

THE IMPACT OF ELECTRONIC BANKING SERVICES ON THE PUBLIC AND PRIVATE SECTOR BANKS IN PUDUCHERRY REGION

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ABSTRACT

E-banking is the application of electronic means in the interaction between bankers and customers and bankers and businesses, as well as in internal banking operations, to simplify and improve banking services. This paper examines the relationships among the Perception, Satisfaction and Continuous Service Usage Intention towards Electronic Service Quality of Public Sector and Private Sector Banks in Puducherry Region.

Key words – Electronic Banking Services [e-BS], Electronic Service Quality [e-SQ]

INTRODUCTION

Customers in all services always expect creation and delivery of high-quality services from their respective service providers. This expectation creates pressure to service providers to perform better. E-banking service initiatives are results of such pressures by the customers of the bank combined with the capabilities achieved through the use of Information and Communication Technology. E-banking is the application of electronic means in the interaction between bankers and customers and bankers and businesses, as well as in internal banking operations, to simplify and improve banking services. One of the important aspects of e-banking is the use of web portals of the banks as an electronic medium for bank-customers interactions and transactions.

ELECTRONIC SERVICE QUALITY

Debasish, S.S. (2000) investigated the service quality in electronic-banking and using 21 variables with five dimensions for measuring the service quality. They applied Access, Website interface, Trust, Attention and Credibility as the dimensions for measuring the service quality. The researcher adopted the SERVQUAL dimensions such as Web interface interactions, reliability, responsiveness assurance and empathy on 26 items that were recommended by Parasuraman et al. (1985) and reduced those dimensions into to five dimensions. The study pointed out that the service quality in e-banking is largely determined by web elements and in order to provide a good quality of service. Therefore, banks which offer electronic services should provide customers with effective web tools in a suitability presented environment.

Oppewal, Harmen & Vriens, Marco. (2000) conducted a study and proposed the use of integrated conjoint experiments to measure perceived service quality. They also demonstrated the process of modelling the hierarchical relations between operationally defined service attributes, strategically relevant service dimensions, and overall preference for banks or banking products. The proposed method, which is based on hierarchical information integration theory, avoids some of the limitations and problems of SERVQUAL and traditional conjoint analysis. The approach is demonstrated with an application to retail banks involving four service dimensions namely accessibility, competence, accuracy and friendliness and tangibles and 28 attributes. It is found that the element of accuracy and friendliness is the most important factor from customers' perspective for evaluation of service quality, followed by competence, tangibles and accessibility. Based on the analysis, conclusion was drawn about which dimensions and attribute changes would yield the strongest improvements in a bank's utility and competitive position. The paper ends with a discussion of topics for further research. Jun and Cai (2001) carried out a research in order to study the scale measurement for Internet banking service quality with customers of USA. The scale included 17 dimensions and classified into three broad categories namely customer service quality, banking service product quality, and online systems quality. Furthermore, out of seventeen dimensions, the key factors effect satisfaction or dissatisfaction were reliability, responsiveness, access, and accuracy. But their study employed only content analysis based on user experiences of Internet-only banks and traditional banks

offering Internet banking service and the factors found in this study were not validated empirically.

SIGNIFICANCE OF THE RESEARCH

Identification and understanding of the perception of customers towards electronic service quality is essential in determining their satisfaction and ultimately service continuance intention. It is also important for the bankers for attracting new customers along with retaining existing customers. The level of this customer satisfaction, which is influenced by the electronic-service quality, will play a vital role in determining the continued usage intention towards electronic services of public and private sector banks.

OBJECTIVE OF THE STUDY

This paper work aims to analyze the relationships among the Perception, Satisfaction and Continuous Service Usage Intention towards Electronic Service Quality of Public Sector and Private Sector Banks in Puducherry Region.

