

A Study on Service Quality of E-Banking Amenities (With Special Reference to ICICI Bank)

Dharmendra Sharma, Arpita Patel and Swati Sabharwal

Abstract

Internet has brought a great revolution in lives of human beings; it makes the life simple by providing various facilities which are available just a click away. Internet is used in almost all the electronic services like online ticketing, hotel bookings, bill payment, online shopping etc. Among all these electronic services available on internet, e-banking services are one of the most appealing and important electronic services. The e-banking services have totally changed the life of the bank customers. Banking is now no longer limited to the bank branch where a customer had to wait for a long time in a queue, now banking is available everywhere with the help of e-banking services. The e-banking services has various advantages but on the other hand it has some threats also like no face to face interaction with a person, fraud in online transactions, processing time, complicated design of websites etc. In such a scenario it is utmost important to analyze the service quality of e-banking services. The purpose of this study is to analyze and discuss the various factors which affect the service quality of e-banking services. In order to fulfil the purpose of the study, one of the highly commercial banks of India, ICICI bank is examined for its e-banking services.

Keywords: Service Quality, E-Banking Services, Customer Satisfaction.

Introduction

In present scenario, Internet is one of the fastest growing medium of communication. Therefore most of the businesses are now being operated online to widen their business opportunities. Internet is the cheapest and easiest way of reaching to the target customers. Most of the business houses have shifted from traditional marketing to internet marketing tactics. One can find and buy almost everything online. In such a vibrant scenario, it is very important to provide the reliable services to the customers to gain a competitive edge over the competitors. Service quality plays a very vital role in attracting the customers and it becomes even more crucial if customers are receiving service quality in an electronic mode like e-banking amenities. Parasuraman, Zeithaml and Berry (1985), have done the pioneering work in the field of service quality. They provide the concept related to the service quality that consumers usually use the same criteria to assess quality irrespective of the types of services. Service quality is a general opinion the client forms regarding its delivery, which is constituted by a series of successful or unsuccessful experiences. For measuring service quality, (Parasuraman et.al., 1985) developed a service quality measuring scale and named it SERVQUAL. It is a 22 items' instrument categorized into five major dimensions: tangibility, reliability, responsiveness, assurance and empathy.

Further, there was a need of measuring the quality of services which are provided to the

customers in an electronic form. Thus it resulted into a new concept called as electronic service quality. Zeithaml et al. (2000) have defined electronic service quality as the extent to which a website facilitates efficient and effective shopping, purchasing and delivery of products and services. Among all the electronic services, e-banking services are one of the most important electronic services because they include more commercial activities as compared to other electronic activities. Ho and Lin (2010) defined banking as a demand driven industry and suggested that in order to provide customers efficient banking services, banks must work on their information technology, and the internet facilities to delivery financial services. In last few decades the demand of financial services in India has increased substantially which made an obligation on banks to improve their banking facilities. To serve the huge masses of customers, banks required effective e-banking services which helps to cater the needs of customers in no time and also provides an ease of accessing the various e-banking facilities in the best possible way by just a mouse click. There are various studies which have been conducted on traditional service quality of commercial banks; however there are very few studies which have thrown light on the electronic service quality of banks or e-banking services. The present study is an attempt to analyze the e-banking services of one of the reputed commercial bank of India, i.e. ICICI bank. The present study also aims to study the effect of demographic variables on the factors affecting service quality of e-banking services of ICICI Bank

Review of Literature

Service quality is one of the most preferred topics among the researchers; various studies have been conducted on service quality in different fields of services like education, retailing, healthcare, transport, banking, telecommunications etc. However, the Studies on electronic service quality are comparatively low, specifically on e-banking services. The review of literature in this paper covers some specific studies dedicated only to e-banking services. (Ibrahim et al., 2006) explored the key factors of the electronic service quality (e-SQ) perceptions. The study was based on UK banking customers. In the study the researchers explored and analysed various dimensions of electronic service quality which included accurate electronic banking operations; accessibility and reliability, service personalisation; friendly customer service and many more. Friendly customer services plays an important role because e-banking does not provide personal attention to each and every customer and customers possess self service and if they have some problem with the services which they are availing they want a strong and supportive response from the concern bank. In the study conducted by Loonam and O'Loughlin, (2008), the authors discuss and explored e-banking interactions and experiences of the bank customers while assessing the e-banking service quality. The researchers also revealed many traditional service quality attributes were found to be redundant where as some of the e-banking dimensions such as web usability, trust, access and information recovery and flexibility emerged as important dimensions to e-banking services

