E-Banking Service Quality of Public Sector Banks: An Empirical Investigation

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Abstract
The concept of total quality and its implementation of total in the service industry is comparatively more critical and complex as well more difficult due to the fact that quality of services cannot be defined objectively. Additionally, service industry by nature has less control over factors which adversely affect quality. There are few methods considered to be effective measurement tools for services so far while a number of methods have been introduced and practiced for measuring the quality of physical goods. This paper attempts to highlight the implication of SERVQUAL in Public Sector Banks, one of the widely accepted methods for measuring service quality. The SERVQUAL methodology is briefly demonstrated by a small survey conducted on a randomly selected bunch of customers regarding the service quality provided by a particular Public Sector Bank. This paper also offers certain recommendations regarding service quality measurement.

Keywords---- Assurance, Empathy, SBI, SERVQUAL.

I. INTRODUCTION
Service industries cover a wide range of differentiated organizations such as health care, education, banking, insurance, hotels, transport, restaurant, etc. Such systems involve a very large variety of business processes and a large scale interaction with variety of customers. SERVQUAL method is more or less suitable for most of the service sectors. Still, the scope of SERVQUAL survey is limited to some particular sectors. The use of SERVQUAL seems to be most effective in financial services, health care and education sector. This paper has made an attempt to demonstrate the methodology of SERVQUAL by a survey conducted on the customers of a selective Public Sector Bank (State Bank of India) regarding the retailing banking services provided by the bank. Eighty customers have been chosen as respondents because of the time and cost constraints. The required data have been collected through a structured questionnaire.

II. REVIEW OF LITERATURE
E-Service is a service delivered to a customer or a potential buyer through a web site. E-Service quality is defined as difference between the service that a customer or a user of particular web site expects and the one actually provided by the web site (Mussim, R.Malinga.). Awad found that four e-commerce activities are available to Internet users : (1) shopping, (2) banking, (3) investing, and (4) online electronic payment for Internet services. The first formal definition of website quality was provided by Zeithaml, Parasuraman and Malhotra: “the extent to which a web site facilitates efficient and effective shopping, purchasing, and delivery of product and services.”

Although the discussion about the e-service and its quality began only with the onset of the information society in Europe, there are numerous systems dealing with the evaluation of the e-service quality (Mekovec). Zeithaml, Parasuraman and Malhotra developed the
Akbari

Nigerian Bank Industry has shown the various benefits accruing to internet service. Also, Timothy studied the relationship between customer satisfaction and service, customer adoption, and customer satisfaction in the Nigerian banking industry. They found a positive relationship between internet banking and customer satisfaction.

Kumbhar

Innovative creating new products or services that can make a company stand out from the competition is a strategy that is widely used. Instead of being complacent, a company should be creative and innovative in its approach to creating new products or services.

Saha and Zhao

Identified nine service quality dimensions in the context of e-commerce. These dimensions include efficiency, reliability, responsiveness, fulfillment, privacy, communications, personalization, technology update, and logistic/technical equipment. They used a designed evaluation method that creates suitable results and the evaluation could be done as well as possible.

Nupur

Investigated the impact of variables of e-banking on customer satisfaction in Bangladesh and argued that reliability, responsiveness, assurance, empathy, and tangibles are the core service quality dimensions for customer satisfaction in e-banking. Muslime and Ramadhan argued that the factors that influence consumer adoption of Internet banking services and found a positive relationship between Internet banking service, customer adoption, and customer satisfaction in Uganda, Africa.

Kumbhar

Argued that perceived value, brand perception, cost effectiveness, easy to use, convenience, problem handling, security/assurance, and responsiveness are important factors in customer satisfaction in e-banking. Gradeyan and Akinosoye argued that there is a positive relationship between customer satisfaction and service quality in e-banking in Sierra Leone, and their study has shown the various benefits accruing to Internet banking, and that many people are increasingly using this service. Also, Timothy studied this relation in Nigerian Bank Industry.
Parasuraman, et al (1988) brought about a major modification that changed the dimensions that could be used to measure service quality perceptions. Three of the original ten elements—tangibles, reliability, and responsiveness—remained unchanged. The other seven original elements were combined into two elements. Those elements known as competence, courtesy, credibility, and security were combined to form one of the new elements known as assurance, and the elements of access, communications, and understanding the customer were combined to form the new element known as empathy.

