MEASUREMENT OF E-BANKING SERVICE QUALITY PERFORMANCE: OLD PRIVATE BANKS USER'S PERSPECTIVE IN BENGALURU CITY

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Abstract
E-banking means any user with a personal computer and a browser can get connected to his banks website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permitting anytime, anywhere and anyhow banking. The delivery channels include direct dialup connections, private networks, public networks, etc. with the popularity of computers, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication.

Keywords: E-Banking, Service Quality, Old private banks and Bengaluru city.

INTRODUCTION

Private sector banks have been functioning in India since the very beginning of the banking system. Initially, during 1921, the private banks like bank of Bengal, bank of Bombay and madras were in service, which all together formed Imperial Bank of India. Reserve Bank of India (RBI) came in picture in 1935 and became the centre of every other bank taking away all the responsibilities and functions of Imperial bank. Between 1969 and 1980 there was rapid increase in the number of branches of the private banks. In April 1980, they accounted for nearly 17.5 percent of bank branches in India. In 1980, after 6 more banks were nationalized, about 10 percent of the bank branches were those of private sector banks. The share of the private bank branches stayed nearly same between 1980 and 2000. Then from early 1990's, RBI's liberalization policy came in picture and with this the government gave licenses to a few private banks, which came to be known as new private sector banks. There are two categories of the private sector banks "old" and "new". The old private sector banks have been operating since a long time and may be referred to those banks, which are in operation from before 1991 and all those banks that have commenced there business after 1991 are called as new private sector banks.

Housing Limited was the first private bank in India to receive license from RBI as a part of the RBI's liberalization policy of the banking sector, to setup a bank in the private sector banks in India. The 18 Old Private Sector Banks are as follows: The banks, which were not nationalized at the time of bank nationalization that took place during 1969 and 1980 are known to be the old private sector banks. These were not nationalized, because of their small size and regional focus. Most of the old private sector banks are closely held by certain communities their operations are mostly restricted to the areas in and around their place of origin. Their Board of directors mainly consists of locally prominent personalities from trade and business circles.

One of the positive points of these banks is that, they lean heavily on service and technology and as such, they are likely to attract more business in days to come with the restructuring of the industry round the corner. Bangalore is the capital and the largest city of the Indian state of Karnataka. It is also called "Garden City" for its beautiful gardens, flowers and trees which flourish in each and every street. It is India's fifth largest city and India's fifth largest metropolitan area, with a 2001 population of about 6.5 million. After India gained independence in 1947, Bangalore evolved into a manufacturing hub for heavy industries such as Hindustan Aeronautics Limited and Indian Space Research Organization. Within the last decade, the establishment and success of high technology firms in Bangalore have lead to the growth of Information Technology (IT) in India. IT firms in Bangalore employ about 30% of India's pool of 1 million IT professionals.

The city is also the Training Center for the Indian Air Force, the Madras Engineering Group (MEG) and Central Military Police, the latter two being arms of the Indian Army. Bangalore is the scientific hub of India and it has the world renowned and the oldest Research University, Indian Institute of Science. The other research institutes are the Indian Institute of Astrophysics, the Raman Research Institute, and the Jawaharlal Nehru Centre for Advanced Scientific Research, the National Center for Biological Science and the Indian Statistical Institute. In addition 18 old banks are functioning in Bangalore city and banks details as follows.

1. Bank of Rajasthan [Merger with ICICI going on]
2. Bharat Overseas Bank
3. Catholic Syrian Bank
4. City Union Bank
5. Dhanlaxmi Bank
6. Federal Bank
7. ING Vysya Bank
8. Jammu & Kashmir Bank
9. Karnataka Bank
10. Karur Vysya Bank
11. Lakshmi Vilas Bank
12. Lord Krishna Bank
13. Nainital Bank
14. Ratnakar Bank
15. Sangli Bank
16. SBI Comm & Intl Bank Ltd
17. South Indian Bank
18. Tamilnadu Mercantile Bank Ltd

Source: www.wikipedia.com

Against this backdrop, a number of challenges have emerged. Foremost amongst these is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. For this reason, they are demanding a broader range of products and services at more competitive prices through more efficient and convenient channels. As such, it is equally important for banking institutions to complement the richer and more customized range of product offerings with higher levels of service performance. Thus, the primary objective of this study was to investigate the impact of electronic banking (e-banking) services on customer's perception of the service quality.