In the study conducted by Ho and Lin, (2009) the authors analyzed the various dimension of the electronic banking services and they minutely analyze five dimensions which included customer service, web design, assurance, preferential treatment, and information provision. Among the five dimensions emerged in the study, web design is one of the factor which emerged as a key factor in the present study also with the name efficiency. Here, efficiency referred as the efficiency of web designing of the bank. Another study conducted in the context of New Zealand banking, Rod et al., (2009) examined the relationships among the dimensions of service quality and found that there was a significant relationships among online customer service

quality, online information system quality, banking service product quality, overall internet banking service quality and customer satisfaction. Similar results were found in the study conducted by Hussien et al., (2013) where the study revealed that service quality has significant effect on customer satisfaction. Customer satisfaction is one of the important aspects of e-banking services, therefore it is very important that the website designing should be done in an efficient manner which provide an easy access of information which leads to the customer satisfaction.

Objectives of the Study

- To measure the effect of demographic variables on the factors affecting service quality of e-banking services of ICICI Bank
- To investigate the impact of e-banking services on ICICI bank's customers.

Research Methodology

Hypotheses were set on the basis of four defined factors in the scale used for the study for two selected demographic variables, Age & Gender in the following manner.

- **For Gender:** There is no significant difference between male and female respondents for various factors affecting service quality of e-banking services of ICICI Bank in India.
- **For Age:** There is no significant difference between age groups of "18-35" & "35-50" for various factors affecting service quality of e-banking services of ICICI Bank in India.

Table 1: Hypotheses for Gender

H0 ₁	There is no significance difference between Male and Female respondents for Efficiency factor affecting service quality of e-banking services of ICICI Bank in India.
H0 ₂	There is no significance difference between Male and Female respondents for System Availability factor affecting service quality of e-banking services of ICICI Bank in India.
H0 ₃	There is no significance difference between Male and Female respondents for Fulfilment factor affecting service quality of e-banking services of ICICI Bank in India..
H0 ₄	There is no significance difference between Male and Female respondents for Privacy factor affecting service quality of e-banking services of ICICI Bank in India.

Table 2: Hypotheses for Age

H0 ₅	There is no significance difference between age groups of 18-35 & 35-50 for Efficiency factor affecting service quality of e-banking services of ICICI Bank in India.
H0 ₆	There is no significance difference between age groups of 18-35 & 35-50 for System Availability factor affecting service quality of e-banking services of ICICI Bank in India.
H0 ₇	There is no significance difference between age groups of 18-35 & 35-50 for Fulfilment factor affecting service quality of e-banking services of ICICI Bank in India..
H0 ₈	There is no significance difference between age groups of 18-35 & 35-50 for Privacy factor affecting service quality of e-banking services of ICICI Bank in India.

The Study: -

For research purpose, an empirical analysis was carried out. Standard Scale developed by Parasuraman, Zeithaml and malhotra, (2005) was used. The scale has relatively high levels of validity, with 0.739 as Cronbach's alpha value. The used questionnaire comprised of two sections.

First section was dealing with the profile of respondents covering demographics; Age and Gender. Second section was covering twenty one statements relating to electronic service quality.

Sample Size: -

A total of 178 questionnaires were distributed for data collection. Out of distributed questionnaires, 150 responses were selected for the study based on their completeness. Respondents included in the study were either the customers or the employees of the ICICI Bank.

A summary of the sample characteristics is presented in table 3.

Table 3: Respondents' frequency on the Basis of Various Demographics

		Frequency	Percentage
Gender	Male	83	55.3
	Female	67	44.7
Age	18-35	67	44.7
	35-50	83	55.3
Total		150	100

Tools for Data Collection

For primary data collection, standard scale developed by Parasuraman, Zeithaml and malhotra, (2005) was used. The questionnaire which includes 21 items having Likert type five-point scale (1 - Strongly Disagree to 5 -Strongly Agree) was used. The questionnaire was personally distributed to the customers and employees of ICICI Bank.

Tools for Data Analysis

All the 21 items were divided into four factors as defined in the original scale namely, Efficiency, System Availability, Fulfilment and Privacy. After computing all the 21 items into four factors, independent samples' T-test is applied to test the formulated hypotheses and the effect of demographic variable on the four factors using SPSS 16.0. Before applying T-test, overall reliability was also calculated for the questionnaire by assessing internal consistency of the 21 items using Cronbach's Alpha. The questionnaire (N=21) had a reliability of 0.739. (See Table: 4)

Table 4: Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.739	21

Results & Discussion

Data analysis was done on the demographic profile of respondents in order to analyze the sample characteristics. The effect of each independent variable (Age and Gender) was measured on dependent variable (factors) at five percent level of significance.

