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Service Quality and Customer Approval in E-Banking

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ABSTRACT

Today's world scenario is changing very rapidly in all aspects such as social, political, economic, technological, financial etc. Thus, the taste, preference, lifestyle and trend of human being are also changing hurriedly. Online banking system is preferred to traditional banking system in this modern society. Technology has proved in all areas such as geographical, legal and industrial barriers and has created new products and services. Banking industry has all of a sudden attained a great stage of boom. Being an up-to-date and brand –new customer, they seek and demand world class products. Of course as per this expectation, the competitive advantage lies in delivering top most and a classy service to the customers. The need to achieve customer satisfaction lies in its ability to distribute better quality products and services to the customers. Hence, Satisfying the customer is considered as a pre-condition for customer retention, trustworthiness and expedience which ultimately helps in realizing the goals of profitability, market share, growth, return on investment, productivity etc. Service quality has become one of the highly debatable topics in marketing theory. There is a wide range of literature on customer satisfaction and service quality though both are different concepts but are closely related to each other. In order to judge the link between two, a profound study of both concepts is required. So, this paper strongly emphasizes the various variables that influence the customer satisfaction in E-banking.

1. INTRODUCTION

Innovation and modernism is the success tune followed by banking sector to prosper in the present age of competitive market by focusing on improvements in the current banking system. With the arrival of information technology, banking innovation involves paying more attention and resources towards electronic delivery channels. The use of technology by the banking sector has been a key focus area over the past two decades. E-innovations in banking sector not only enable a bank for faster penetration but also augment its capacity for unprecedented growth. Information technology in banking sector has structured itself as an important post and pillar on which foundations of better productivity and enhanced efficiency are stacked for improving profitability, reduction in cost and better control. And for customers, it is the achievement of their 'anywhere, anyway, anytime' banking dream. This has encouraged the banks to focus on the new electronic relationship with their customers. Customer satisfaction and customer retention are increasingly developing into key success factors in e-banking. Most importantly, profitable e-banking requires a strong focus not only on the acquisition of new customers but also on retention of the existing customers. It may be interesting to note that the acquisition cost in online banking exceeds that of traditional off line business by around 20-40 per cent.Consequently, establishing long-term customer relationship is important for creating positive customer value.In India ICICI bank was the

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first to initiate online banking revolution as early as 1998 under the brand name "Infinity." But in the current scenario, every bank in India has the internet banking facility. Moreover, these banks are extending their presence in rural areas also to lure more customers by educating them with new advancement in information technology.

SERVICE QUALITY

Quality is a notion which requires an apprehension both in products as well as in services. Various experts have defined it as "fitness for use", "freedom from variation" etc. To market a product, quality plays a vital role to sell a product. In fact, quality is considered as most important factor that influence on the buying behaviour of the customer. Now the question arises to measure quality of service or a product. In tangible goods like products, quality can be measured by its durability and number of defects, usage of product, packaging, handling etc. However measuring the quality in intangible is a different one. As services are intangible so they are very difficult to measure. Services have a lot of intangible dimensions like communication, credibility, security, competence, reliability, responsiveness which are qualitative by nature and their value is subjective.

DIMENSIONS OF SERVICE QUALITY

- 'Competence' is the nucleus of the required skills and knowledge to perform the service.
- Courtesy refers to factors such as politeness, respect, consideration and friendliness of the contact personnel; consideration for the customer's property and a clean and neat appearance of contact personnel.
- 'Credibility' refers to factors such as trustworthiness, loyalty and honesty. It involves having the customer's best interest at heart. It may be influenced by company name, company's goodwill and the personal virtues of the contact personnel.
- 'Security' represents the customer's freedom from danger, risk or doubt including physical safety, financial security and confidentiality.
- 'Access' refers to approachability and ease of contact.
- 'Communication' mean both informing customers in a language they are able to Understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers
- 'Reliability' is the ability to perform the promised service in a dependable and accurate manner.
- 'Responsiveness' refers to the willingness of employees to help customers and to provide prompt timely service.

