

MEDIATING IMPACT OF “TRUST” IN THE RELATIONSHIP BETWEEN E-SERVICE QUALITY & CUSTOMER SATISFACTION IN THE CONTEXT OF INTERNET BANKING

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ABSTRACT

The main objective of this study is to find the role of trust as a mediating variable between e-service quality and customer satisfaction in Internet banking. Structure equation modeling has been used to analyze the effects of independent variable e-service quality on customer satisfaction and the role of mediating variable trust. Stepwise analysis has been done to examine the effect of trust on customer satisfaction. E-service quality was found strongly correlated with customer satisfaction. The results does not confirm trust as a mediating variable between e-service quality and customer satisfaction, though a positive significant relation can be found between trust and customer satisfaction when tested in a separate cause and effect model. The research implies that banking service providers should focus mainly on the improvement of the service quality of Internet banking to get more satisfied customers.

Keywords: customer satisfaction, e-service quality, E-S-QUAL, Internet banking, mediating variable, trust

INTRODUCTION

In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers (Shemwell, Yavas, & Bilgin, 1998). In an era of intense global competition; many organizations have now shifted the paradigm of service quality to customer's perspective (Parasuraman, Zeithaml, & Berry, 1985). Based on this paradigm, a customer will judge the quality of service accorded and determine whether it met his/her expectations (Grönroos, 1984; Parasuraman et al., 1985, 1988). Service quality and customer satisfaction are the two core concepts that are at the center of the marketing theory and practice (Spreng & Mackoy, 1996). The relationship

between service behavior and service quality has proven its role and importance in management/marketing (Valarie et al., 1996; Heskett & Sasser, 2010; Hutchinsona et al., 2009). The concepts of service quality and service satisfaction have been highly considered and used in marketing texts and activities, during previous decades. Marketing researchers have praised the advantages of satisfaction and quality, and have mentioned them as indices of an organization competitive benefit (Ruyter, 1997).

But an observed relationship may be part of a more complex chain of effects. These complex relationships are described in terms such as indirect influences, distal vs. proximal causes, intermediate outcomes, and ultimate causes; all of which share the concept of mediation. A mediator can be thought of as the carrier or transporter of information along the causal chain of effects.

Here, this study will measure the mediating role of trust as attributed by a customer to service quality of Internet banking and customer satisfaction. The main objectives of this study are to find out e-service quality through gap model (Service perception vs. Service expectation) based on the E-S-QUAL scale suggested by Parasuraman et al. (2005). Later, mediating role of trust will be studied. As evident from literature trust and e-service quality exert a positive influence on customer satisfaction.

LITERATURE

Service quality and e-service quality

Service quality has become as one of the key driving forces for business sustainability and is crucial for firms' accomplishment (Rust and Oliver, 1994). The importance of service quality has been proved as the ultimate goal of service providers throughout the world (Sureshchandar, Rejendran, & Anantharaman, 2002). Service quality has been defined as a form of attitude – a long-run overall evaluation (Zeithaml, 1988; Parasuraman et al., 1988) while perceived service quality as a general, overall appraisal of service. Original 22-item SERVQUAL instrument by Parasuraman (1985, 1988, and 1994). provided researchers with the possibility of measuring the performance expectations gaps composed by five determinants knows, reliability, responsiveness, empathy, assurance and tangibility. However, studies dealing with people-technology interactions imply that customer evaluation of new technologies is a distinct process. Findings from an extensive qualitative study of how customers interact with, and evaluate, technology-based products (Mick and Fournier 1998) suggest that (a) customer satisfaction with such products involves a highly

complex, meaning-laden, long-term process; (b) the process might vary across different customer segments; and (c) satisfaction in such contexts is not always a function of preconsumption comparison standards. Findings of different studies by Cowles 1989; Cowles and Crosby 1990; Dabholkar 1996; Eastlick 1996, Davis 1989, and Szajna 1996) reveal important differences in acceptance and usage of technologies across customers depending on their technology beliefs and suggest that similar differences might exist in the evaluative processes used in judging e-SQ.

In 2005 Parasuraman et al further developed E-S-QUAL, a Multiple-Item Scale for Assessing Electronic Service Quality. The basic E-S-QUAL scale developed in the research was a 22-item scale of four dimensions : efficiency, fulfillment, system availability, and privacy. The second scale, E-RecS-QUAL, is salient only to customers who had nonroutine encounters with the sites and contains 11 items in three dimensions: responsiveness, compensation, and contact.

