

An Analysis on The Customers' Satisfaction on E-Banking and Services: A Case Study of Selected Commercial Banks in Coimbatore City

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Abstract

With the growth of the economy, the service sector, more specifically the banking industry has been gaining movement in the past two decades. The increasing competition has resulted in the need for increased customer services through the use of new technologies of service. The customers are also gaining knowledge on the service provision by various banks. We evaluate the quality of services provided by the banks before becoming the customer of the bank. It is the level of satisfaction of the customers that determines the progress of a banking institution. Out of a total of 26 public sector banks, 21 private sector banks in Coimbatore city, 4 public sector banks and 5 private sector banks were selected randomly. Since the State Bank of India constitutes a major bank as it accounts for 21 per cent of the total market share, it was selected compulsorily. Hence, the sample banks include totally 5 public sector banks and 5 private sector banks. From the literature 23 service and technology related variables were identified which were broadly categorized under five broad dimensions which include: (1) tangibility, (2) reliability, (3) responsiveness, (4) security, 5) technology and (6) accessibility. These dimensions include the functional quality dimensions, outcome quality dimensions and the technology related dimensions. Hence, an understanding of the customers' perceived and desired level of service quality by the banks becomes essential. In the present piece of research it is attempted to examine the service quality (SERVQUAL) of the selected public and private sector banks in the city of Coimbatore.

Introduction

With the growth of the economy, the service sector, more specifically the banking industry has been gaining movement in the past two decades. The increasing competition has resulted in the need for increased customer services through the use of new technologies of service. The customers are also

gaining knowledge on the service provision by various banks. We evaluate the quality of services provided by the banks before becoming the customer of the bank. It is the level of satisfaction of the customers that determines the progress of a banking institution. Hence, an understanding of the customers' perceived and desired level of service

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quality by the banks becomes essential. In the present piece of research it is attempted to examine the service quality (SERVQUAL) of the selected public and private sector banks in the city of Coimbatore.

Problem Design

There has been a growing importance of service sector, more specifically the banking industry world wide. In the Indian context the banking industry in India has greater importance as it forms the life line of economic activity. However, globalization, due to the increased competition, has brought about a paradigm shift in the functions and operations of the Indian commercial banks which took them apart from the traditional banking activities. In the present day banking services, E-business (banking) has come to the forefront as an important technique and as a virtual necessity to face the imminent challenges. A wide range of technology oriented e-business services like, ATM, Internet Banking, Tele Banking, Core Banking Solutions, Credit / Debit / Kisan /Smart Cards, Mobile Banking, Cash Management Services, Electronic Fund Transfer/ Electronic Clearing System have created a win win situation by extending great convenience and multiple options for customers while providing tremendous cost advantage to banks. The other advantages of the technology usage in banks are: it makes the flow of information much faster, more accurate and enable quicker analysis of data received. This would make the decision making process faster and more efficient. For the Banks, this would also enable development of appraisal and monitoring tools which would make credit management much more effective. Though these

require a sizeable initial investment, the result would be a definite reduction in operation and transaction costs, the benefits of which would be shared between banks and the customers. Having understood the significant positive impact of technology oriented services on the bank's performance, the technology infusion is found visible in almost all in all banks and in all areas of banking operations⁸. However, the changing business environment has brought about a shift in the level of satisfaction and the expectations of the customers also. This is because, with all a similar technology oriented services provided by all the banks, it is only the customer care oriented services and the customer relationship services that could increase the profitability and the performance of the banking institutions.

