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Effects of Mobile Banking Service Quality on Customer Satisfaction in Private Sector and Public Sector Banks of Vellore, Tamil Nadu

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Abstract: Mobile banking plays a vital role in Indian banking sector. In the banking sector service quality is the utmost essential measure for evaluating and satisfying customers. Customer loyalty and retention rate of customers can also be constructed. This study uses SERVQUAL model which consists of reliability, assurance, tangibles, empathy and responsiveness. Previous studies suggested that the perceptions and expectations of the customers are likely to be dissimilar in terms of mobile banking service quality. This study has been pursued to find out the gap between the five dimensions of mobile banking service qualities of Vellore District, Tamil Nadu. Based on this study, it is concluded that the service quality of mobile banking is better in public sector banks in terms of assurance provided to the customers than in private sector banks. In case of responsiveness, private sector banks provide a better mobile banking service quality than public sector banks. Hence, service quality of mobile banking plays a decisive role in both public and private sector banks.

Keywords: Mobile banking, Service quality, Customer satisfaction, Vellore

INTRODUCTION

Parasuraman *et al.*, (1985) has identified “a new model for evaluating service quality delivered by various sectors particularly in the banking sector. Model of service quality measurement is used to find out the difference between customer actual service performance and expected performance. The service quality offered is considered as low and vice versa. Expected level of service to be delivered to the customers is greater than the actual level of service provided by any organization. To measure customer perception of service quality for the banking and financial services. SERVQUAL model was developed primarily but later refined to sectors such as hospitality, telecommunications and healthcare. Many researchers had found that for measuring service quality to be reliable and could still be used as evaluating tool for customer satisfaction, despite of some opinions on this service quality model”.

SERVQUAL model determines five dimensions such as Reliability, Assurance, Tangibility, Empathy and Responsiveness. “Reliability indicates that the ability to perform the promised service dependably and accurately. Assurance marks knowledge and politeness of employees and their ability to deliver trust and confidence. Tangibility demonstrates that appearance of physical facilities, equipment, personnel and communication materials. Empathy focuses on the provision of caring and individualized attention to the customer. Responsiveness specifies the willingness to help customers and to provide prompt service”.

Mobile banking system permits bank customers to get their general information and accounts on bank products and services through mobile devices. The success of the mobile banking depends on the effective accomplishment of promoting the potential chances and educating customers about the advantage of mobile banking as well as improving the quality of the services in the banking sector.

REVIEW OF LITERATURE

Mahalakshmi and Kalaiyarasi (2016) investigated the factors of “mobile banking adoption based on an individual’s benefits and costs of adopting mobile banking”. Banks can also use to enable the banking for increasing the efficiency of their staff create a platform study, better customer service and improve relationship with their customers. Mobile Banking services deliver more personal and friendly relationships.

Nahin and Yahin (2015) study analyses the relationship between different variables such as the quality of service, customer satisfaction, association, quality of service, cost of swapping and trusts in the mobile banking sector of Bangladesh. In this investigation study, a few hypotheses are removed from the system and are tested using correlation and regression analysis. The regression and correlation analysis in the hypothesis stresses upon factors such as reliability, responsiveness, trust, switching costs and demographic environment. The findings advocate that the officials of these banks concentrate on raising switching cost and developing creative activities to grow trust among clients. The findings also shows that there is a positive correlation between customer satisfaction and action loyalty. In addition, factor such as service quality was also seen to affect customer satisfaction.

Murugiah & Akgam (2014) has measured on “customer satisfaction for Libyan banking sector based on consumer with perception of service quality”. This study has assessed that customer loyalties and service quality have positive association and variables such as customer satisfaction and security have negative relationship.

Alper *et al.*, (2013) in their study explored that the “dimensions of mobile banking service quality and their effect on customer satisfaction”. The study determines the factors of mobile banking service quality and their effect on customer satisfaction and intention to use and how compatibility of mobile devices, such as mobile phones, directly and indirectly.

Bhalchandra Goel (2013) has pointed out the “relationship between service qualities and perceived value with the customer satisfaction in mobile banking. There are several factors that determine the customer satisfaction of mobile banking in India and they are efficiency, security, cost effectiveness, fulfilment, problem handling and accuracy in results”. This study reveals that customer satisfaction of mobile banking and customer response are the main indicators.

Abigael Jepleting *et al.*, (2013) identified “effects of mobile banking on customer satisfaction with specific interest on Equity bank of Eldoret town”. The study adopted stratified and purposive sampling

method and used descriptive research design. This study found out that new mobile banking users using the services were satisfied and found it as reliable and efficient and few doubted it due to the citing security measures and reliability. The study recommended that “equity bank and its provision of mobile banking services should make huge efforts towards building trust with customers”.

Sadek *et al.*, (2010) examined factors such as “customer assurance, financial assistance, ease of accessibility of account details, comfort or convenience inside the bank, a well experienced and professional management team and its various outcomes on customer satisfaction”.

Rahim Mosahab *et.al*, (2010) identified that “quality of services offered by Sepah Bank and to study the relationship between the service quality, satisfaction and loyalty”. The result of this study demonstrates that customers’ expectation and characteristics are higher than the observations of the Bank’s process. The study results also displays that the “customer satisfaction plays the role of a mediator in the effects of service quality on service loyalty”.

OBJECTIVES

1. To study the relationship between dimensions of mobile banking service quality and satisfaction of customers.
2. To predict the effect of mobile banking service quality on customer satisfaction in mobile banking.

