Chapter 16

A Measure of E-Service Quality for Banks: Customers’ Perceptions and Attitudes

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ABSTRACT

Evidence exists that delivering superior e-service quality is a vital strategy to success. With the growth in businesses offering internet-based transactions, measuring e-service quality becomes an imperative subject to understand what customers expect and perceive in online banking transactions. It recognizes customers’ priority and enhances the long-term relationship with them. This study proposes a conceptual model for measuring internet banking service quality and concentrates on evaluating customers’ perceptions and their attitude. For empirical estimation, the data was collected from customers who regularly use online banking facilities. Respondents were asked to fill the standardized questionnaire based on their experience with the online services provided by their banks. The results of this study may help the banks to understand the customers’ attitude, which may assist to maintain and improve the service delivery.

INTRODUCTION

The usage of internet has been expanding over the past few years. The latest statistics revealed that almost 3.6 billion people in the world access the internet (www.internetworldstats.com/stats.htm, accessed June 2016), which imply that around 46 per cent of the world population use the internet medium. Customers are adopting internet to shop because it enables them to purchase goods and services in a more convenient way (Chen and Chang, 2003).

The internet had a profound impact on almost all the financial institutions, including the banks. Many banks have improved their functions by adopting various technologies. Internet banking is one of the innovations among all the information technologies (Guraău, 2002). It is leading the world into
another continuum of banking as it allows the customers to access the banking facilities 24*7 at their place, while for the banks to significantly reduce the transactions costs (Unsal and Movassaghi, 2001). In recent years, banking industry is facing a rapid competition, which is putting pressure on the commercial banks. As technological change escalates its speed, the banks need to provide services that correspond to best standards to meet emerging needs of the customers. Banks are competing in order to differentiate themselves from other banks. In the service industries, differentiation can be complex or difficult to measure. The banking industry is no exception. Moreover, particularly in the internet banking, measuring the services delivered over the internet can be more challenging. In other words, measuring internet service quality is difficult and requires a high quality service to satisfy the customer. Numerous studies show that higher perceived quality and good customer service lead to the path of higher customer satisfaction (Sureshchandar et al., 2002; Santos, 2003; Lawrence O. Hamer, 2006; Cristobal et al., 2007; Santouridis and Trivellas, 2010; Chen et al., 2012; Kondasani and Panda, 2015). According to Kim et al. (1998), high-service quality is the key instrument of differentiation and source to gain competitive edge. Likewise, Zeithaml (2002) instructed that in order to be efficacious in the e-commerce industry, the service providers must include high standards of electronic service quality to their customers. Higher quality of service cuts the cost of services and fascinates more customers. Conversely, bad service quality simply damages the goodwill of an organization.

Service quality is a modern technique and helps in developing a truly customer-focused management and culture (Gazor et al., 2012). Measuring electronic service quality has become increasingly significant in determining the success of an electronic commerce business unit (Yang, 2001; Zeithaml, 2002). Zeithaml et al. (2000) first defined e-service quality as the extent to which a website facilitates efficient and effective shopping, purchasing and delivery. Santos (2003) defined e-service quality as overall customer evaluations and judgments regarding the excellence and quality of e-service delivery in the virtual marketplace. According to Parasuraman et al. (2005), e-service quality is the effectiveness and efficiency of online browse, online purchase, and delivery of goods and services. Further, as Colier and Bienstock (2006) defined, e-service quality, as “customer’s perceptions of the outcome of the service along with recovery perceptions if a problem should occur”. Several studies have attempted to assess the service quality of traditional brick and mortar banks; however, there is scarce literature that has measured the service quality of electronic banking services (Jun and Cai, 2001; van Riel et al., 2001; Akinci et al., 2010). Therefore, the present study is a customer-centric study aims to investigate the underlying dimensions of electronic banking service quality (e-service quality).

**Literature Review**

**Service Quality**

In recent decades, service quality has drawn attention of both researchers and managers (Zeithaml, 2000). Many authors have defined service quality. Service quality is “the overall evaluation of a specific service firms that result from comparing that firm’s performance with the customers’ general expectations of how firms in that industry should perform” (Parasuraman et al., 1988). The same authors developed their multidimensional service quality assessment tool called as SERVQUAL, which describe service quality in five dimensions (tangibles, reliability, responsiveness, assurance and empathy). The authors initially identified ten dimensions, but later they shrank into five factors, which created the acronym – RATER. Gefen (2002) defined it as “the subjective comparison that customers make between the quality