils the requirements or preferences of their customers. They are also developing differentiated service quality strategies to effectively retain their competitiveness or even obtain a competitive

advantage in this rapidly growing virtual market, especially given the deep impact of the internet on daily life during the past few years and the inevitable growth of online banking in the financial service industry.

In today's globally competitive environment delivering quality-service is considered as an essential strategy for success and survival (Parasuraman et al., 1985; Reichheld and Sasser, 1990; Zeithaml et al., 1990). Even public sector banks have come under increasing pressure to deliver quality-services (Randall and Senior, 1994) and improve efficiencies (Robinson, 2003).The key success factor in e-banking is customer satisfaction.Service-quality is an important tool to measure customer satisfaction. Thus, the service quality plays a vital role in e-banking services.

**LITERATURE REVIEW:**

Internet-based service quality enables the bank to effectively prioritize quality improvement in terms of various service attributes(Chian-Son Yu, 2008). The priorities of the users that use banking applications are context and type of service is reliable (GjokoStamenkov& Zamir Dika,2016). Simon Gyasi Nimako, Nana Kwame Gyamfi, Abdil Mumuni Moro Wandaogou (2013) highlight that customers of the two banks studied by them are dissatisfied with the promptness of reception of responses to customer request, the ability to be guided online to resolve problems, offering of preferentially lower fees/ rates and charges, and reasonability of the transaction fee for online banking transactions, but are very less satisfied with the speed of web pages loading when using online banking transactions. D.Sidhardha and P.Purna Chandra Rao (2018) saythat there is aclear divide between the expectations and perceptions of the customers among private and public sector banks. Perceived e-service quality has more influence on customer satisfaction and use of e-banking, which suggests that greater quality of e-service, has the potential to enhance satisfaction and consequently results in more use of e-banking (Charles k. Ayo, AderonkeAtinuke Oni, Oyerinde J. Adewoye, Ibukun O. Eweoya, 2016). Frederic Marimon, Luc HonorePetnji Yaya & Marti Casadesus Fa (2012) observed that the efficiency of a website and responsiveness to complaints has a positive influence on e-loyalty. Perceived online service quality increases customer e-satisfaction and their e-loyalty towards the bank. Similarly, e-trust mediates the relationship between e-satisfaction and e-loyalty (Muhammad Mohsin Butt, Muhammad Aftab, 2013). Chih-Chin Liang & Wu Pei-Ching (2015) opine that the service quality has a significant and direct positive effect on customer satisfaction; customer satisfaction has a significant and direct positive effect on customer loyalty, and therefore service quality has a significant but indirect positive effect on customer loyalty via customer satisfaction. E-service quality does not seem to be an effective lever for influencing customer channel behaviour; however, it is a key driver of e-loyalty intentions (Rui Sousa & Chris Voss, 2012).Ajimon George, G. S. Gireesh Kumar (2014) emphasise the need for banks to possess a pool of highly responsive bank employees who can respond quickly to all the requirements and complaints of customers. Proper care should be taken to fulfil the service promises of internet banking and privacy of the customers' informational data (Sukanya Kundu, Saroj Kumar Datta, 2015). IliasSantouridis, Panagiotis Trivellas& Panagiotis Reklitis (2009) say that empathy and web assistance, play a vital role in customers' willingness to recommend the service to other people. Service quality has a significant effect on customer satisfaction (Miran Ismail Hussien, Rasha Abd El Aziz, 2013) Yu-Lung Wu, Yu-Hui Tao & Pei-Chi Yang (2012) made an effort to present a holistic

view of e-service quality for e-banking with embedded cultural factors and to provide a rigorous measurement scale development procedure applicable areas other than e-banking.Bauer, Hammerschmidt, Tomas (2004)say that continuously measuring quality in e-banking fosters appropriate improvements as one of the dimensions falls below a tolerable level.Felix R (2017) says that there is a significant and positive relationship between service quality and customer satisfaction while comparing dimensions like customer loyalty with reliability, responsiveness and assurance.

## OBJECTIVES

The main objectives of the study are:

1. To observe the customer perception and their expectation levelof e-banking services.
2. To identify the service quality gap of e-banking services.
3. To suggest measures for quality improvement in e-banking services.

## RESEARCH METHODOLOGY

To carry out the present study, both primary and secondary data have been used. The primary data were collected using a structured questionnaire which was circulated among the respondents.The statistical technique used to analyze the data collected is a descriptive statistic. The sample chosen for the study consisted of 100 respondents of Kalburagi city. Secondary data have been collected from published sources like books, journals, theses, websites and the like.

## RESULTS AND DISCUSSION:

Analysis of final data have been done based on the SERVQUAL model. The data regarding expectation and perception of the customers about e-banking services have been collected and gap have been found out to analyse the service quality provided by public and private sector banks in Kalaburagi City.

