Chapter 4
Expectation and Perception of Internet Banking Service Quality of Select Indian Private and Public Sector Banks: A Comparative Case Study

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ABSTRACT
This research paper mainly deals with expectation and perception of service quality of select Indian Banks i.e. SBI and HDFC on the customer satisfaction. The research survey was based on IS-QUAL dimensions (Ray & Ghosh, 2014) a diagnostic model developed in 2014, which measures service quality and internet service quality in terms of customer expectations and perceptions of banking services. This present research tends to evaluate the overall idea of expected and perceived services of the two banks. This study is a cross-sectional survey that employed the use of pre-structured questionnaire to collect primary data from a sample of 120 respondents through personal contact, field survey and email. Collected data have been analyzed through SPSS 21 software by different statistical tools like Reliability test for judgment of internal consistency of collected data and paired t-test.

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**INTRODUCTION**

Customer satisfaction is a serious issue for the success of any organization. Service quality is the main indicator to measure the client satisfaction. The relation between expectations and perceptions are very important in business especially in service industry to identify the service quality. In modern business environment, providing high service quality is the major key for a sustainable competitive advantage. Being a service industry catering to the millions of customers, banks are constantly offering new products to satisfy their diverse client bases with varied tastes and preferences. In recent years, internet banking is one of the facilities are offering to their clients to ensure client satisfaction along with improved business. The internet banking or online banking is a win-win solution for both the banks and their clients. The clients are advantaged because of the convenience, flexibility and literally 24-hour banking solutions in their hands and the banks get benefitted because of lower operating costs, wider geographical reach and reduced client pressure on their branches. Present status of Indian commercial banks demonstrates that maximum amount of branches is computerized and with CBS (Core Banking Solution). Commercial banks working in rural areas also providing most of internet banking services like mobile banking, NEFT, RTGS, ATM, credit cards, POS etc. Basically e-banking includes all non-traditional and electronic means of banking such as ATM, internet banking (IB), mobile banking, banking through credit cards and debit cards etc.

**SURVEY OF EXISTING LITERATURE**

The major reason for customers to choose banks for investment funds is because of the dependability and reputation of banks. Banks always promise customers a high level of security during transactions. Banking service can increase customers’ confidence and trust if employees are able to provide appropriate service to each customer. For instance, understanding the needs of each individual customer, such as knowing the customers’ expected retirement age, annual income, and hobbies are required to help provide a good match of insurance and fund products for customers. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Bank commitments are important, as customers may save a large sum of money in banks. For complicated products such as insurance, funds, and margins, employees must provide a clear explanation of each product to customers, so that customers can feel confident about the services provided by banks. The final dimension is empathy, which represents the individualized attention that firms provide to its customers. Employees who show understanding of customer needs and are knowledgeable to solve customer problems are success factors for the service
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