The Effect of Service Quality of E-Banking in Persian Bank

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ABSTRACT

This research seeks to identify Persian Bank customer’s expectations and perceptions of e-service quality of this bank in Northern Khorasan in order to determine the gap between this expectations and perceptions and present solutions to eliminate or reduce this gap. Based on model of Parasuraman et al.(2004), 7 effective dimensions on e-service quality that are efficiency, fulfillment, reliability, privacy, responsiveness, compensation and contact have been studied among the 384 clients. This research is in terms of practical and descriptive - analytical approach. In the present study, data were collected through a questionnaire and Cronbach's alpha was used to determine the reliability of questionnaire. So as to determine significant differences between customer expectations and perceptions, Paired t-test was used. The results showed that there are significant differences between expectations and perceptions of customers in all dimensions.

INTRODUCTION

Electronic banking is an emerging type of banking industry which uses the electronic environment by providing banking services. Electronic commerce is considered as prerequisite of electronic banking; furthermore, E-commerce will grow further by promotion of e-banking. Monetary resources can be transmitted electronically without needing for physical movement of money. Electronic banking means we can perform banking transactions electronically through a convenient and secure electronic distribution channels such as ATMs, telephone, Internet, etc. in this definition, the most important issue is that banking operations is done in a safe and secure condition. Banking sector have undergone remarkable improvements in the world through electronic and this encourages us to have a closer look at the different features of this industry because these developments can cause large changes in the banking world such as reducing geographic barriers, emergence of new competitors, creating a database of customers and so forth. Since e-banking service quality has a great impact on the profitability in long-term, we attempt to assess the quality of e-banking services in this research in order to take step to achieve the objectives of Persian Bank by Promotion of services quality. With the advent of competitive economy, concepts such as customer orientation and customer satisfaction are considered as foundation of business and organizations which are heedless of these issues will be removed from the market[2].

The importance and necessity of research:

Application of information technology in various sectors of society, especially in the banking sector, is result of capabilities of Information Technology. Ease of use of e-banking systems and reducing the cost of services can be mentioned as the main reasons for the development of IT applications in Banking System. Complex nature of services and Increasing share of service sector in Industries has led to Increase the need to improve service quality in the companies that seek to improve financial performance and attract customers in a highly competitive environment[8]. E-services are important in terms of maintaining and attracting customers. Something makes customers come back to visit the website of an organization Results from their sense of loyalty that this feeling is also due to the good service they received from organizations. Existence of Competition among institutions and agencies to gain a greater share of the market and Efforts of customers to achieve more satisfaction cause banks to look for achieving a prominent position in the market and also customers seek clues to reach the best suppliers. Reaching these goals is closely related to examine two concepts of quality products and customer satisfaction. Investigating these two concepts in Services markets is more sensitive and important due to the specific characteristics of services. Banks are one of the agencies and
organizations that have been working in the field of providingservices, and their role in the economic development of the countries is well-known. So it seems exploring the relationship between these two concepts can enhance and improve the offered services by the banks in one hand and Achieving greater customer satisfaction in other hand. Entry of private banks has created a high competition in the banking industry and has changed expectations and demands of customers based on the change of lifestyle. Promotion of services quality will have strategic implications such as increasing customer loyalty and productivity growth of economic exchanges. Thus it can be concluded that the electronic service quality will have a positive impact on customer satisfaction and loyalty[7].

Literature Review:
Kotler & Armstrong [4] believe that Service is an invisible and impalpable activity or interest which supplies from one side to the other and does not result in ownership. Service Production may or may not be related to a physical product.

Perez et al [6] defined service quality based on three distinct characteristics:
1. Since most services are consumed at the same time as they are produced, so the consumer understands all defects in quality.
2. A service is made up of a series of benefits, but it is mostly an experience.
3. Quality of relationships between service providers and its consumers is considered as one of the essential aspects of services quality.

In order to measure the quality of service, the difference between customer expectations and their perception of actual service delivered is measured. In fact, quality gap analysis is a management tool that makes it easy to detect multiple gaps of management and is useful for improving the quality of service delivery.

SERVQUAL model is an outstanding approach for quantitative assessment of service quality. Servqual measured statistics of audience expectations and understanding of each of the five dimensions of Tangibles, Responsiveness, Assurance, Empathy and Reliability which results showed that there is a gap between expectations and perceptions.

Parasuraman et al conducted research on electronics and technology topics. They showed that there are significant differences between online and offline situations. A comparison between the way that customers evaluate traditional service quality and electronic service quality is representation of differences in expectations role, numbers, nature dimensions and Cognitive-emotional content. In comparison with customers evaluations of service quality, it seems that electronic service quality evaluation is more cognitive than is emotional. They stated dimensions of e-services quality assess as follows:

Efficiency:
The simple and speed of accessing and using the site.