## CUSTOMER PROFILE AND SAMPLE BANKS:

| Table 1 | | | |
|---|---|---|---|
| personal profile of respondents | | | |
| Characteristics | | Frequency | Percentage |
| Gender | Male | 61 | 61% |
| | Female | 39 | 39% |
| Age Group | 19-29 | 52 | 52% |
| | 30-39 | 21 | 21% |
| | 40-49 | 27 | 27% |
| Marital Status | Unmarried | 54 | 54% |
| | Married | 46 | 46% |
| Educational Qualification | Post Graduate | 59 | 59% |
| | Graduate | 11 | 11% |
| | Under Graduate | 03 | 03% |
| | Professional | 27 | 27% |
| Occupation | Academic/Teaching Professionals  (Doctors/Engineers) | 25 | 25% |
| | Banking & Finance | 05 | 05% |
| | Own Business | 05 | 05% |
| | Marketing & Sales | 06 | 06% |

| | | | |
|---|---|---|---|
| | Agriculture | 06 | 06% |
| | Unemployed | 04 | 04% |
| | Others | 08 | 08% |
| | | 41 | 41% |
| Monthly Income (Rs.) | < 10000 | 32 | 32% |
| | 10000 – 20000 | 16 | 16% |
| | 20001 – 30000 | 24 | 24% |
| | 30001 – 40000 | 12 | 12% |
| | 40001 – 50000 | 06 | 06% |
| | > 50000 | 10 | 10% |
| Sample Banks | Private Sector (Axis Bank, HDFC Bank, ICICI Bank) | 41 | 41% |
| | Public Sector (Bank of Baroda, Canara Bank, SBI, Union Bank) | 59 | 59% |

The table-1 shows that male respondents are more i.e 61% than the female i.e 39%. 52% of respondents fall under the age group of 19 to 29, 21% of respondents fall in the age group of 30 to 39 and 27% of respondents fall inthe age group of 40 to 49. The qualification of the respondents having Post Graduation is highest, which is 59%. Graduates are 11%, in Graduates are 03% (which is lowest) and 27% are professionals. Occupational information of respondents shows other class of occupation has remarkable number i.e 41%, whereas agriculture is 4% which is least. The monthly income of the respondents which is< 10000 represents the highest number of respondents which is 32% and 6% of respondents belong to 40001 – 50000.

## SERVQUAL DATA ANALYSIS:

Primary data collected through the survey have been analysed for each dimension to identifyperceived service quality, expected service quality, service quality gap and unweighted service quality gap. Final results have been presented in tabular form for each dimension and analysed. The positive gap score indicates that customers' expectation are met and the negative gap score indicates that the customers' expectation are not met.

| Table 2 | | | |
|---|---|---|---|
| **Servqual quality score for Tangibles factor** | | | |
| Sl.No. | Statements | Perceived Quality (P) | Expected Quality (E) | Service Quality Gap (P-E) |
| 1. | E-banking services have modern-looking equipment. | 3.92 | 3.95 | -0.03 |
| 2. | E-banking services are visually appealing (ATM cards, Websites etc.). | 3.88 | 3.99 | -0.11 |
| 3. | E-banking service reception desk employees are neat appearing. | 3.46 | 3.73 | -0.27 |
| 4. | Materials associated with the e-banking services (such as pamphlets or statements) are visually appealing at bank. | 3.43 | 3.52 | -0.09 |
| | **Average service quality gap for Tangibles Factor** | **3.6725** | **3.7975** | **-0.125** |

Source: Compiled from primary data using Servqual Method

On the observation of the table-2 for tangible dimension it is noted that the overall average gap is -0.125. The overall average expectation and perception are 3.7975 and 3.6725 respectively. The highest expectation is 3.99 for e-banking services which are visually appealing and highest perception is 3.92 for the statement e-banking services have modern-looking equipment. The highest gap of -0.27 with respect to neat appearance of e-banking service reception desk and employeesindicates that this service factor needs to be improved.

| Sl.No. | Statements | Perceived Quality (P) | Expected Quality (E) | Service Quality Gap (P-E) |
|---|---|---|---|---|
| | **Table 3** **Servqual quality score for Reliability factor** | | | |
| 1. | When E-banking services promise to do something by a certain time, it does so. | 3.28 | 3.73 | -0.45 |
| 2. | When you have a problem, E-banking services shows a sincere interest in solving it. | 3.6 | 3.56 | 0.04 |
| 3. | E-banking services perform the service right first time. | 3.65 | 3.59 | 0.06 |
| 4. | E-banking services provide its services at the time it promises to do so. | 3.68 | 3.62 | 0.06 |
| 5. | E-banking services insist on error-free records. | 3.41 | 3.56 | -0.15 |
| | **Average service quality gap for Reliability Factor** | **3.524** | **3.612** | **-0.088** |