Customer satisfaction

Satisfaction is a person's feeling of the pleasure or disappointment arising from comparing products perceived performance in relation to expectation. It is a state of experience that might vary in intensity but not in quality (Stauss & Neuhaus, 1997). Various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong & Kotler, 1996). Customer satisfaction is the primary mental state of customer which comprise by two thing (1) expectation before purchase (2) perception about performance after purchase (Oliver 1997, Westbrook & Oliver 1991). Bitner & Zeithaml (2003) stated that satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations. According to Boselie, Hesselink, and Wiele (2002) satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another. Customer satisfaction is defined as a result of comparison between what a customer expects about services provided by a service provider and what the customer receives in actual terms (Caruana, Money, & Berthon, 2000; Parasuraman et al., 1988). If the service provided by an organization does meet a customer's needs and expectations, then this may subsequently lead to higher customer satisfaction (Foster, 2004; Parasuraman et al., 1988; Walker et al., 2006).

Relationship between service quality and customer satisfaction

A number of empirical studies did indicate a link between service quality and satisfaction (e.g., Fornell, 1982; Taylor and Baker, 1994). Extant research in this area shows that the proper implementing and dispensing of the core service quality features may justifiably increase customer satisfaction (Gronroos, 1984; Parasuraman et al., 1988; Walker et al., 2006). The service quality research literature is consistent with the notion of perceived quality models. For example, Parasuraman et al. (1985) state that a conceptual service quality model highlights that the match between service quality standards and customers' standards may decrease service performance gap and increase customer perceived value about the quality systems. Consequently, it may lead to higher customer satisfaction.

Trust

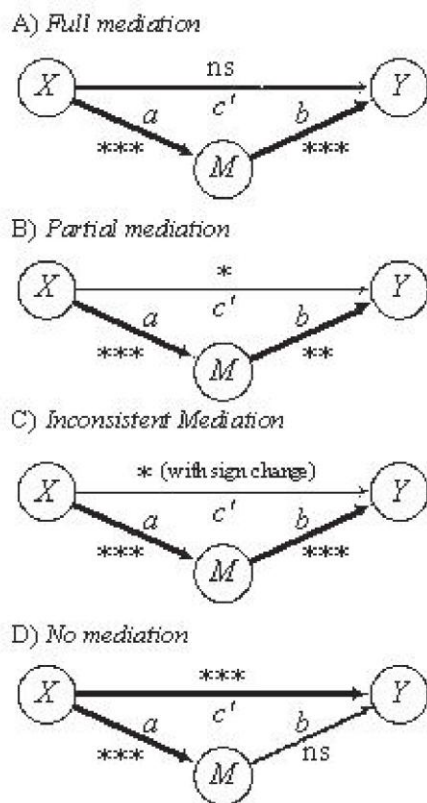
"Trust is like the air we breathe, when it's present, nobody really notices. But when it is absent, everybody notices." (Warren Buffet, qtd. in Sandlund, 2001). In business trust is viewed as one of the most relevant antecedents of stable and collaborative relationships. Wilson (1995) states "Trust is a fundamental relationship model building block". Trust is considered to be an important element of consumer perceptions about brands and companies (Aaker, 1997). Reichheld and Scheffer (2000) state that "To gain the loyalty of customers, you must first gain their trust". Trust is beneficial for both customers and companies: customers benefit through a reduced perception of risk toward service provider and through social benefits derived from a trusting service provider; companies benefit through increased sales, reduced costs, positive word-of-mouth and even employees retention (Moorman et al., 1993; Schurr et al., 1985). Zaheer et al., (1998) found trust to have an important role in facilitating closer buyer-supplier relationships by reducing the tendency of firms to take advantage of each other. Researchers had established that trust is essential for building and maintaining long-term relationships (Rousseau, Sitkin, Burt, & Camerer, 1998; Singh & Sirdeshmukh, 2000). Trust and commitments are key variables for businesses because a) they encourage marketers to work at preserving relationship investments, b) resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partner and c) view potentially high-risk actions as being prudent because of the belief that their partner will not act opportunistically (Morgan & Hunt, 1994). Trust involves one person's expectations that another will behave in a certain way (Deutsch, 1958; Schurr & Ozanne, 1985). It can be defined as one party's confidence in the other relationship members reliability, durability and integrity and the belief that its actions are in the best interest of and will produce positive outcomes for the trusting party (Peppers & Rogers, 2004). Trust