The definition of service quality is based on customer led quality definition where quality is defined satisfying customer's requirements' (Deming, Juran, Feigenbaum, Ishikawa) relying on the ability of the organization to determine customers' requirements and then meet these requirements. From the point of view of organization it means that customers have to be seen as individuals having individual requirements expecting them to be

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

fulfilled. If a standard level of service quality is defined this will be certainly provided and if the organization claims to be providing high quality services the customer's requirements will be even exceeded and the organization will have satisfied customers creating positive image. High quality service does not mean minimizing negative quality (such as poor service or inconsistency) but maximizing positive quality (such as fun and luxury); this creates value. As the customer requirements, opinions and his individual perceiving are the most important then high quality service intends to maximize the individual customer expectations fulfillment extending beyond the average service attributes with regard to the reality that the customer needs and expectations are variables depending on different factors the primary division into external and internal customers, age segmentation, differentiation due to profession, etc.

The service quality definition reflects well on Internet banking services. Internet banking is one-to-one service where every individual bank client happens to interact with a bank web presentation. If a bank considers Internet as long term means to achieve the bank strategic goals, it necessarily has to focus on providing high quality services over Internet and thus maximizing positive quality assuring the customers satisfaction. The customers in service sector are very sensitive to service quality and service delivery while they are always in contact with front-line personnel and nowadays e-commerce revolution, in contact with interface information technologies. Self-service technologies and the customer perception of the services provided via these points-of-purchase or moments of truth decide whether the customer will come back or shift to the next-door competitor. Service qualitative attributes such as convenience, reliability, responsiveness, timeliness or assurance cannot be added or inspected in they must be designed into services. For bank manager of any level it should be a must to control quality level of their Internet banking services to be ahead of the pure Internet players and competitors too. The practice directs to focus on quality design techniques, to understand precisely the tools of achieving quality goals and going further on assuring that the high quality will be maintained in long-term measures.

Review

Colgate Mark (2000) deregulation, greater competition and information technology has led to the restructuring of the retail banking industries in virtually all developed economies. This has led to a greater emphasis on marketing activities and the use of information technology to support these activities. In light of this development this paper seeks to analyse the extent of the growth of marketing and the sophistication of marketing information systems (MkIS) in the context of Australasia and Europe. In particular empirical evidence is drawn from 67 postal questionnaires within the retail banking industries in Australia, New Zealand, UK and Ireland. The results indicate that although the use of marketing in these counties would seem to be growing, the application of information technology to support marketing is still at a low level of sophistication.

Evmorfia Argyriou et al (2006) this paper examines the application of a relationship marketing model in electronic retail banking. It illustrates basic concepts of e-business from a relationship marketing perspective. The focus of the study is banking as one of the most information intensive industries, pertinent both to relationship marketing and e-commerce. Three case studies in major Greek retail banking are presented. The findings indicate that a generic relationship marketing focus is insufficient for defining e-banking as relationship marketing focused. The underlying reason is the excessive commitment to physical network relationships and lack of trust in virtual relationships currently exhibited by managers. It is suggested that a distinction should be made between 'virtual' relationship marketing focus and 'generic' relationship marketing focus. An adapted model for e-banking compensating for this distinction is proposed which may also be relevant in the context of other electronic services industries.