A satisfied customer helps the bank to reach new heights of glory by way of increased profitability and performance. However, this requires an effective provision of the existing facilities on the one hand and the introduction of new innovative services on the other. In the present competitive business environment, introduction of computers in the banking services has helped for such new and speedy services. The success of the business depends on the extent of these services being utilized by the customers and the level of satisfaction shown. Any discrepancy found between the perceived (actual) and desired (expected) services provided would greatly affect the performance of the bank. More specifically, higher the difference, greater would be the level of

dissatisfaction on the part of the customers on the services of a particular bank. Hence, an understanding of the customers' perceived level of service and the desired level of services and the gap between the two becomes pertinent. In the present piece of research it is attempted to discuss the customers' level of satisfaction on the services related to e-business and e-banking at the micro level in the context of a few sample public and private sector banks selected in the urban areas of Coimbatore, a district which is industrially well developed and called as the "Manchester of South India".

Objectives of the Study

Based on the above mentioned issues, the following objectives are framed for the present study:

- 1.) To examine the customers' perceived level of service quality among the sample banks.
- 2.) To trace out the customers' desired level of service quality among the sample banks.
- 3.) To estimate the Service Quality Gap

Materials and Methods

Primary data collection - Sample Procedure

The present study focuses on the impact of new technology on the opinion of the customers on the service quality. This requires the selection of appropriate study area.

Coimbatore, the Manchester of South India, is a highly industrialized district which contributes to around 45 per cent of the industries' output of the state of Tamilnadu. The high urbanization, with heavy concentration of industries that include small, medium and large scale, the domestic and foreign transactions have necessitated the establishment of new private, public and foreign banks but also spread of bank branches. With heavy concentration of banks and bank branches, with computerization and customer care taking the lead in service position, it becomes apt to understand to what extent the banking industry of Coimbatore could satisfy the customers' needs and expectations.

This micro analysis requires the identification of public and private sector banks operating within the city limit for which a list of public and private sector banks operating within the city limit of Coimbatore was prepared. To prepare this list, unpublished records obtained from Canara Bank, the Lead Bank of Coimbatore district was referred to. From the list obtained from the banks, out of a total of 26 public sector banks, 21 private sector banks, 4 public sector banks and 5 private sector banks were selected randomly. Since the State Bank of India constitutes a major bank as it accounts for 21 per cent of the total market share, it was selected compulsorily. Hence, the sample banks include totally 5 public sector banks and 5 private sector banks.

To identify the customers' level of satisfaction on the quality of services provided, 50 customers from

each of these sample banks were selected randomly from the lists of customers obtained from each of the sample banks. The selected customer respondents were met in person and information on perceived and desired levels of service quality were obtained with the help of a pre-tested questionnaire.

To identify the opinion of the customers on the quality of services, 23 variables that are germane to measuring the service quality were identified under six broad dimensions. A nine point scale was constructed for each of these parameters.

Framework of Analysis

To analyze the collected primary data various statistical tools and techniques were used. Based on the available literature, the tools and techniques applied are simple percentage method, standard deviation, coefficient of variation and simple arithmetic mean are used. From the literature 23 service and technology related variables were identified which were broadly categorized under five broad dimensions which include: (1) tangibility, (2) reliability, (3) responsiveness, (4) security, 5) technology and (6) accessibility. These dimensions include the functional quality dimensions, outcome quality dimensions and the technology related dimensions.

Servqual Model

To measure the service quality of the banks, the modified version of 'SERVQUAL' model suggested by Parasuraman et.al.^{1,2} was used.

Analysis and Interpretation of Results

As indicated already, the prime focus of this research paper is to estimate the customers' level of satisfaction on the services related to e-business. As aptly put forth by Gronross³ in the service sector, a satisfied customer is more likely to be loyal and be a long term client of the service providers. Relationship marketing argues that for a firm to be profitable, it must be attentive to those factors that affect satisfaction. Hence, the importance of achieving high levels of quality has been discussed extensively in the literature, especially when dealing with the service industry, A maiden attempted in measuring the Service Quality (SQ) was carried out by Zeithamel, Parasuraman, and Berry.⁴ which established a positive linkage between service quality and the performance of a service industry.