Source: Compiled from primary data using Servqual Method

The table-3 represents the gap score of reliability factor. The overall average gap is -0.088, the average expectation is 3.612 and perception is 3.524. The highest expectation is 3.73 with respect to e-banking services that the bank promises to do something by a certain time, it does so. The highest perception is 3.68 with respect to e-banking services that the bank provides its services at the time it promises to do so. Quality needs to be improved for statements 1 and 5 of table-3 as there exists negative gap score.

| Sl.No. | Statements | Perceived Quality (P) | Expected Quality (E) | Service Quality Gap (P-E) |
|---|---|---|---|---|
| | **Table 4** **Servqual quality score for Responsiveness factor** | | | |
| 1. | Employees in E-banking tell you exactly when services will be performed. | 3.68 | 3.63 | 0.05 |
| 2. | Employees in E-banking services give you prompt service. | 3.9 | 3.61 | 0.29 |
| 3. | Employees in E-banking services are always willing to help you. | 3.83 | 3.82 | 0.01 |
| 4. | Employees in E-banking services are never too busy to respond to your request. | 3.75 | 3.76 | -0.01 |
| | **Average service quality gap for Responsiveness Factor** | **3.79** | **3.705** | **0.085** |

Source: Compiled from primary data using Servqual Method

The table-4 represents the servqual quality score for responsiveness factor. The overall average gap score is 0.085, average expectation is 3.705 and perception is 3.79. The highest expectation is with

respect tothe statement that e-banking services of the bank arealways willing to the help customer i.e 3.82 and highest perception is in relation to promptness of e-banking services i.e 3.9. There is negative gap score for statement that e-banking services are never too busy to respond to the customers' request (-0.01).

**Table 5**
**Servqual quality score for Assurance factor**

| Sl.No. | Statements | Perceived Quality (P) | Expected Quality (E) | Service Quality Gap (P-E) |
|---|---|---|---|---|
| 1. | The behaviour of employees in E-banking services instils confidence in you. | 3.71 | 3.63 | 0.08 |
| 2. | You feel safe in your transactions with E-banking services. | 3.9 | 3.78 | 0.12 |
| 3. | Employees in the E-banking services are consistently courteous with you. | 3.58 | 3.7 | -0.12 |
| 4. | Employees in E-banking services have the knowledge to answer your questions. | 3.93 | 3.66 | 0.27 |
| | **Average service quality gap for Assurance Factor** | **3.78** | **3.6925** | **0.0875** |

Source: Compiled from primary data using Servqual Method

In table-5 servqual quality score for assurance factor is analysed. The table depicts overall average gap, expectation and perception. The highest expectation is for the statement-3, customers feel safe in e-banking service transactions, is 3.78.The highest perception is for the statement employees having the knowledge to answer about e-banking questions is 3.93 and the negative gap score is -0.12 which indicates that employees of e-banking services are not consistently courteous to customer. The overall average gap score for assurance factor is 0.0875.

**Table 6**
**Servqual quality score for Empathy factor**

| Sl.No. | Statements | Perceived Quality (P) | Expected Quality (E) | Service Quality Gap (P-E) |
|---|---|---|---|---|
| 1. | E-banking services give you individual attention. | 3.89 | 3.84 | 0.05 |
| 2. | Help desks or call a centre of E-banking services has operating hours convenient to all its customers. | 3.38 | 3.58 | -0.2 |
| 3. | Help desks, call centres, and web administrators of E-banking services have employees who give your personal attention. | 3.73 | 3.57 | 0.16 |
| 4. | Help desks, call centres, and web administrators of E-banking services have your best interest at heart. | 3.54 | 3.58 | -0.04 |
| 5. | Help desks, call centres, and web administrators of E-banking services understand your specific needs. | 3.58 | 3.7 | -0.12 |
| | **Average service quality gap for Empathy Factor** | **3.624** | **3.654** | **-0.03** |

Source: Compiled from primary data using Servqual Method

The details of servqual quality score for empathy factor is highlighted in the table-6. It exhibits the overall average of expectation, perception and gap score i.e. 3.654, 3.624 and -0.03 respectively. The highest expectation and perception is with regard to employees giving individual attention to e-banking customers i.e. 3.84 and 3.89 respectively. We can observe that out of the five statements

covered in the table-6 for empathy factor, three statements have negative gap and overall average gap is also negative.