Mark Durkin et al (2007) it has been established that increasing the role of technology in a service organisation can serve to reduce costs and often improve service reliability. For this reason and as the Internet becomes yet more pervasive in retail banking the importance of understanding influences on customer adoption behaviour fore-banking is increasingly important. This study adopts a quantitative methodology and examines customer

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

communication preferences when interacting with their bank, with a particular focus on Internet banking registration. The customer satisfaction questionnaire was issued to over 2,000 retail customers. Through regression analysis the key predictors that indicate whether or not customers will register as Internet banking users were identified. Twenty-five senior branch bank managers were then asked to rank the same set of issues to ascertain what they felt to be the key influencers to customer registration for Internet banking.

S. Dibb & M. Meadows (2001) this article considers the development of relationship marketing in retail financial services. It begins by examining the relationship marketing literature and considering its application to the retail banking industry. Following a discussion of the research methodology, four in-depth retail bank case studies are presented. These cases form the basis of a qualitative analysis of the state of relationship marketing in retail banking. Many banks have already reached a higher level of relationship marketing than businesses in other sectors.

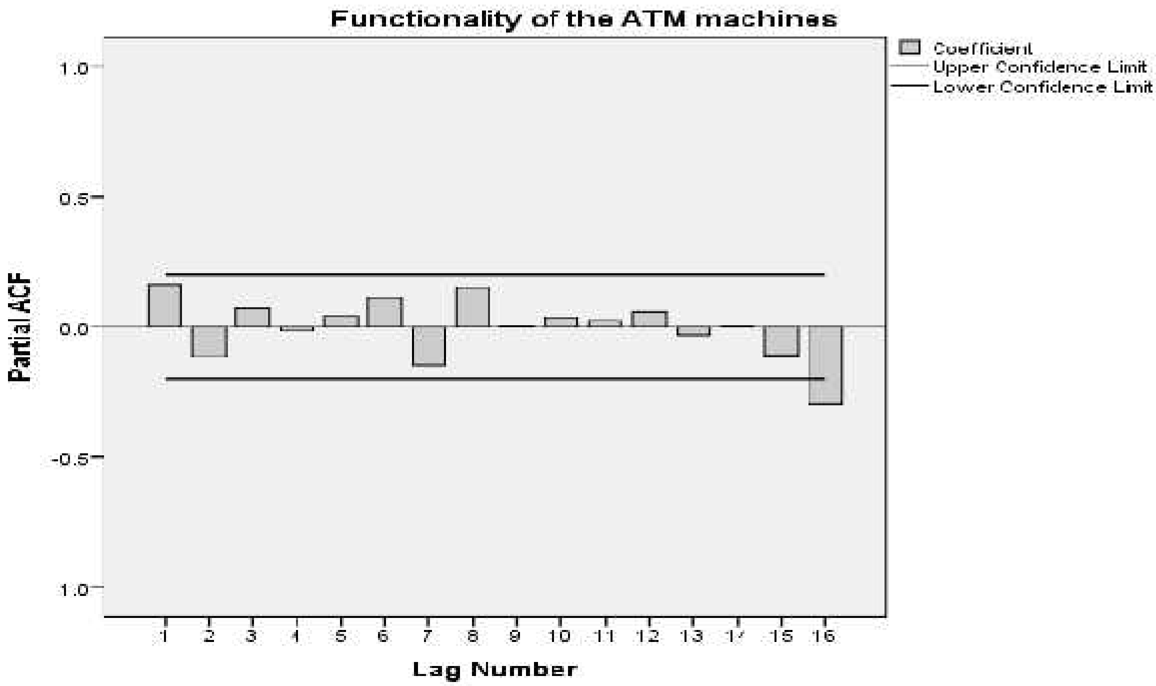
Yet generic relationship marketing models such as the one applied in this research do not necessarily reflect these differences. A modified version of a relationship marketing model, which caters for the particular characteristics of retail banks and which may be applicable to other services businesses, is therefore proposed.