between two parties requires that, if one part does not behave as expected, the other party will experience more negative outcomes than if the other does behave as expected (Deutsch, 1958). Morgan and Hunt (1994) stated that trust exists only when one party has confidence in an exchange partner's reliability and integrity. While defining trust Moorman, Deshpande, & Zaltman, 1993) referred to the willingness to rely on an exchange partner in whom one has confidence. If one party trusts another party that eventually engenders positive behavioral intentions towards the second party. Therefore if one party believes that the actions of the other party will bring positive outcomes to the first party, trust can be developed (Anderson and Narus, 1990). Doney and Cannon (1997) added that the concerned party also must have the ability to continue to meet its obligations towards its customers within the cost-benefits relationship; so, the customer should not only foresee the positive outcomes but also believe that these positive outcomes will continue in the future.

Relationship between service quality and trust

The quality elements of the e-service are expected to affect e-trust directly (Gronroos et al., 2000), because they represent trust cues that convey the trustworthiness of the site and the system to customers (Corritore et al., 2003). In a review of studies on online trust, Grabner-Krauter and Kalusha (2003) even interpret e-quality determinants as trust, i.e. trusting beliefs, and intentions to repurchase as trusting intentions. Furthermore, Corritore et al. (2003) call web sites objects of trust and suggest that navigational architecture and design elements have a direct effect on trust. A qualitative study by Davis et al. (2000) on e-tail brands also demonstrates the importance of e-tailer trust, with quotes such as "Think of brands I trust in terms of quality" and "if there was no trust, I couldn't allow the service to continue". Although these studies are not on e-trust, e-quality can be expected to have a positive effect also trust in the online medium. Therefore, in analogy with the arguments used to underpin the relationship between satisfaction and e-trust, we expect that the confidence customers have in online exchanges will be positively affected by the quality of their online experiences.

Mediation



Baron and Kenny's (1986) influential paper on mediation analyses stated three necessary but not sufficient conditions that must be met in order to claim that mediation is occurring (Kenny, Kashy, & Bolger, 1998; MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002).

1. X is significantly related to M.
2. M is significantly related to Y.
3. The relationship of X to Y diminishes when M is in the model.

Where exogenous causal influence as X, the endogenous causal influence, or mediator, is referred to as M, and the dependent variable or outcome is referred to as Y.

Figure 1: types of mediation

source : Little et al., chapter 9 : structural equation modeling of mediation & moderation with contextual factors

Each of the three constructs must show evidence of a nonzero monotonic association with each other, and the relationship of X to Y must decrease substantially upon adding M as a predictor of Y.

Objectives

The current study has three major research questions: first, which features of e-service quality may affect customer satisfaction? Second, which features of e-service quality may affect trust? Finally, does trust affect the relationship between e-service quality features and customer satisfaction?

Hence, this study is conducted to measure three main objectives: first, the relationship between the e-service quality features and customer satisfaction. Second, the relationship between the service quality features and trust. Lastly, the mediating effect of trust in the relationship between e-service quality features and customer satisfaction that occurs in Internet banking in the context of selected Indian public sector banks.

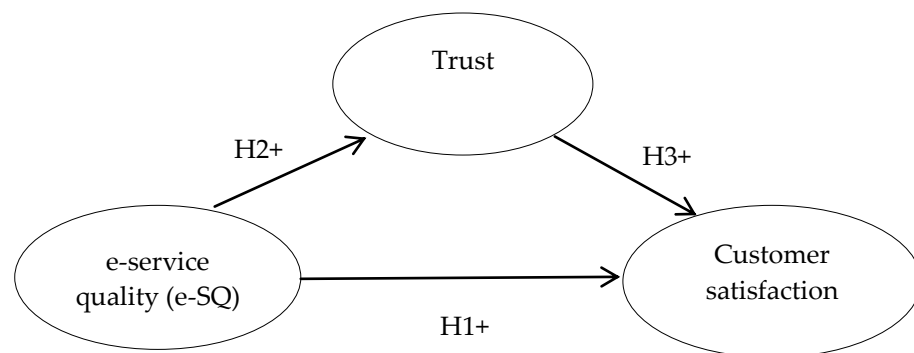


Figure 1 : Theoretical model of the study

Hence, it can be hypothesized that:

H1: e-service quality has a positive significant effect on Customer Satisfaction.