RESEARCH DESIGN

The purpose of the present research is to test the hypothesis and therefore the researcher selects exploratory research design or hypothesis-testing research design. The aim of the exploratory research is merely to explore the research questions and does not intend to offer final and conclusive solutions to existing problems. This type of research is usually conducted to study a problem that has not been clearly explored yet but helps the researcher to have a better understanding of the problem.

SAMPLING DESIGN

The target population of the present study is finite because the total number of respondents i.e., Customers who are using electronic banking services of public and private sector banks in Puducherry region is certain but their exact total numbers are unknown. The

Customers who are using electronic banking services of public and private sector banks in Puducherry region are considered as Sampling units or Sampling Elements for this research. Sample size is the number of respondents included in a research. The Sample Size of the present research is 478. The primary data is gathered from the Customers who are using electronic banking services of public and private sector banks in Puducherry region and 478 samples are finalized and the same are used for data analysis.

SAMPLING TECHNIQUE

The present research paper considers and applied Non-Probability Sampling Method since the exact population of the research (Customers who are using electronic banking services of public and private sector banks in Puducherry region) is unknown. Out of various Non-Probability Sampling techniques, the researcher selects and employs purposive Sampling technique in this research work.

HYPOTHESES

1. Various dimensions of Electronic Service Quality have no significant impact on Customer Satisfaction on the Electronic Banking Services of Public and Private Sector Banks.
2. Various dimensions of Electronic Service Quality have no significant impact on Continuous Service Usage Intention towards the Public and Private Sector Banks.
3. Customer Satisfaction on the Electronic Banking Services has no significant influence on the Continuous Service Usage Intention towards the Public and Private Sector Banks.

STRUCTURAL EQUATION MODELING (SEM)

SEM analysis is performed based on data from 478 Customers who are using Electronic Banking Services of Public and Private Sector Banks in Puducherry region with the AMOS 20.0 statistical package from five-point Likert-scale survey. The purpose is to analyze the Customers' Perception on the various aspects of electronic service quality and its impact on Satisfaction and Continuous Service Usage Intention towards Electronic Banking Services of Public and Private

Sector Banks in Puducherry region through various exogenous and endogenous variables. The structural equation model has following variables: OBSERVED, ENDOGENOUS VARIABLES: Customers' Satisfaction on E-Banking Services, Continuous Service Usage Intention. OBSERVED, EXOGENOUS VARIABLES: Physical Aspects, Efficiency, Reliability, Security and Privacy, Responsiveness, Complaints Handling. UNOBSERVED, EXOGENOUS VARIABLES: e1 and e2.