Customers' Perceived and Desired Levels of Service Quality in Sample Banks – All Dimensions

As it could be seen in Table 1, the total score of the six broad dimension selected stood at 37.13 in the case of perceived level of customer satisfaction, while it is 38.36 in the case of the desired level. This indicates that the customers' desired level of satisfaction is higher than the perceived level implying the lower supply of services by the sample banks when compared to the customers' expected level of services- that is, the service quality gap is found negative.

Table:1
Customers' Perceived and Desired Levels of Service Quality in Sample Banks – All Dimensions

Sl.No.	Service Quality Dimensions	Perceived	Desired	Gap	Percentage
1.	Tangibility	6.35	6.45	-0.10	7.71
2.	Reliability	5.46	5.62	-0.16	12.98
3.	Responsiveness	5.48	5.63	-0.15	11.97
4.	Security	6.22	6.47	-0.25	20.55
5.	Technology	7.26	7.53	-0.26	21.30
6.	Accessibility	6.35	6.67	-0.31	25.49
	TOTAL	37.13	38.36	-1.23	100.00

Source: Computed from Primary Data.

Dimension wise, the highest score is being found in the case of technology which indicates that it is the foremost dimension of preference of the customers. The order of the other dimensions in the case of perceived level is: Tangibility, Accessibility, Security, Responsiveness and Reliability. The order is found to be slightly changed in the case of desired level with the first three dimensions taking up the same place, while the order of the last three dimensions has changed. This order is expected. Customers, for a speedy service, want their banks to adopt to a sophisticated computer oriented technology (Technology). For this, they expect visible infrastructure facilities in their banks (Tangibility). Next in importance is that the customers want their bank employees easily accessible for their problems (Accessible). Another important factor that the customers consider is the security of their deposits and other assets (Security). This has taken up the

fourth place. Next in the order of importance in service is that the customers want their bank employees to provide a reliable service (Reliability). Lastly, they want their bank employees to respond to their service request to be attended to immediately (Responsiveness).

This provides the major inference that though the service quality gap is found to be negative in all the dimensions, the order of the importance of the service as perceived by the banks has deviated slightly from the order as desired by the customer. This indicates that the banks are still experiencing a gap. Also, the banks have not understood the order of the preferences of the customers. In terms of the share of each dimension, as a percentage to total scores, the gap is found to be the highest in the case of the dimension on accessibility followed by technology. The order of other dimensions in

terms of percentage share is: Security (20.55 per cent), Reliability (12.98 per cent), Responsiveness (11.97 per cent) and Tangibility (7.71 per cent).

Service Quality Gap among Sample Banks – All Dimensions

The above table indicated the dimension wise gap. In the present and in the subsequent paragraphs it is attempted to examine the individual scores on the perceived and desired level of service quality and the service quality gap there of.

As it could be seen in Table 2, the highest perceived level of service quality score is being recorded by the factor on 24 hours banking (8.16). This means that the customers perceive this specific factor as the most preferred factor. The next highest score is being recorded by the factor on 'Anywhere Banking' (7.99).

The order of other factors is: Sunday Banking (7.84), Electronic Fund Transfer (7.54), Visually appealing physical facilities (7.01), Debit Card Facility (7.01), Visually appealing materials associated with the service (6.93), Modern-looking equipment (6.83), Records of clients are safe from unauthorized use (6.66), Credit Card Facility (6.66), Convenient service points (6.59), Employees give prompt service (6.55), Customers are confident that the services provided are done correctly (6.30), Insist on error-free records (5.81), Safety of entry and using of equipments (5.69), Respond quickly to the problems (5.55), Perform the service right the first time (5.51), Show sincere interest in solving customer problems (5.40), Easy accessibility of staff in person, over phone or by email when there is a

problem (5.21), Response as promises (5.12), Employees are always willing to help (5.01), Employees are never too busy to respond to requests (4.82) and Employees are neatly appearing (4.63).