Hypotheses Testing

Responses relating to the service quality of e-banking services of ICICI bank in India have been

tested by formulating eight hypotheses on the basis of two independent variables age and gender with all the defined factors as dependent variables using independent sample t-test with the help of SPSS 16.0. The results of hypotheses testing are tabulated in tables 5 and 6. The results show that the sig. values ('p') for hypotheses- H₀₂ and H₀₅ were less than 0.05 and therefore, these hypotheses were rejected at five percent level of significance. Rest all the hypotheses were having sig. values ('p') more than 0.05 and therefore, not rejected.

Table 5: Hypothesis Testing- Showing effect of Gender

	<i>Gender</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
Efficiency	Male	83	33.3494	2.10941	0.23154	-0.681	148	0.497
	Female	67	33.6567	3.37348	0.41214	-0.65	105.757	
System Availability	Male	83	17.6386	1.29331	0.14196	3.327	148	0.001*
	Female	67	16.806	1.76874	0.21609	3.22	117.628	
Fulfilment	Male	83	26.2169	1.32562	0.14551	-0.117	148	0.907
	Female	67	26.2537	2.47621	0.30252	-0.11	95.937	
Privacy	Male	83	13.1566	0.84798	0.09308	-0.127	148	0.899
	Female	67	13.1791	1.3134	0.16046	-0.121	108.044	

*Rejected at 5 percent significance level

Table 6: Hypothesis Testing- Showing effect of Age

	<i>Age</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
Efficiency	18-35	67	32.9254	2.41406	0.29492	-2.285	148	0.024*
	35-50	83	33.9398	2.91485	0.31995	-2.331	147.892	
System Availability	18-35	67	17.5075	1.34134	0.16387	1.693	148	0.092
	35-50	83	17.0723	1.72346	0.18917	1.739	147.822	
Fulfilment	18-35	67	26.2687	1.36606	0.16689	0.202	148	0.84
	35-50	83	26.2048	2.27799	0.25004	0.212	137.444	
Privacy	18-35	67	13.0597	0.85068	0.10393	-1.094	148	0.276
	35-50	83	13.253	1.22816	0.13481	-1.136	144.861	

*Rejected at 5 percent significance level

After analyzing the data, it was found that there was a significant difference between male and female respondents regarding the "System availability". Male respondents were found to be more comfortable with the usage of computer system while availing e-banking services of ICICI Bank. On the other hand female respondents were found to be less comfortable with the ICICI Bank website's features. Previous authors also considered system availability as one of the important factor. Parasuraman and Zinkhan (2002) and Parasuraman et al., (2005) included system availability as an important component of e-SERVQUAL or electronic service quality in their studies. In case of age, the study revealed that there was a significant difference in the effect of age groups of "18-35" and between "35-50" years on "Efficiency factor". It was found that the respondents belonging to 35-50 age groups were more inclined to the efficiency of the Bank's website as compared to the age group of 18-35. One of the reasons for this outcome

could be the higher involvement of age group of 35-50 in business and purchasing activities.

Conclusion and Recommendations

The present study revealed that out of the four dimensions analyzed in the study, two dimensions, efficiency and system availability emerged as key factors which were affected by the demographic variables age and gender. After studying various aspect of internet banking and analyzing the result it was found that in case of ICICI bank, the male customers prefer e-banking services more as compared to the traditional banking as they find it more complicated, on contrary female customers are not comfortable with the e-banking or in other word they are more inclined towards the traditional banking, they found e-banking services of ICICI bank more complicated for transactions and other services. Thus the bank is required to work on the website designing, so that it could be easy to access by the female customers too. Another important factor emerged in the study was efficiency which means the usage of internet banking, which is more attractive for age group of 35-50, as it is a matured age group in which people use more banking for the business and professional purpose, as in this age group people give more importance to the time factor and hence easy and fast transaction is preferred by them. Internet banking gives the freedom to perform the various banking procedure with ease to access and hence due to all above mention qualities people of the mentioned age group have the preference to the efficiency factor. Hence it is recommended for the bank to increase the efficiency of e-banking services, so that it can attract the young age group in the best possible way.

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Dharmendra Sharma, Assistant Professor, Prestige Institute of Management and Research, Indore, Madhya Pradesh, India

Arpita Patel, Assistant Professor, Prestige Institute of Management and Research, Indore, Madhya Pradesh, India

Swati Sabharwal, Assistant Professor, Jagran Lakecity University, Bhopal, Madhya Pradesh, India