MODEL FIT

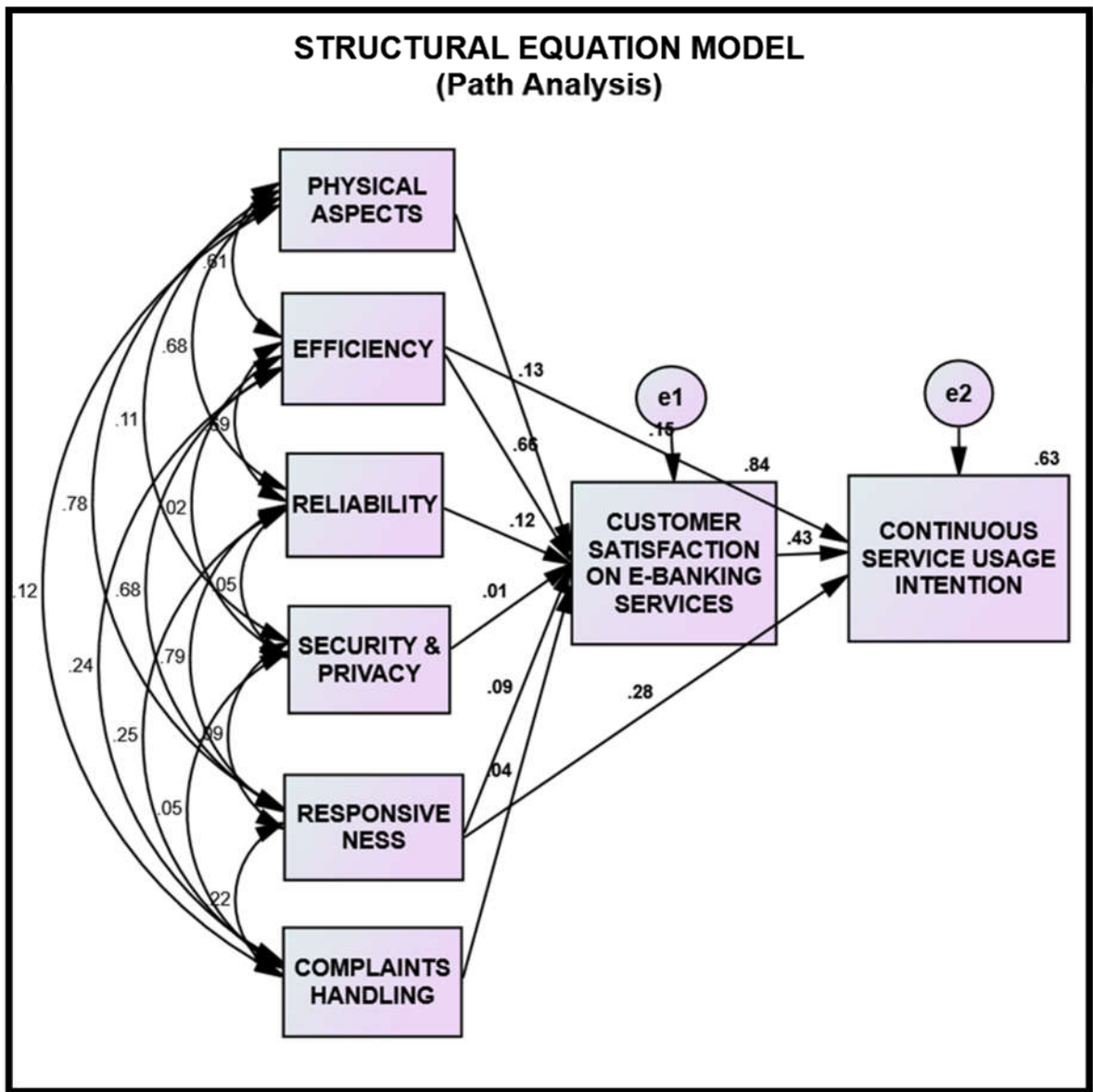
The Chi Square for goodness of fit (CMIN/DF) is 2.957 with 4 dfs which is lesser than 5. Therefore, it is in acceptable limit. However, it is still worth looking at some of the other indices also to analyse the fit of the model. ROOT MEAN SQUARE RESIDUAL (RMR) The standardized root mean-square residual ranges from 0 to 1, with a value of .08 or less being indicative of an acceptable model. The value of RMR in our model is .069 which is less than .07 and so acceptable. THE ROOT MEAN SQUARE ERROR OF APPROXIMATION (RMSEA) Good model fit is typically indicated by a RMSEA value of 0.06 or less (Hu & Bentler, 1999), but a value of 0.08 or less is often considered acceptable (Browne & Cudeck, 1993). Here, the value of RMSEA is .064 which is acceptable.

GOODNESS OF FIT INDEX (GFI) AND ADJUSTED GOODNESS OF FIT INDEX (AGFI) The GFI and AGFI range between 0 and 1, with a cutoff value of .9 generally indicating acceptable model fit. The values of GFI and AGFI in our model are .994 and .945 respectively (which are greater than 0.90) and indicating acceptable model fit. NORMED FIT INDEX (NFI) AND NON-NORMED FIT INDEX (NNFI) Values for both the NFI and NNFI should range between 0 and 1, with a cutoff of .95 or greater indicating a good model fit. The values of NFI and NNFI (TLI) in our model are 0.996 and 0.979 respectively and indicating good model fit.