The order of the desired level of service quality has changed slightly to have the following: 24 hours banking (8.74), Anywhere Banking (8.12), Sunday Banking (8.01), Electronic Fund Transfer (7.69), Credit Card Facility (7.21), Debit Card Facility (7.19), Convenient service points (7.13), Modern-looking equipment (7.08), Visually appealing physical facilities (7.03), Visually appealing materials associated with the service (7.01), Records of clients are safe from unauthorized use (6.98), Employees give prompt service (6.84), Customers are confident that the services provided are done correctly (6.54), Insist on error-free records (6.03), Safety of entry and using of equipments (5.89), Respond quickly to the problems (5.74), Perform the service right the first time (5.68), Show sincere interest in solving customer problems (5.56), Easy accessibility of staff in person, over phone or by email when there is a problem (5.35), Response as promises (5.21), Employees are always willing to help (5.07), Employees are never too busy to respond to requests (4.87) and Employees are neatly appearing (4.66).

The service quality gap is found to be the least in the case of Visually appealing physical facilities (-0.02). the next lowest gap could be seen in the case of the factor on Employees are neatly appearing (-0.03). the order of the other factors in terms of increasing GAP is: Employees are never too busy to

respond to requests (-0.05), Employees are always willing to help (-0.06), Visually appealing materials associated with the service (-0.08), Response as promises (-0.09), Anywhere Banking (-0.13), Easy accessibility of staff in person, over phone or by email when there is a problem (-0.14), Electronic Fund Transfer (-0.15), Show sincere interest in solving customer problems (-0.16), Perform the service right the first time (-0.17), Sunday Banking (-0.17), Debit Card Facility (-0.18), Respond quickly to the problems (-0.19), Safety of entry and using of equipments (-0.20), Insist on error-free records (-0.22), Customers are confident that the services provided are done correctly (-0.24), Modern-looking equipment(-0.25), Employees give prompt service (-0.29), Records of clients are safe from unauthorized use (-0.32), Convenient service points (-0.54), Credit Card Facility (-0.55) and 24 hours banking (-0.58).

Customers' Perceived and Desired Levels of Service Quality among Sample Banks

The above table indicated the factor wise score of perceived and desired level of service quality and the service quality gap. In the present and in the subsequent paragraph it is attempted to discuss the significance of the difference between the perceived and desired level of service quality, that is, the Service Quality Gap (SERVQUAL).

The earlier table indicated that the order of the factors on the perceived level of service quality and the desired level of service quality are not the same indicating the differences in the order of what is

being supplied and what is being demanded. It was also shown that the service quality gap is negative for all the factors indicating that what is being supplied is less than what is being expected. If this difference is found perceptible, then it would have serious implications. Hence, it is felt necessary to find out is that difference between the perceived and desire level of Service Quality scores is significant. For this purpose, the 't' statistics has been used.

The calculated 't' value given in Table 4 indicates that except for the following seven factors like, Visually appealing physical facilities, Response as promises, Respond quickly to the problems, Employees are always willing to help, Electronic Fund Transfer, Debit Card Facility and Credit Card Facility for all the other factors the t value is significant indicating that there is a significant difference between the customers' perceived and desired level of service quality among the sample banks.

Conclusion

From the analysis made in this chapter it can be concluded that for all the 23 variable identified under five broad categories of Service Quality, the difference between the perceived and desired level of service quality is negative indicating that the perceived services of the sample banks fell short of the desired services. The difference is also found to be significant for a majority of the factors.