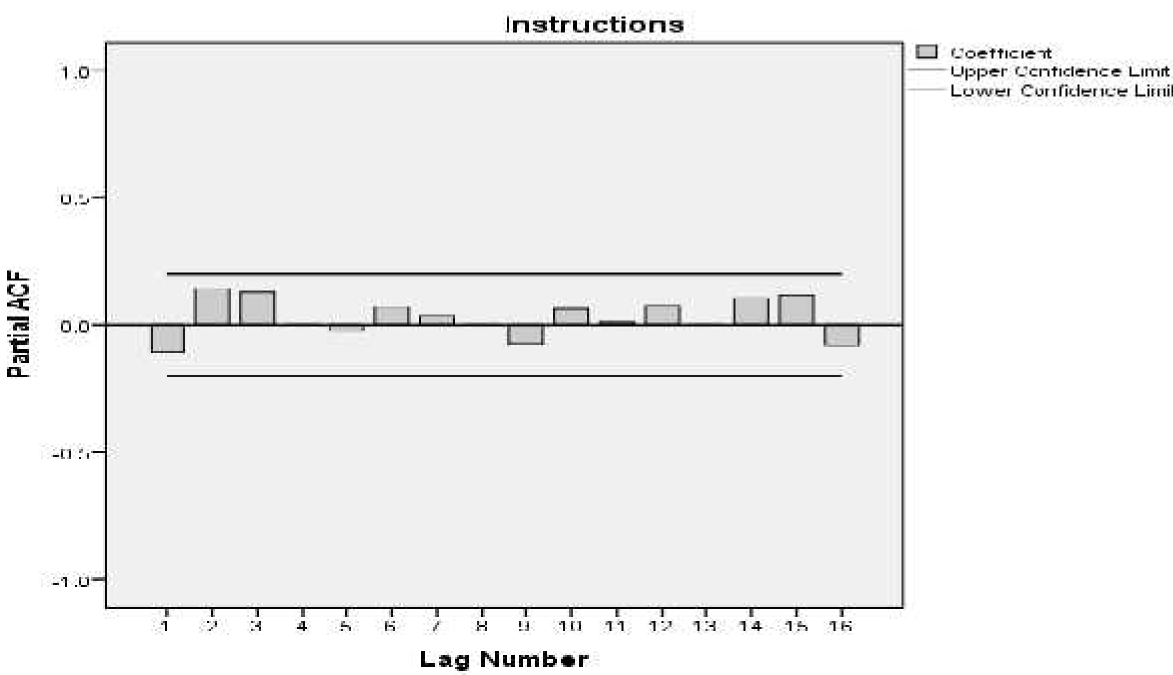
Tim Hughes (2003) one of the most significant developments in bank marketing in recent years has been the use of technology in creating new channels through which customers can transact their accounts and interact with their bank. The literature shows how e-banking has developed rapidly and become a mainstream channel, but concerns have been raised about the ability of banks to manage customer relationships effectively through this new channel. The case studies presented in this paper are chosen to exemplify two approaches to e-banking: integration into an existing operation and separation (through a standalone operation). Analysis of these case studies shows how a market oriented approach to customer service can be implemented particularly effectively at an operational level in the standalone case. However, while the need to manage customers far more holistically is recognized in the integrated case this has not yet been achieved in practice.

Vincent Maugis et al (2005) with the rapid diffusion of the Internet worldwide, there has been considerable interest in the e-potentials of developing countries giving rise to a first generation of e-readiness studies. Moreover, e-readiness means different things to different people, in different contexts, and for different purposes. Despite strong merits, this first generation of e-readiness studies assumed a fixed, one-size-fits-all set of requirements, regardless of the characteristics of individual countries, the investment context, or the demands of specific applications. This feature obscures critical information for investors or policy analysts seeking to reduce uncertainties and make educated decisions. But there is very little known about e-readiness for e-banking.