COMPARATIVE FIT INDEX (CFI) Comparative Fit Index (CFI) values range from 0 to 1, with larger values indicating better fit; Acceptable model fit is indicated by a CFI value of 0.90 or greater (Hu & Bentler, 1999). Here, the value of CFI is 0.997, which is great. Chi-Square

Test, RMR, GFI, AGFI, CFI, NFI, NNFI (TLI) and RMSEA are good indices to verify that a model is adequate. Here, all the indices are at acceptable level.

DIAGRAM-1 ANALYSIS OF CUSTOMERS' PERCEPTION ON ELECTRONIC SERVICE QUALITY AND ITS IMPACT ON CUSTOMER SATISFACTION AND CONTINUOUS SERVICE USAGE INTENTION TOWARDS PUBLIC AND PRIVATE SECTOR BANKS STRUCTURAL EQUATION MODEL (PATH ANALYSIS)



SUMMARY OF FINDINGS OF STRUCTURAL EQUATION MODEL

By inspecting this SEM (Path Model), following conclusion can be arrived:

Five out of six aspects of Electronic Service Quality of Banks have influence on Customers' Satisfaction on E-Banking Services. Out of six aspects of Electronic Service Quality of Banks, "Efficiency" has significant and stronger influence on Customers' Satisfaction on E-Banking Services and "Complaints Handling" has significant but lesser influence on Customers' Satisfaction on E-Banking Services than others. Out of six aspects of Electronic Service Quality of Banks, "Security & Privacy" aspect does not contribute to Customers' Satisfaction on E-Banking Services significantly. Out of two aspects of Electronic Service Quality of Banks, "Responsiveness" contributes more to the Continuous Service Usage Intention directly than Efficiency. The Customers' Satisfaction on E-Banking Services contributes strongly to the Continuous Service Usage Intention directly. There are strong inter-relationships among the various aspects of Electronic Service Quality of Banks. Out of six aspects of Electronic Service Quality of Banks, Reliability aspect has more relationship with Responsiveness aspect and Efficiency aspect has lesser relationship with Security and Privacy aspect than others.

MANAGERIAL IMPLICATIONS OF THE RESEARCH

The banking service market has a great potential for youth segment as the more than 50% of the population of India is youth and working population. These youth population is living in the age of electronic technology. The research also indicates that the demographic variables have strong influence on the customers' perception, satisfaction and continuous service usage intention towards electronic banking services. Therefore, if the banks consider the demographic features of these population carefully then it can be easily identified the factors that attracting and retaining them as customers for the electronic banking services.

The research indicates that the consistent and efficient electronic service quality of the Public and Private Sector Banks is the best influencing factor for the customers' satisfaction and continuous service usage intention towards electronic banking services. By focusing on various factors identified in this research, the management of public and private sector banks can understand their position and identify their strengths and weaknesses and formulate appropriate policies to improve their service performance in a better way. It will help to convert their potential customers into active customers.

SCOPE FOR FUTURE RESEARCH

The present efforts are directed to analyze the customers' service usage behaviour towards electronic banking services of public and private sector banks. This is an analytical research which would be a useful contribution. However, for arriving at any generalization, it is highly desirable to undertake more such analytical studies. The scope of research was restricted to the customers' usage behaviour with respect to the selected public and private sector banks in Puducherry region only. Similar research can be also carried out in the other parts of India for comparison purposes. Also a comparative study can be conducted on service quality of Indian and Foreign Banks in the same region or other parts of India.

CONCLUSION

It is found from the present research paper that five out of six aspects of Electronic Service Quality of Banks have influence on Customers' Satisfaction on E-Banking Services. Out of six aspects of Electronic Service Quality of Banks, "Efficiency" has significant and stronger influence on Customers' Satisfaction on E-Banking Services and "Complaints Handling" has significant but lesser influence on Customers' Satisfaction on EBanking Services than others.

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