H2: e-service quality has a positive significant effect on trust.

H3: Trust has a positive effect on customer satisfaction.

METHOD

Sample

The empirical data are drawn from 367 customers of Internet banking from three selected public sector banks in India using a structured questionnaire. Data was collected from the metropolitan city of Kolkata, India. Response rate was 77%. Among the respondents 69% were male and 31% were female.

Questionnaire

Structured questionnaires comprising of five sections have been used to collect data. The questionnaire has four sections : Section A : about your expectation on Internet bank services, Section B : about the specific bank's performance on Internet bank services, Section C : about

your satisfaction by availing services offered by Internet banking, Section D: about your trust on bank's performance and Section E : background of the respondent.

Following the trend of previous researches in this field 5 points Likert scale was used to measure all of these variables. e-SQ has been measured by using 24 items. A set of 24 Q (P-E) columns were derived in the data sheet of SPSS for analysis of the gap scores between perceived service and expected service to get the service quality of Internet banking. The idea of using difference scores has been used in developing scales for measuring constructs such as role conflict (Ford, Walker, and Churchill 1975). The trust has been measured by using 4 items and customer satisfaction has been measured by using 4 items.

The values of coefficient alpha ranged from 0.772 to 0.906 and there were no suggestion that deletion of certain items from each dimension would improve the alpha values. So, no items were deleted.

Data Analysis

To assess direct and indirect relationships among the studied variables a two-step procedure was followed using confirmatory factor analysis and structural equation modeling (Anderson & Gerbing, 1988). Amos 18.0 has been used to perform these analyses. The analysis has been done according to the following steps :

- i. The basic E-S-QUAL part of E-S-QUAL A Multiple-Item Scale for Assessing Electronic Service Quality model of Parasuraman et al. (2005) was adopted with minor modification and tested to get the e-SQ construct of Internet banking for the purpose of this research.
- ii. The proposed construct of customer satisfaction and trust was tested with CFA.
- iii. In the Model 1, path from the e-SQ to customer satisfaction have been examined.
- iv. In Model_2, path from e-SQ to trust has been tested to satisfy the necessary condition 1 of mediation as proposed by Baron and Kenny's (1986)
- v. In Model_3, path from trust to customer satisfaction has been tested to satisfy the necessary condition 2 of mediation as proposed by Baron and Kenny's (1986)
- vi. In Model_4, path from e-SQ to customer satisfaction and paths from e-SQ to customer satisfaction mediated through trust have been examined.

RESULTS

The reliability statistics of the three constructs has been shown in table 1. The reliability coefficient or alphas for the different constructs were computed using the reliability procedure in SPSS (version 19.0).

Construct	Sub constructs	No. of items	Cronbach's alpha
e-SQ	System availability	4	0.772
	Efficiency 1	4	0.773
	Efficiency 2	5	0.906
	Fulfillment	4	0.814
	Privacy	7	0.880
Customer satisfaction		4	0.831
Trust		4	0.804

Table 1 : Reliability statistic of the constructs used in research

The reliabilities of all the constructs used in this study were found to be above the standard set by Nunnally (1978), which is 0.50-0.60. The results found by exploratory factor analysis on the three constructs are shown in table 2.

Factor labels	Factor loadings	Eigen values	Percent of variance
e-SQ			
QAV1	.793	7.918	32.990
QAV2	.696		
QAV3	.738		
QAV4	.708		
QEff21	.719	2.629	10.953
QEff22	.849		
QEff23	.829		
QEff24	.831		
QEff25	.836		
Qeff11	.790	1.827	7.612
Qeff12	.715		
Qeff13	.702		
Qeff14	.730		
Qful1	.704	1.605	6.689
Qful2	.747		
Qful3	.664		
Qful4	.704		
QPR1	.712	1.228	5.115
QPR2	.705		
QPR3	.728		
QPR4	.708		
QPR5	.807		
QPR6	.697		
QPR7	.652		