Fulfillment:
The extent to which the site’s promises about order delivery and item accessibility are fulfilled.

Reliability:
The degree to which Technical Operations of Site Acts properly.

Privacy:
The degree to which the site is secure and protects customer information.

Responsiveness:
Extent to which problems and consequences of earnings are managed temporarily through the site.

Compensation:
The degree to which the site compensates customers for problems.

Contact:
The availability of assistance via telephone or online representatives.

Previous Empirical Studies:
A survey on measuring the effect of website on customer satisfaction of Bank of Industry and Mine was done by [1]. They distributed a questionnaire among 330 people who use the internet banking of this bank. The results indicated that there was a direct and meaningful relationship between website usages, customer loyalty, continues website usage and customer satisfaction.
The relationship between service quality and behavioral purchase intentions in the public-sector transport industry in Spain was studied by [5]. The findings indicated that there is a significant relationship between the five dimensions of service quality and purchase intentions.

The impact of corporate image, perceived value, and switching expenditures on customer loyalty in customer/provider relationships of various lengths was examined by [9]. The results showed that corporate image affects customer loyalty in both newer and older relationships. Whereas in newer relationships, corporate image has a cardinal effect on switching expenditures, in more-established relationships switching expenditures are affected primarily by perceived value and in both cases, switching expenditures affect customer loyalty.

Effective factors on customer's reliability and satisfaction in Mobile Banking in Korea were examined by [3]. In their study, 276 questionnaires have been designed in conjunction with the mobile banking customers and then Customers were analyzed According to their answers. The results indicated that Customers have moderate Satisfaction with ATMs. System failure and the long lines at ATMs make customers dissatisfied.

Conceptual model of research:

![Conceptual model of research](image)

**Hypotheses:**

H1: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and efficiency

H2: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and fulfillment

H3: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and reliability

H4: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and privacy

H5: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and responsiveness

H6: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and compensation
H7: There is a meaningful relationship between Customer Expectations and Perceptions of Persian Bank performance and contact

MATERIALS AND METHODS

This research is in terms of practical and descriptive - analytical approach. Statistical sample of this survey is Persian Bank customers in northern Khurasan which 384 Samples were examined randomly. In this study, the required information are collected through a questionnaire validity of questionnaire was confirmed by reviewing comments and guidance of universities professors and also Cronbach's alpha was used to determine the reliability of questionnaire. Alpha was equal to 0.77, so we can say that the questionnaire has a high reliability.

Method of data analysis:

Paired t-test was used in order To determine significant differences between customer expectations and perceptions of electronic services.

To review the Hypotheses, the average of expectations and perceptions of respondents to each dimensions of measuring quality of Electronic Service will examine at first. Then the significant of this difference is evaluated by using Paired t-test

Table 1: Average of Customers expectations and perceptions of E-Service Quality Dimensions

<table>
<thead>
<tr>
<th>Contact</th>
<th>Compensation</th>
<th>Responsiveness</th>
<th>Privacy</th>
<th>Reliability</th>
<th>Fulfillment</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.65</td>
<td>6.45</td>
<td>6.09</td>
<td>6.56</td>
<td>5.28</td>
<td>5.63</td>
<td>6.45</td>
</tr>
<tr>
<td>0.87</td>
<td>0.67</td>
<td>0.13</td>
<td>0.11</td>
<td>0.09</td>
<td>0.14</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Results of Paired t-test are shown in the following figure (Table 2):

Table 2: Paired t-test results

<table>
<thead>
<tr>
<th>p-value</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval for Mean</th>
<th>Std. Deviation</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
<td>Upper Bound</td>
<td></td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>19.38</td>
<td>0.92</td>
<td>0.76</td>
<td>0.90</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>21.71</td>
<td>1.39</td>
<td>1.17</td>
<td>1.16</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>16.52</td>
<td>1.28</td>
<td>0.97</td>
<td>1.14</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>19.12</td>
<td>1.66</td>
<td>1.26</td>
<td>1.46</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>20.37</td>
<td>1.76</td>
<td>1.46</td>
<td>1.47</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>18.73</td>
<td>1.62</td>
<td>1.24</td>
<td>1.45</td>
</tr>
<tr>
<td>0.000</td>
<td>383</td>
<td>18.37</td>
<td>1.15</td>
<td>0.79</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Conclusion:

Based on the results of Tables 1 and 2, There is a meaningful relationship between Customer Expectations and Dimensions of E-Service Quality of Persian Bank which implies existence of Gap between customers expectations and perceptions of Dimensions of E-Service quality. Therefore, the relevant authorities should make efforts to minimize this gap. Authorities should Measure Efficiency and effectiveness of Customer service unit and its impact on customers' satisfaction and loyalty and strive to the development and standardization of proper encounter of employees with customers and Provide better e-services. Moreover, employee welfare will increase their Satisfaction which will lead to more motivation and productivity.

REFERENCE