III. SERVQUAL DIMENSIONS

The five elements that made up of SERVQUAL were the following five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. The factors covered by the dimensions are given in the Table: I (Annexure)

**Tangibles**: Tangibles would include those attributes pertaining to physical items such as equipment, buildings, and the appearance of both personnel and the devices utilized to communicate to the consumer. Bitter (1992) presented her conceptual framework for examining the impact of physical surroundings as it related to both customers and employees. Berry and Clark (1991) provided validation of the physical appearance on the consumers assessment of quality. With the research by Bitter (1990), it was noted that physical appearance might influence the consumer’s level of satisfaction. Tangible was one of the original dimensions that were not modified by Zeithaml, et al (1988).

**Reliability**: Reliability relates to the personnel’s ability to deliver the service in a dependable and accurate manner. Numerous researchers, including Garvin (1987) found that reliability tends to always show up in the evaluation of service. Parasuraman, et al (1988) indicated that reliability normally is the most important attribute consumers seek in the area of quality service. It was also determined by Parasuraman, et al (1991) that the conversion of negative wording to positive wording as suggested by Babakus and Boller (1991) and Carman (1990) increased the accuracy of this dimension. Negative wording in the request for a customer response caused the customer to misinterpret this particular determinant. Walker (1995) found that if there is an adequate delivery of the basic level of service, then peripheral performance leads consumers to evaluate the service encounter as satisfactory. Reliability was one of the original dimensions not modified by Zeithaml, et al (1988).

**Responsiveness**: The desire and willingness to assist customers and deliver prompt service makes up the dimension of responsiveness. Parasuraman, et al (1991) include such elements in responsiveness as telling the customer the exact time frame within which services will be performed, promptness of service, willingness to be of assistance, and never too busy to respond to customer requests. Bahia and Nantel (2000) disregarded responsiveness in their research, claiming a lack of reliability even though they recognized SERVQUAL and all of its dimensions as the best known, most universally accepted scale to measure perceived service quality. Responsiveness was also one of the original dimensions not modified by Zeithaml, et al (1988).

**Assurance**: Knowledgeable and courteous employees who inspire confidence and trust from their customers establish assurance. In banking studies by Anderson, et al (1976), it was determined that a substantial level of trust in the bank and its abilities was necessary to make the consumer comfortable enough to establish a banking relationship. Parasuraman, et al (1991) included actions by employees such as always courteous behavior instills confidence and knowledge as prime elements of assurance. Assurance replaces competence, courtesy, credibility, and security in the original ten dimensions for evaluating service quality (Zeithaml, et al, 1988).

**Empathy**: Empathy is the caring and personalized attention the organization provides its customers. Individual attention and convenient operating hours were the two primary elements included by Parasuraman, et al (1991) in their evaluation of empathy. The degree to which the customer feels the empathy will cause the customer to either accept or reject the service encounter. Empathy replaces access, communication, and understanding the customer in the original ten dimensions for evaluating service quality (Zeithaml, et al, 1988).

IV. OBJECTIVES

- To investigate the status of service quality provided by the State Bank of India.
- To identify the strengths and weaknesses of service quality of State Bank of India.
- To evaluate the quality of the dimensions of service quality of State Bank of India.

V. RESEARCH METHODOLOGY

Survey has been conducted through a well structured questionnaire on the customers of State Bank of India which is locally serving for more than three decades to represent the way to conduct SERVQUAL survey. The instruments design causes it to be best suited for use as a diagnostic methodology utilized for determining large areas of service quality strengths and weaknesses.

To evaluate the five service quality dimensions, sixteen statements were selected from the structured SERVQUAL questionnaire format and then modified to make it precise and best suitable for banking sector. The number of questions was squeezed because of the convenience of collecting responses from the customers who were less willing to answer so many questions.

Two sets of questionnaires were prepared
including sixteen identical statements. One set of questions asks the customers to indicate the extent to which the bank’s services should possess the features described by each statement. The other set asks about their views regarding the extent to which they believe their Bank (SBI) has the features and benefits described by the statement.

The questionnaire representing customer expectation focuses on the word, should to state the level of expectation regarding each criterion. A seven point Likert scale is used to get the level of expectation and perception associated with each service quality criterion. After conducting the survey all the questionnaires were collected for tabulation and analysis.

Respondents of the Study

Generally, the customers of State Bank of India are categorized into two major groups: Corporate customers and Retail customers. The retail customers have been chosen to conduct the survey as corporate clients are treated to be the most valued ones and they usually get separate concentration and best services. Moreover they are difficult to access. Thus, the retails customers are more likely to provide the most accurate response regarding the service.

Size of the Respondents

The respondents chosen as sample of this research study consist of 80 customers of different branches of State Bank of India.