Factor labels	Factor loadings	Eigen values	Percent of variance
Customer satisfaction			
SAT1	.813	2.654	66.346
SAT2	.844		
SAT3	.809		
SAT4	.792		
Trust			
PTR1	.817	2.519	62.978
PTR2	.790		
PTR3	.784		
PTR4	.782		

Table 2 : Factor analysis for e-SQ, customer satisfaction and trust

The data was subjected to 2nd order confirmatory factor analysis using AMOS 18 to test the model fit and unidimensionality of service quality scale item on all the constructs. Maximum likelihood technique was used. Confirmatory factor analysis involves the specification and estimation of hypothesized model of factor structure being measured by latent variables to account for covariances among a set of observed variable (Koufteros, 1999). The measurement model specifies how the latent variables are measured in terms of observed variables. The result of initial confirmatory factor analysis showed that R² values of two of the variables in efficiency1 construct and one variable of availability construct was below 0.450. These three variables were omitted from the e-SQ construct. The resulting confirmatory factor analysis showed that that the data fit the measurement model fairly well (refer table 3 & 4).

	Constructs	Indicators	Standardized coefficients	R ²
e-SQ	System availability	qav4	.697	0.486
		qav3	.671	0.450
		qav1	.747	0.558
	Efficiency1	qeff13	.731	0.534
		qeff11	.673	0.453
	Efficiency2	qeff25	.835	0.697
		qeff24	.849	0.721
		qeff23	.836	0.699
		qeff22	.854	0.729
	Fulfillment	qeff21	.695	0.483
		qful4	.704	0.496
		qful3	.721	0.520
		qful2	.732	0.536
	Privacy	qful1	.734	0.539
		qpr7	.679	0.461
qpr6		.726	0.527	
qpr5		.776	0.602	
qpr4		.690	0.476	
		qpr3	.717	0.514

	Constructs	Indicators	Standardized coefficients	R ²
		qpr2	.681	0.464
		qpr1	.742	0.551
	Trust	ptr4	.695	0.483
		ptr3	.685	0.469
		ptr2	.707	0.500
		ptr1	.758	0.575
		sat4	.699	0.489
	Customer satisfaction	sat3	.733	0.537
		sat2	.800	0.640
		sat1	.738	0.545

Table 3: Confirmatory factor analysis : standardized coefficients

Fit indexes	Recommended Value	Observed Value		
		e-SQ	Trust	Customer satisfaction
Chi-square/ degrees of freedom	≤ 3.0	1.8	14.14	1.609
GFI (Goodness of fit)	≥ 0.90	.938	.975	.997
AGFI (Average Goodness of fit)	≥ 0.80	.922	.875	.984
RMR (root mean square residual)	≤ 0.05	.011	.015	
CFI (Comparative Fit Index)	≥ 0.90	.966	.958	.998
NFI(Normed Fit Index)	≥ 0.90	.931	.955	.996
RFI(Relative Fit Index)	Close to 0.90	.921	.864	.987
TLI(Tucker-Lewis Index)	Close to 0.90	.961	.873	.995
RMSEA(root mean square error of approximation)	≤ 0.05	.042	.162	.035

Table 4 : Summary statistics of model fit

As it can be seen from table 3, the R² values, which explain the relative variance of the dependent variable, are satisfactory (larger than 0.450) (Joreskog & Sorbom, 1999). So, all manifest variables are valid for further analysis through Structural Equations Modeling (SEM).

Goodness-of-fit of all the three constructs (with minor variation in the construct of trust) indicated “reasonable or good fit” or RMSEA < 0.05 . Brown and Cudeck (1993) suggested that root mean square error of approximation (RMSEA) between 0.05 and 0.08 provide reasonable error of approximation. Hair et al., (2009) suggested $0.05 < RMSEA < 0.08$ is for “good fit”. CFI (comparative fit index) for all the three constructs > 0.90 denoting a good fit. Hu and Bentler (1999) suggested that a rule of thumb for the CFI and the incremental indexes is that values greater than roughly 0.90 may indicate reasonably good fit of the researcher’s model. The GFI

was the first standardized fit index (Joreskog & Sorbom, 1999). GFI = 1.0 indicates perfect model fit. Therefore, a GFI > 0.90 demonstrates reasonable fit for all the three constructs used in this study. From the above goodness-of-fit evaluation, confirmatory factor analysis for the three constructs e-SQ, trust and customer satisfaction reasonably supported their model's fit.