Table:2
Service Quality Gap among Sample Banks – All Dimensions

	Service Quality Variables	Perceived	Desired	GAP
I	TANGIBILITY			
1.	Modern-looking equipment	6.83	7.08	-0.250
2.	Visually appealing physical facilities	7.01	7.03	-0.02
3.	Employees are neatly appearing	4.63	4.66	-0.03
4.	Visually appealing materials associated with the service	6.93	7.01	-0.08
II	RELIABILITY			
5.	Response as promises	5.12	5.21	-0.09
6.	Show sincere interest in solving customer problems	5.4	5.56	-0.16
7.	Perform the service right the first time	5.51	5.68	-0.17
8.	Insist on error-free records	5.81	6.03	-0.22
III	RESPONSIVENESS			
09.	Respond quickly to the problems	5.55	5.74	-0.19
10.	Employees give prompt service	6.55	6.84	-0.29
11.	Employees are always willing to help	5.01	5.07	-0.06
12.	Employees are never too busy to respond to requests	4.82	4.87	-0.05
IV	SECURITY			
13.	Safety of entry and using of equipments	5.69	5.89	-0.2
14.	Records of clients are safe from unauthorized use	6.66	6.98	-0.32
15.	Customers are confident that the services provided are done correctly	6.3	6.54	-0.24

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V	TECHNOLOGY			
16	24 hours banking	8.16	8.74	-0.58
17	Anywhere Banking	7.99	8.12	-0.13
18	Sunday Banking	7.84	8.01	-0.17
19	Electronic Fund Transfer	7.54	7.69	-0.15
20	Debit Card Facility	7.01	7.19	-0.18
21	Credit Card Facility	6.66	7.21	-0.55
VI	ACCESSIBILITY			
22.	Easy accessibility of staff in person, over phone or by email when there is a problem	5.21	5.35	-0.14
23.	Convenient service points	6.59	7.13	-0.54

Source: Computed from Primary Data.

Table: 3
Customers' perceived and desired levels of service quality in sample banks - all dimensions

Sl.No.	Factors	Perceived	CV	Desired	CV	tValue
TANGIBILITY						
1.	Modern-looking equipment	6.83	7.08	-.25	17.80	-3.13*
2.	Visually appealing physical facilities	7.01	7.03	-0.02	18.35	-2.22
3.	Employees are neatly appearing	4.63	4.66	-0.03	28.97	-6.00*
4.	Visually appealing materials associated with the service	6.93	7.01	-0.08	20.83	-13.33*
RELIABILITY						
5.	Response as promises	5.12	23.83	5.21	23.61	-2.00
6.	Show sincere interest in solving customer problems	5.40	22.22	5.56	22.66	-5.33*

7.	Perform the service right the first time	5.51	21.60	5.68	22.71	-4.25*
8.	Insist on error-free records	5.81	20.14	6.03	19.73	-4.40*
9.	Respond quickly to the problems	5.55	20.00	5.74	19.69	-2.11
10.	Employees give prompt service	6.55	19.08	6.84	18.57	-3.63*
11.	Employees are always willing to help	5.01	24.35	5.07	24.85	-0.67
12.	Employees are never too busy to respond to requests	4.82	22.41	4.87	22.79	-5.00*
SECURITY						
13.	Safety of entry and using of equipments	5.69	17.22	5.89	17.32	-6.67*
14.	Records of clients are safe from unauthorized use	6.66	13.66	6.98	14.76	-6.40*
15.	Customers are confident that the services provided are done correctly	6.30	17.94	6.54	17.89	-3.00*
TECHNOLOGY						
16.	24 hours banking	8.16	14.46	8.74	13.62	-6.44*
17.	Anywhere Banking	7.99	16.02	8.12	15.89	-6.50*
18.	Sunday Banking	7.84	22.19	8.01	20.97	-5.67*
19.	Electronic Fund Transfer	7.54	29.18	7.69	24.06	-2.50
20.	Debit Card Facility	7.01	37.09	7.19	25.73	-2.00
21.	Credit Card Facility	6.66	36.04	7.21	25.66	2.15

ACCESSIBILITY						
22.	Easy accessibility of staff in person, over phone or by email when there is a problem	5.21	27.26	5.35	34.58	-4.67*
23.	Convenient service points	6.59	25.34	7.13	25.95	-9.00*

Source: Computed from Primary Data.

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