Exploring the Dimensions of Mobile Banking Service Quality: 
Implications for the Banking Sector

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ABSTRACT

Today, mobile phone is an essential part of the lives of most people – a reason why, banking sector and mobile phone service providers have teamed up to provide banking services to customers via mobile phones. However, customers often are critical of the quality of such alternative financial delivery services provided by banks. The aim of this paper is to examine the underlying factors and service qualities that can influence customers’ behavioral intentions towards the use of mobile banking services in Bangladesh. The hybrid model in this study identifies service qualities like reliability, privacy, information quality, responsiveness and empathy that capture customers’ overall perceptions of the performance of mobile banking services. In addition, other factors like performance expectancy, effort expectancy and facilitating conditions significantly influence customers’ intention to use such services. Implications of these findings provide practical recommendations to banking industry, and directions for further work from the perspective of Bangladesh.

KEYWORDS

Bangladesh, Banks, E-S-QUAL, Mobile Banking, Service Quality, UTAUT

INTRODUCTION

Technology has become an increasingly vital element of the global banking industry, since they have changed the design and delivery of financial services. The major objective behind this change is to attract more customers, improve customers’ perceptions, and encourage loyalty towards alternative delivery channels (Sharma and Malviya, 2011). This rapidly changing technology in the service delivery of the banking sector has profoundly changed the way customers today interact with their financial service providers (Sulaiman et al., 2007). Moreover, an increase in the use of wireless telecommunications like mobile phones and Internet-enabled Smartphone has also contributed to the change in customer behavior to a large extent (Nisha et al., 2015). This widespread adoption of mobile phones has provided banks with an opportunity to introduce a latest advancement in electronic banking services – mobile banking.

Mobile banking has been defined by Bangens and Soderberg (2008) as financial services which are delivered through mobile networks and performed on a mobile phone. With regard to mobile phone-based financial services, Bangladesh has been particularly successful but a high level of competition has also been witnessed in the country’s banking sector. This is because most of the leading banks today offer mobile banking services in Bangladesh following the trend of financial globalization. As a result, customers often need to choose among different banks by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al., 2004).
Additionally, customers are increasingly aware of the different offerings of electronic banking and this knowledge makes them more critical of the quality of service provided by the banks (Sharma and Malviya, 2011). As such, it is very important for banks to understand the service qualities that can influence customers’ behavioral intentions towards the use of mobile banking services in Bangladesh.

The importance of various service qualities for customer satisfaction and subsequent adoption of banking services has been evidenced in numerous studies, but there is a paucity of research that explores the linkage between mobile banking service quality perceptions and customer adoption intentions in the context of Bangladesh. This study fills into the void by aiming to conceptualize selected factors of electronic service quality (E-S-QUAL) to identify the service quality dimensions, as perceived by customers, in the case of mobile banking services. To pursue this purpose, a proposed research model has been designed in this study by combining the factors of E-S-QUAL and the unified theory of acceptance and use of technology (UTAUT) constructs. This study, therefore, has both theoretical and managerial implications. Theoretically, this hybrid model is a contribution to the literature since it is capable of understanding the service quality determinants, along with other factors, behind the adoption of mobile banking in Bangladesh. From a managerial perspective, the findings of this research should provide further insights into understanding and managing potential and current mobile banking users. This study can also assist banks to discover the qualities that existing users demand and potential users anticipate from the existing mobile banking system in Bangladesh.

LITERATURE REVIEW

To further the objectives of this study, the current practice of mobile banking services and its implications in Bangladesh, followed by the research platform and finally, the theoretical background of the proposed service quality determinants has been discussed to determine the gaps for the study.

Mobile Banking Initiatives in Bangladesh

Mobile financial services (MFS) were introduced in Bangladesh through a bank-led model of Bangladesh Bank - the central bank of the country. This initiative was actually a part of the central bank’s financial inclusion programme whose objective was to bring the unbanked population under the formal banking system. Although Bangladesh Bank granted license to 28 banks to offer mobile banking services in Bangladesh, so far, only 19 banks currently offer this service (Dhaka Tribune, January 20, 2014).

The common mobile banking services that all banks offer in Bangladesh today includes disbursement of inward remittances, cash in and out, person to business payments, business to person payments, person to government payments, government to person payments and person to person payments (The Daily Star, December 23, 2013). The most important feature of these services is that customers can avail it through any model and brand of mobile phones in Bangladesh. On the other hand, internet-based mobile banking services are also offered in the country which does not require the support of mobile network operators (MNOs).

Necessity of Mobile Banking Services in Bangladesh

Over the last 30 years, there has been a steady growth in the financial sector of Bangladesh, as several private and foreign banks entered the country and led to the development of the country’s financial architecture. This growing banking system has developed several alternative banking channels in Bangladesh like ATMs (automated teller machines), electronic banking systems like internet banking and various multi-bank switches like Cash Link, Q-Cash and Omnibus (Bangladesh Bank, 2012).
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