Convergent validity

Convergent validity of a scale measure is used to assess whether the individual scale items are related or not (Susarala et al., 2003). It refers to the degree to which the two measures designed to measure the same construct are related (Netemeyer et al., 2003). To analyse the convergent validity the factor loadings and the average variance extracted were examined as suggested by Fornell and Larcker(1981). In this research most of the indicators have loading from 0.6 to 0.9 which is in line with Bagozzi and Yi (1988). With this the average variance extracted is more than 0.5 which is acceptable. In this research the average variance explained by each construct has been shown in table 5.

	AVE	Composite reliability
System Availability	0.498	0.748
Efficiency 1	0.493	0.660
Efficiency 2	0.665	0.908
Fulfillment	0.522	0.813
Privacy	0.513	0.880
Trust	0.506	0.803
Customer satisfaction	0.552	0.831

Table 5 : Average variance extracted and composite reliability of service quality construct

Discriminant validity

Discriminant validity provides the information about whether the scores from a measure of a construct are unique rather than contaminated by other constructs (Schwab, 2005). To assess the discriminant validity of the constructs the AVE of each construct was compared to their corresponding inter construct squared correlation as recommended by Fornell and Larcker (1981). Discriminant validity is given when the shared variance among any two constructs (i.e., the square of their intercorrelation) is less than the AVE of each construct. Table 6 shows the AVE exceeds the squared correlations with the all the factors.

Construct	Inter construct squared correlation
qav <--> qeff1	0.143
qav <--> qeff2	0.185
qav <--> qful	0.212

Construct			Inter construct squared correlation
qav	<-->	qpr	0.152
qeff1	<-->	qeff2	0.104
qeff1	<-->	qful	0.240
qeff1	<-->	qpr	0.291
qful	<-->	qeff2	0.271
qeff2	<-->	qpr	0.145
qav	<-->	trust	0.071
qeff1	<-->	trust	0.090
qeff2	<-->	trust	0.077
qful	<-->	trust	0.039
qpr	<-->	trust	0.072
qav	<-->	sat	0.228
qeff1	<-->	sat	0.161
qeff2	<-->	sat	0.354
qful	<-->	sat	0.315
qpr	<-->	sat	0.384
sat	<-->	trust	0.100
qful	<-->	qpr	0.483

Table 6 : Inter construct squared correlation of the constructs used in the study

Structural Equation Analysis

Table 7 shows the results of measurement models to test the hypothesis with regard to model paths. The first model, model 1 has examined the causal links of e-SQ and customer satisfaction. The second model, Model_2 checks the causal relationship between e-SQ and trust. Model_3, the third model checks the causal link between trust and customer satisfaction. Afterwards, Model_1 has been compared with another model i.e., Model_4 which has examined both the direct and mediated (indirect) causal links between e-SQ and customer satisfaction mediated by trust.

	Cmin/df	GFI	RMR	CFI	NFI	RFI	RMSEA
Model 1	1.7	.929	.013	.963	.921	.912	.040
Model_2	1.8	.928	.013	.959	.915	.905	.041
Model_3	2.4	.979	.013	.980	.967	.951	.054
Model_4	1.7	.920	.014	.959	.908	.899	.038

Table 7: Goodness of fit indices of the four models

Path Analysis

Considering the pattern of significance for the parameters estimated in Model 1, e-SQ has been found to be significantly related to customer satisfaction in the hypothesized direction.

In case of model 2, no significant relationships have been found in the identified paths among trust and customer satisfaction although some of the relationships are found to be in the hypothesized directions. However, e-SQ and trust are found to be positively and significantly related. e-SQ & trust and trust & customer satisfaction both are significantly related.