2. CUSTOMER SATISFACTION AND E-BANKING

Customer satisfaction is his feeling towards the products, which means, he or she is getting satisfied with full happiness on the product or service they consume with compared to his or her expectation. In the case of online banking, customer satisfaction is concerned with service effectiveness and service quality provided by the bank to its customers. Customer satisfaction is the

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essence of all the business activities and it is a vital ingredient for the success of that business. Various lively factors are there to affect the customer satisfaction. These include the service quality, brand perception, perceived value, customer service and the like. In the banking sector, high degree of customer satisfaction will help to hold on the old customers, and simultaneously draw new customers to the banks. Once the customers are satisfied with the products or services provided, they will start to believe the company and can build a longstanding relationship with the company. For staying competitive in the banking sector, there must always be modernism in order to attract further customers. Electronic banking is one of the innovations that can be made in order to withstand as a distinguished and unique one from other competitors. Hence, high degree of customer satisfaction can be possible with the help of such innovations.

MEASURING THE SERVICE QUALITY

Quality of product or service is defined only by the customer and not by the vendor of that product or service. They define it through the process of comparing their expectations to their perceptions. In order to provide best services to the customers, that services must be standardized in an appreciable manner.

MEASURING SERVICE QUALITY IN BANKING SECTOR

As far as banking industry is concerned, service can be substituted with machines wherever possible. But at the same time it depends upon the customers follow –ups and readiness that how much the customer is patient, aware and satisfied with the machines in place of humans. Customer is the key player for the development of trade, industry and service sector particularly in financial services. So, the consequence of customer service in the banking sector came to force to compete in a market driven environment. Measuring of service quality in the service sector particularly in the banking sector is more complicated than measuring the quality of tangible goods. The service sector as a whole is very diverse and what is heterogeneous may hold true for one service and may not hold for another service sector. Due to this variation, services in the banking industry could not be standardized; moreover these services are intangible in nature which could not be compared.

ELECTRONIC BANKING AND SERVICE QUALITY

Now day's customers are more sophisticated towards the utility of goods and services. Hence they must be satisfied to the full extent. The relationship between e-banking and service quality can be measured with the parameter of 'level of satisfaction'. Because the customer satisfaction is the outcome of customer expectation level and service quality level provided by any organization. E-banking plays a relevant role in yielding much satisfaction to the customers because e-banking fills the gap between the expected and perceived service quality. Thus for filling the gap between expectations and experiences, banks should work on it by making electronic services more accessible and by allowing the customer to validate the accuracy of the e-banking transactions.

There are number of reasons due to which customer satisfaction due to e-banking has improved.

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- Withdrawal and transfer of funds become very easy and simple. They can have at anytime, anywhere they want.
- From the table of their home or office the customers can transact the banking activities.
- Doing of the e-banking activities become very easier due to the ease of operation.
- Since the direct control and the physical approach of the banks are not at all necessary the customer can execute their dealings from wherever he wants. .
- No need to wait for prolonged time.
- Availability of employees round the clock is not at all required. 24 X 7 facility is possible with e-banking.
- Internet based services has enabled the corporate and retail customers to transact from home, office and during transit.
- Online fund transfer enabled the customer to transfer funds from one bank to another or within the same bank at same time.

3. CONCLUSION

Considering the timely taste, preferences or trend of the banking customers, banking organisation must understand the variables which are more important for e-banking business. This can pave way for the growth and development of banking sector. E-banking customers are too hard to attract and retain. It is the prime responsibility of bankers to watch over the switching over of the customers in order to sustain the bank's profitability. The variables must be facilitated in such a way that the customers must get entire satisfaction out the service provided. So the service quality must be the essence and flavour of customer satisfaction. So that the gap between the expectations and experiences can be easily removed. Variables considered by the bankers should match with the International Standards, and it may reach our country in the pinnacle of success with regard to the economic development.

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