VI. DATA ANALYSIS AND DISCUSSIONS

The data collected were analysed with the help of appropriate statistical tools, the analysis focused towards finding the answers for the framed objectives of the study. The discussion is based on the objectives:

Objective 1) To investigate the status of service quality provided by the State Bank of India: The analysed data reveals that the status of the service quality of the chosen bank (SBI) is fine and it extends the quality of service to the satisfaction of its customers.

Objective 2) To identify the strengths and weaknesses of service quality of the Bank SBI: It is known from the interpretation of the data that the bank State Bank of India has both strengths and weaknesses. Therefore, certain recommendations in this regard have been offered to the bank in the direction to strengthen the strengths and overcome the weaknesses.

Objective 3) To evaluate the quality of the dimensions of service quality of SBI: As per the discussion of the above stated objectives it implies that the quality of the dimensions of service quality of the bank SBI is up to the mark and it serves the customers by extending the quality service to its customers.

VII. CONCLUSION

The concept of measuring the difference between expectations and perceptions in the form of the SERVQUAL gap score proved very useful for assessing levels of service quality. This study argues that, with minor modification, SERVQUAL can be adapted to banking organization. Information on service quality gaps can help managers to diagnose where performance improvement can best be targeted. The largest negative gap, combined with assessment of where expectations are highest, facilitates prioritization of performance improvement. Equally, if gap scores in some aspects of service do turn out to be positive, implying expectations are actually not just being met but exceeded, then this allows managers to review whether they may be "over-supplying" this particular feature of the service and whether there is potential for re-deployment of resources into features which are underperforming.

Annexure

### TABLE: I

<table>
<thead>
<tr>
<th>DIMENSIONS</th>
<th>FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>Physical facilities, equipment and appearance of personnel.</td>
</tr>
<tr>
<td>Reliability</td>
<td>Ability to perform the promised service dependably and accurately.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Willingness to help customers and provide prompt service.</td>
</tr>
<tr>
<td>Assurance</td>
<td>Knowledge and courtesy of employees and their ability to inspire trust and confidence.</td>
</tr>
<tr>
<td>Empathy</td>
<td>Caring and individualized attention that the firm provides to its customers.</td>
</tr>
</tbody>
</table>

### TABLE: II

To make the calculation clear let’s consider any one statement from the questionnaire the following table represents the calculation of the difference between the score of questionnaire 1 and 2 statement.

\[
\text{Difference} = \text{Expectation (Q1)} - \text{Perception (Q2)}
\]

<table>
<thead>
<tr>
<th>Questionnaire 1 (Expectation)</th>
<th>Strongly Agree</th>
<th>............</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>
The Branch should have convenient sitting and waiting arrangements

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Questionnaire 2 (Perception)

The Branch should have convenient sitting and waiting arrangements

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Difference: Expectation – Perception = 1 – 4 = -3. Thus the gap between customer Expectation and Perception is -3 which represent that according to the respondent the service performance could not meet the expectation level.

The range of gap score -6, -5, -4, -3, -2, -1, 0, 1, 2, 3, 4, 5, 6,

**Table: III**
The following table shows the average gap between customer expectation and their perception regarding various services features of Bank X.

<table>
<thead>
<tr>
<th>Service quality dimension</th>
<th>Mean difference of each statement</th>
<th>Mean difference of each SQ dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statment1</td>
<td>-1.2</td>
<td></td>
</tr>
<tr>
<td>Statment2</td>
<td>0.325</td>
<td></td>
</tr>
<tr>
<td>Statment3</td>
<td>-0.05</td>
<td></td>
</tr>
<tr>
<td>Statment4</td>
<td>-1.525</td>
<td>-0.61</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statment5</td>
<td>-0.85</td>
<td>-0.775</td>
</tr>
<tr>
<td>Statment6</td>
<td>-0.775</td>
<td></td>
</tr>
<tr>
<td>Statment7</td>
<td>-0.55</td>
<td></td>
</tr>
<tr>
<td>Statment8</td>
<td>-0.925</td>
<td></td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statment9</td>
<td>-2.125</td>
<td></td>
</tr>
<tr>
<td>Statment10</td>
<td>-1.175</td>
<td></td>
</tr>
<tr>
<td>Statment11</td>
<td>-1.525</td>
<td>-1.61</td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statment12</td>
<td>-1.1</td>
<td>-0.72</td>
</tr>
<tr>
<td>Statment13</td>
<td>-0.825</td>
<td></td>
</tr>
<tr>
<td>Statment14</td>
<td>-0.225</td>
<td></td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement15</td>
<td>-0.07</td>
<td>-0.075</td>
</tr>
<tr>
<td>Statement16</td>
<td>-0.075</td>
<td></td>
</tr>
</tbody>
</table>
REFERENCES