Path	Model_1		Model_2		Model_3		Model_4	
	Hypothesis	Coefficient estimate	Hypothesis	Coefficient estimate	Hypothesis	Coefficient estimate	Hypothesis	Coefficient estimate
e-SQ → customer satisfaction	H1	.774***					H1	.761***
e-SQ → trust			H2	.529***			H2	.354***
Trust → customer satisfaction					H3	.315***	H3	.047

Note *** $P < .001$

Table 8: comparison of standardized path coefficients for models

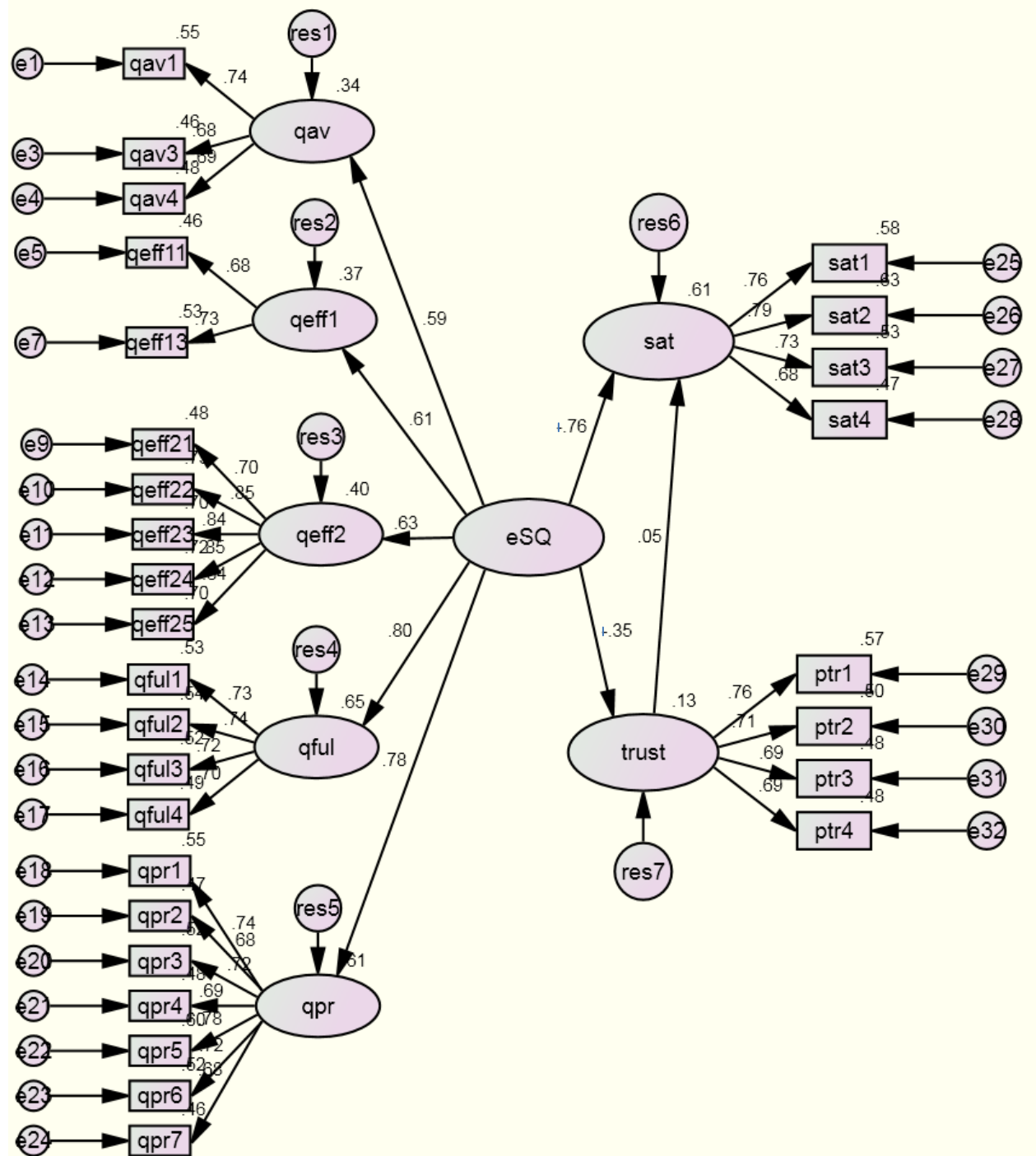


Figure 2 : The model of e-SQ influencing customer satisfaction and the mediating effect of trust

DISCUSSION

While several authors have emphasised the multidimensional nature of service quality and the relationships between customer satisfaction and customer trust, this research sought to establish the bridges between e-service quality, customer satisfaction and customer trust in the context of internet banking. Using a sample of Internet banking customers this research has tried to find the mediating effect of trust between service quality and customer satisfaction. It investigates whether the postulated causal relationships among the e-SQ and customer satisfaction vary in two measurement models for the same group of customers.