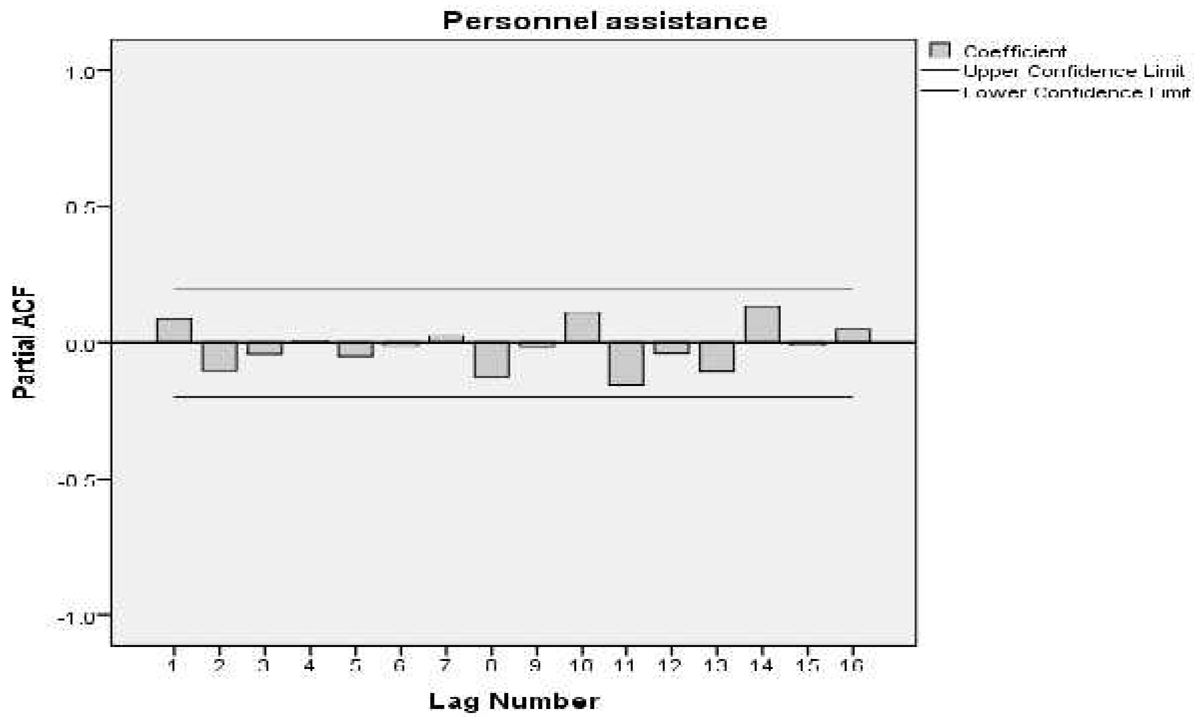
In particular, based on lessons learned to date and their implications for emerging realities of the 21st century, the authors designed and executed a research project with theoretical as well as practical dimensions to answer the question of "e-Readiness for What?," focusing specifically on e-banking, based on the very assumption that one size can seldom, if ever, fit all. The authors also propose and develop a conceptual framework for the "next generation" e-readiness focusing on different e-business applications in different economic contexts with potentially different pathways as well as a data model to explore e-readiness for e-banking in 10 countries.