| Sl.No. | Service quality factor for unweighted score | Unweighted Score |
|---|---|---|
| | **Table 7** | |
| | **Unweighted service quality gap score by servqual method** | |
| 1. | Average service quality gap for Tangibles Factor | -0.125 |
| 2. | Average service quality gap for Reliability Factor | -0.088 |
| 3. | Average service quality gap for Responsiveness Factor | 0.085 |
| 4. | Average service quality gap for Assurance Factor | 0.0875 |
| 5. | Average service quality gap for Empathy Factor | -0.03 |
| | Total Score | -0.0705 |
| | **Average unweighted servqual quality gap score = Total/5** | **-0.0141** |

Source: Compiled from primary data using Servqual Method
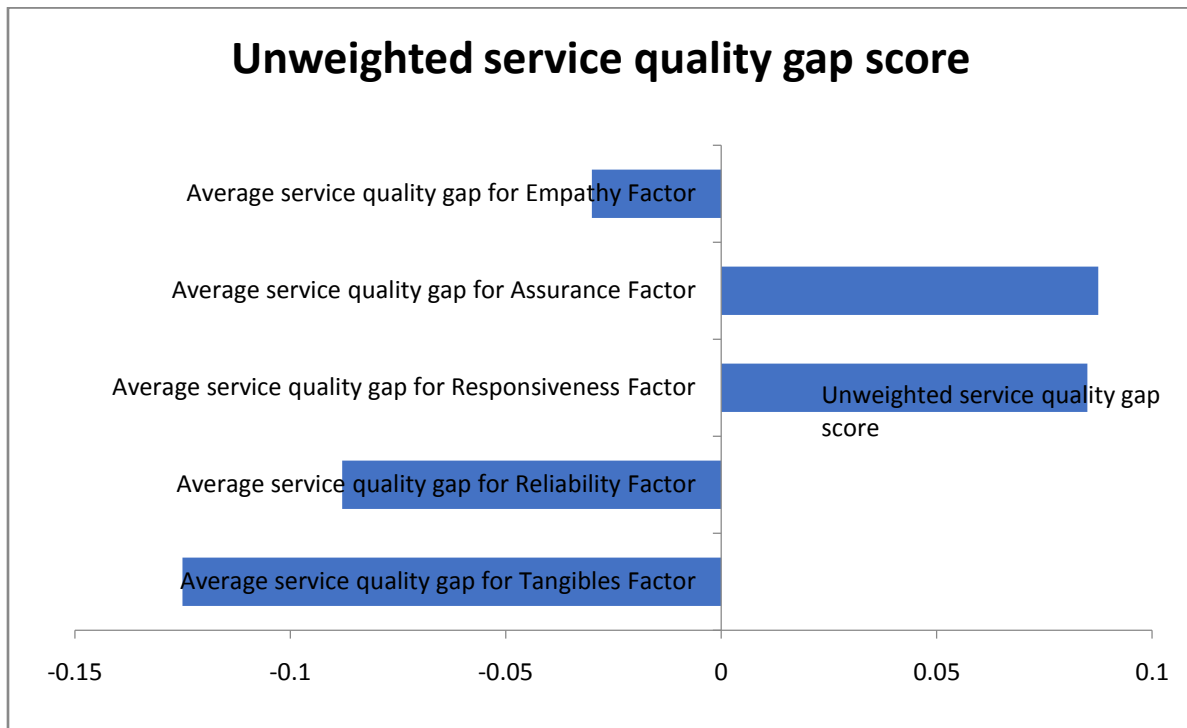


From the analysis of dimension-wise factors , it is evident that there is service gap where overall service quality received is lower than the expected service quality. Service quality is identified for all the dimensions viz Tangible, Reliability, Responsiveness, Assurance and Empathy. More gap is found for the tangible factor while the lesser gap is found for the empathy factor.The difference between expectation and perception clearly exhibits dissatisfaction of the customer. The overall gap of servqual is negative which may be considered as a barometer of customers satisfaction towards the quality of the services provided by the banks covered under study. According to SERVQUAL as said earlier, analysis the negative gap indicates dissatisfaction of customers. The gap analysis provides for the area of improvement in the e-banking services. It also gives the direction for implementing modifications and changes to enhance the quality of e-banking services. The results reveal that e-banking services provided by the banks in KalaburagiCity need corrective actions to have more satisfied customers.

**CONCLUSION:**

Customers are considered as lifeblood of any business. Service quality is the only way to win the customers. Providing services based on user needs is essential for accomplishing high customersatisfaction. Satisfied users perceive service quality positively. In the study for some of the dimensions negative gap is observed. In this background it is suggested that the banks need to study the service-quality by conducting proper survey of their customers. The findings of such study can be used to enhance their service-quality by reducing the gap between service-quality expectation and perception. In this study the results are not derived for any one bank or any one sector of banks. It is for both public and private sector banks together. That is the limitation of the present study.

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