Data supported the proposed model_4, where direct paths from e-SQ to customer satisfaction and indirect paths from e-SQ to customer satisfaction as mediated through trust have been examined. The indirect path between trust and customer satisfaction has become non-significant. Therefore the model confirms that trust has no mediating effect between e-SQ and customer satisfaction. For Internet banking e-SQ is the antecedent of both customer satisfaction and trust. Hence, the management should primarily focus on e-service quality to enhance customer satisfaction and trust.

Model_3 confirms a positive significant relationship between trust and customer satisfaction, but that relation becomes insignificant as soon as a path is attached between e-SQ and customer satisfaction. This incident denies the fact that trust is a mediating variable between e-service quality and customer satisfaction. Again to accept trust as a mediator, the relationship of e-SQ to customer satisfaction must decrease substantially upon adding trust as a predictor of customer satisfaction. Comparing standardized path coefficient of H1 for Model_1 and Model_4, no such substantial change in coefficient value can be noticed.

While determining the imperatives of 'how to win customers' trust' the service provider(s) must focus on both present and future time frame. The construct of trust contains belief in the brand or company, which provides the customers an assurance of positive outcomes not only for the present but also for the future. But in the field of Internet banking this have proven to have no effect on customer satisfaction. Global Consumer Banking Survey 2012 by Ernst & Young has revealed that Customers are becoming less loyal and increasing the number of banks they use. The overall proportion of customers planning to change banks has increased from 7% to 12% since 2011. Sensitivity to fees and charges is the leading driver of attrition, cited by 50% of customers. Customers with only one bank have fallen from 41% to 31%, while those with three or more have increased from 21% to 32%.

The study has also shown customers want lower costs and better service. Improving fees and charges is the top priority, as cited by 22% of customers. Customers' second priority is to

strengthen online and mobile banking. Customers prefer online channels for simple transactions, but they also demand high-quality, personal service for more complex transactions and advice. Pricing and service quality remain critical to customer satisfaction.

The survey has revealed that In India, 72% of customers say their confidence in the banking industry has increased during the past year. 68% attribute the improvement to more personalized, innovative service from their bank.

83% of customers have two or more banking providers, although those with only one bank have grown by 5% since last year to 17%. Of customers who multi-bank, 48% do so to find the best products or services, and 47% to obtain the best rates and fees.

Therefore, the survey result by Ernst & Young 2012 also suggest that it is the service quality which is the still the main predictor of customer satisfaction in Internet banking in India.

In the e-SQ construct qful has the highest factor loadings which relates to the fulfillment of the service promises. Privacy is another major factor of e-service quality. System availability and efficiency has a relatively low weightage in determining quality of service in Internet banking.

			Estimate
qav	<---	eSQ	.554
qeff1	<---	eSQ	.615
qeff2	<---	eSQ	.570
qful	<---	eSQ	.876
qpr	<---	eSQ	.774

Table 9: Standardized Regression Weights of e-SQ

Nevertheless, the findings of this study have to be interpreted considering few limitations. First, data were collected only from selected public sector banks; so the results might not hold true for other banks providing Internet banking service. Second, data collection was limited to the customers of those banks who live in Kolkata, West Bengal India; so the findings should not be generalized for all the subscribers of the entire country. Third, the current study was a cross-sectional study but to determine the causal paths of the studied variables a longitudinal study would have been more appropriate (Poon, 2004). In addition, the influence of other major variables like price has not been taken under consideration of this study.

IMPLICATIONS

This research contributes to the progress of measuring the constructs of e-service quality (e-SQ) mainly adopted from the E-S-QUAL, satisfaction and trust. The items measuring these constructs in the Internet banking setting was tested and refined. The reliable and valid instrument confirmed in this research can be used by further studies detecting the relationships among these constructs in an extended context.

The findings also provide several managerial implications. The fundamental premise of the proposed research work model was to make banking service providers understand comprehensively the factors necessary to achieve high service quality that will significantly impact on customers' trust, satisfaction. Proper care should be taken to fulfill the service promises of Internet banking and privacy of the customers' informational data. By recognizing and analyzing these identified indicators, banking personnel will be better able to formulate and implement their strategic plans. The interpretation of the research model has the potential to help service providers better understand how customers assess the quality of service in Internet banking and how their service influence customer satisfaction and trust.

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