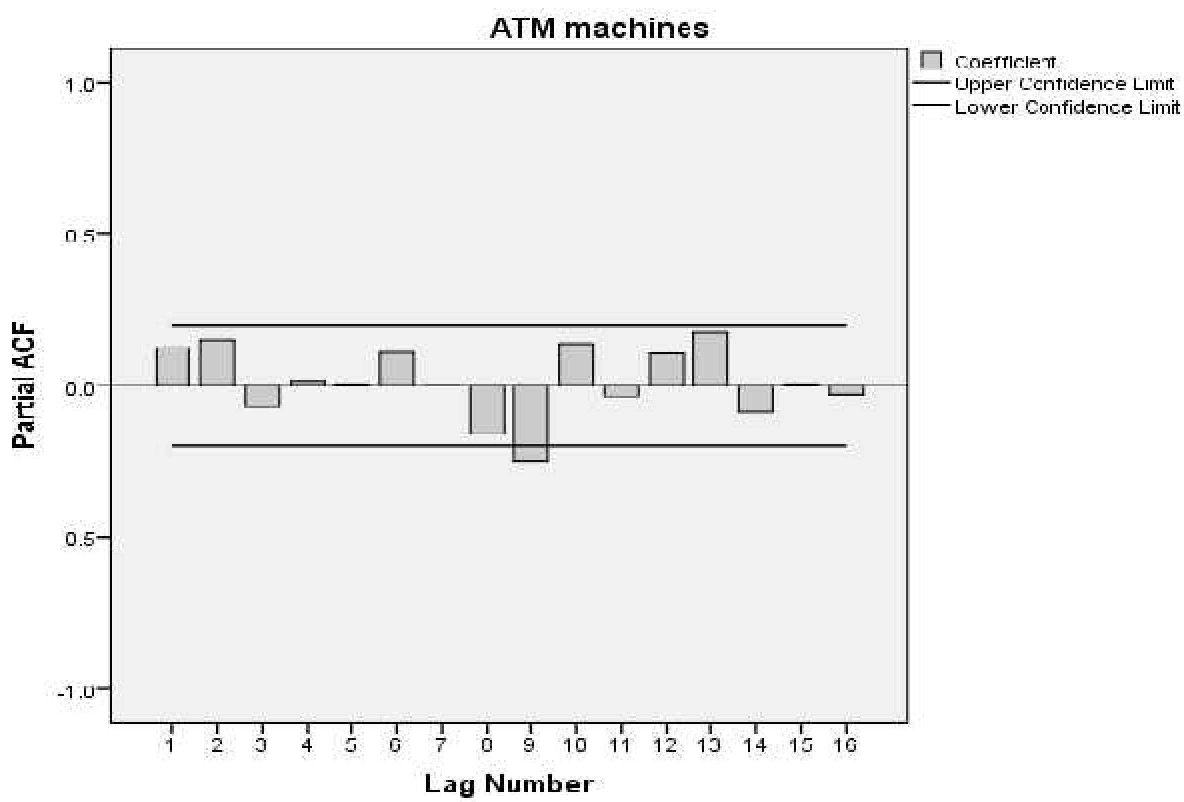
IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738





IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738





CONCLUSION

The findings of this study provide initial direction in determining the optimum service quality attributes pertaining to e-banking services. The largest discrepancies between what were expected by the customers and what were delivered by the bank were found in the availability of the instructions and personnel assistance on how to use the e-banking services and the functionality of the ATM machines. This is alarming because human interactions occur so seldom and when they occur they do so in critical situations. If these high-touch interactions of the high-tech service process fail, there are fewer opportunities to recover the mistake than in high-touch service processes. Indeed, based on the nature of the relationship with customers, banking services involve a continuous flow of interactions between the customer and the service provider.

Thus, bank managers should invest resources to enhance overall service quality. Management and employees should strive to find out what customers expect (in terms procedure handling, efficiency, accessibility and updated information about products and services) when designing strategies to enhance overall service quality. This implies an extensive and continuous training program a bank needs to carry out for its employees. In conclusion, to compete more efficiently and effectively in the marketplace, a banking institution must be sensitive to meeting customers' expectations to the availability of the instructions and personnel assistance on how to use the e-banking services and to the functionality of the ATM machines. Despite the need for more studies in this area, i.e. the effect of management and customers' expectation level, the results of this study provide critical information which banking institutions can use for promoting their services. There are two limitations in the study that should be considered when interpreting the results and implications. First of all, very poor responses from patrons (more than forty percentage questionnaires not received) secondly, the sample size was small.

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