

Service Quality: A Review in the Context of Online Banking

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Abstract -This study made an attempt to review the antecedents and outcomes of service quality in the context of online banking. The findings of the study reveals that, online banking service quality is determined by six factors namely, ease of use, internet speed, information provision, website design, perceived benefit, and perceived risk. This, study also established links between study variables by proposing a conceptual model. Finally, this study has suggested the practical implications for bank managers.

Keywords: service quality, online banking, satisfaction, value.

Introduction

Service quality is said to be the most researched topic in the consumer behavior literature. Almost last three decades entire marketing literature was debated around the service quality, its antecedents and consequences. Service quality refers to the gap between expected service and the perceived performance (Anantharathan Parasuraman, Zeithaml, & Berry, 1985). More specifically, the customer buys service with certain prior expectations, once he consumes the product he evaluates the service based on his expectations. If his expectations are high and performance is low, the quality is said to be low (Grönroos, 1984). In contrast, if the performance is more than their expectations, the quality is said to be high.

The arrival of technology has made service delivery as simple as possible. Today majority of the customers are able to use technology for their service consumption or transaction (Yang & Fang, 2004). This usage of technology also widely seen in the banking sector (Pikkarainen, Pikkarainen, Karjaluoto, & Pahlila, 2004). Previously customers use to visit banks physically, but now banks are providing a provision of online services. Thus, the customer can stay home and do his transactions. In the consumer literature majority of the studies have researched the online service quality specifically in the banking sector. However, the antecedents of service quality seem to be not well explored (Anantharayanan Parasuraman, Zeithaml, & Malhotra, 2005). Thus this study made an attempt to fill this gap by exploring the service quality antecedents and consequences.

The following paragraphs discuss literature review in which antecedents and outcomes of online banking service

quality are discussed, followed by methodology, discussions, and directions for future research.

Literature review

The conceptualization of service quality by (Anantharathan Parasuraman et al., 1985) has changed the service industries face. The SERVQUAL was used by the majority of the scholars to evaluate the service business models. This service quality was applied in all the sectors including, transportation, retail, tourism, sport, and retail banking (Bahia & Nantel, 2000; Ittamalla, 2017; Spreng & Mackoy, 1996). The arrival of new technologies has challenged the customers as well as managers to get benefit out of usage. Thus, managers started exploring what are the factors that affect the usage of online services and on what base those services are evaluated by the customers (Pikkarainen et al., 2004). In the previous literature, some of the studies have explored various determinants of online service quality.

Ease of use:

Online banking the new phenomena for the Indian customers. Thus most of them are new to the technology. Thus, if the usage of online services is as simple as possible there is more likely that the customer adopts the technology (Loonam & O'loughlin, 2008). In contrast, if the usage of technology is difficult customer may not accept the online services and rate them as low quality (Han & Baek, 2004). Thus, ease of use is one of the critical determinants of online service quality.

Speed:

Another factor that influences the online service quality is the speed of processing. If the online service speed is not adequate, the customer may not show the interest towards technology (Bauer, Falk, & Hammerschmidt, 2006). Majority of the customers use online services because to save their time compared to the direct visit of the banks (Pikkarainen et al., 2004). Thus, the speed of the internet is a key aspect of the online service quality.

Website design:

Website design is the core aspect of online service usage. Specifically, aesthetics play a major role in engaging the customer during the online service delivery (Ittamalla, 2018).

Previous studies also revealed that if the website design is attractive, customer rate the service quality high. Similarly, if the bank's website is with attractive designs it can stimulate the online customer's satisfaction with service(Newman, 2001).

Information provision

A most important aspect of the online service quality is the availability of information in the online(Lee & Lin, 2005). Specifically, how simply the website is able to convey the information to their users is important. Various studies have found that availability of the information at online website increased the satisfaction of the online customers(Ananthanarayanan Parasuraman et al., 2005).

Perceived risk

Perceived risk is another important factor of online service quality(Bloemer, De Ruyter, & Peeters, 1998). Specifically, in the banking sector, customers perceive more risk to transfer or receive money through online channels. In contrast to the offline, customer visit bank and pay the money to the banker. Thus, managers need to enhance the security of the online banking systems that could enable the users to do more transactions through online(Pikkarainen et al., 2004).

Perceived benefit

Customer's assess the quality based on the benefit they derive out of product or services(Bloemer et al., 1998). Customer adopts the online services with the intention of quick and convenient transactions. Thus, they get the benefit of speedy services with a greater convenience(Yang & Fang, 2004). If it does not happen, customer rate the service as poor.

The outcome of online service quality

Satisfaction

Satisfaction is highly studied in the consumer literature. Majority of the scholars have linked the satisfaction with service quality(Spreng & Mackoy, 1996). They also said that service quality is an antecedent and satisfaction is an outcome(Bloemer et al., 1998). Thus, in this study, we propose satisfaction as the outcome of the online service quality factors(Lassar, Manolis, & Winsor, 2000). Thus, higher the online service quality higher the satisfaction.

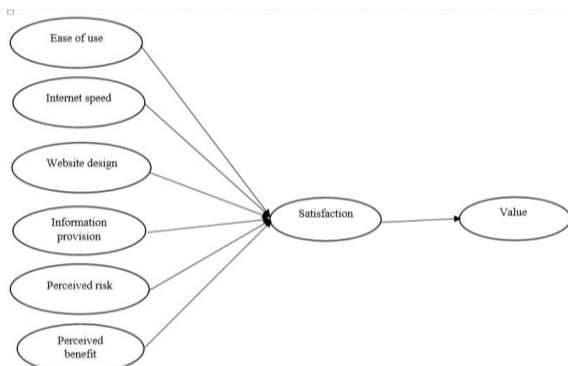


Figure 1. Proposed conceptual model

Perceived value

Customer's perceived value is said to be the difference between what customers pay and what they get(Tam, 2004). If the benefit is higher than what they pay the value is high. In contrast, if the pay is high and the benefit is low, the value is low(Sweeney, Soutar, & Johnson, 1997). Similarly, when the quality is lesser than customer's sacrifice, the value is low. A wide range of studies has examined the relationship between service quality and perceived value(Kuo, Wu, & Deng, 2009). Hence this study proposed that the customer's perceived value is the outcome of online service quality factors.

Methodology

The purpose of the study was to explore the factors influencing the online service quality in the banking sector. This study used the previous studies to identify the determinants and outcomes. Based on the keywords the study searched for the online service quality factors. Later we have done a content analysis to group them into different themes.

Discussion

Theoretical contribution

This study explored the various determinants and outcomes of online service quality. All these determinants are theoretically well established. This study also builds the relationship between service quality factors and satisfaction, and value(Kuo et al., 2009). Thus, this study has extended the service quality concept in the online banking context.

Practical contribution

All the identified factors are very useful to the bank managers to improve the service quality. For instance, website design, information availability, speed, etc. influence the overall performance of the bank(Yang & Fang, 2004). Thus, bank managers are advised to consider all the factors that study has identified to yield the profits.

Limitations and future research

This study made an attempt to review the service quality in the online banking sector. Thus, future research can take place in other online sectors like online retailing, travel websites. This study has utilized secondary data to identify the factors. Future research can opt primary studies such as personal interviews and FGDs to explore the antecedents and outcomes of online service quality. Finally, scholars can empirically measure the proposed model.

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