HYPOTHESES

1. There is no significant effect on Reliability and Customer Satisfaction
2. There is no significant effect on Assurance and Customer Satisfaction
3. There is no significant effect on Tangibility and Customer Satisfaction
4. There is no significant effect on Empathy and Customer Satisfaction
5. There is no significant effect on Responsiveness and Customer Satisfaction

MODEL OF THE PRESENT STUDY

Figure 1 shows the outline of this study. It exhibits the effects of service quality on customer satisfaction regarding services provided in banks in Vellore District.

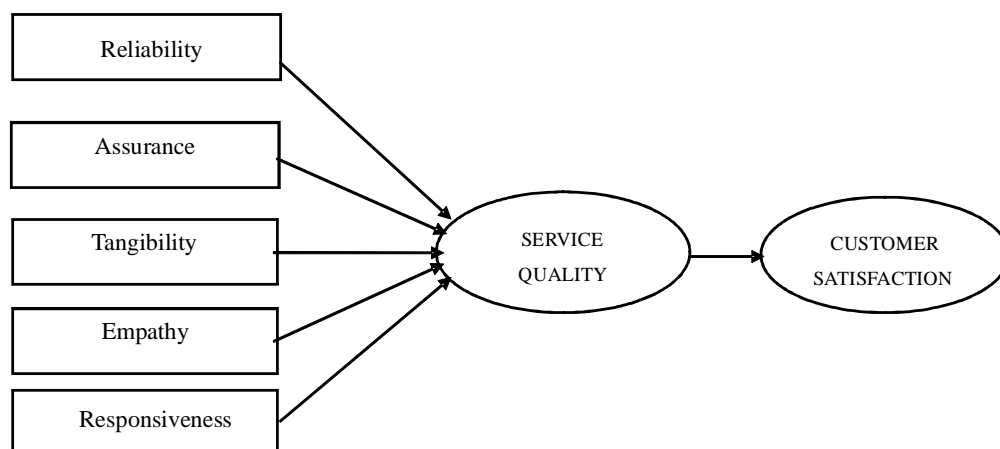


Figure 1: Dimensions of Service Quality

RESEARCH METHODOLOGY

This study uses SERVQUAL model which consists of reliability, assurance, tangibility, empathy and responsiveness. The scale was developed using SERVQUAL model (Parasuraman *et al.*, 1988). This study identifies the expectations of customers regarding services and actual services received from the bank using proposed model of service quality measurement. This study uses quantitative techniques. The study used both primary and secondary method of data collection.

In primary method data was collected from bank customers using structured questionnaire. For collecting data, researchers have used mailed questionnaire (Google forms). 5-point Likert scale has been used to measure the level of satisfaction. Secondary data was collected through a wide range of literature review, magazines, and published thesis.

The sample size of this study is 150 mobile banking customers which were taken for the sample in Vellore District in Tamil Nadu. Vellore is one of the 4G cities in Tamil Nadu and the other cities include Chennai, Coimbatore, Trichy and Madurai. This study used simple random sampling for collecting the samples. Pearson correlation analysis and Regression analysis tools were used to test the hypotheses.

DATA ANALYSIS AND INTERPRETATION

Reliability and Validity Test

Table 1
Reliability Analysis

<i>Measures</i>	<i>Factors</i>	<i>Items</i>	<i>Alpha Values</i>
Service Quality of the bank	Reliability	4	.788
	Assurance	5	.740
	Tangibility	4	.804
	Empathy	4	.790
	Responsiveness	3	.816
Customer Satisfaction		3	.774

Source: Compiled from SPSS

Table 1 shows cronbach's á value of each construct. Reliability analysis was used to measure the reliability of each factor under the same measures. The result of reliability analysis shows .70 for all the factors. Hence the reliability scale is proved to be higher which indicates that the efficiency of the study. The alpha value for each measure shows an adequate internal consistency.

Pearson Correlation Analysis

Table 2
Relationship between Service Quality and Customer Satisfaction

<i>Measures</i>	<i>Reliability</i>	<i>Assurance</i>	<i>Tangibles</i>	<i>Empathy</i>	<i>Responsiveness</i>	<i>Customer Satisfaction</i>
Reliability						
Assurance	.879					
Tangibility	.924	.954				
Empathy	.908	.838	.960			
Responsiveness	.827	.721	.836	.745		
Customer Satisfaction	.745	.879	.945	.987	.928	

Source: Compiled from SPSS

Table 2 shows that the Pearson correlation analyses between all measures for the mobile banking sector. Pearson Correlation Analyses were employed between variables. The result exposes that there exists a significant positive correlations between customer satisfaction and reliability ($r=0.407$), customer satisfaction and assurance ($r=0.325$), customer satisfaction and tangibility ($r=0.028$) customer satisfaction and empathy ($r=0.183$). Customer satisfaction and responsiveness ($r= - 0.063$) exists a significant negative correlation. Hence it indicates that poor responsiveness causes negative effect on customer satisfaction.

Regression Analysis

Table 3
Regression Analysis

<i>Independent Variables</i>	<i>Reliability</i>	<i>Assurance</i>	<i>Tangibility</i>	<i>Empathy</i>	<i>Responsiveness</i>
<i>Dependent Variables</i>					
Customer Satisfaction	.142	.345	.42	.208	.074
t value	2.522	6.188	2.836	4.129	.857
R Square	.744	.814	.956	.827	.864
Adjusted R Square	.729	.875	.952	.808	.838

Source: Compiled from SPSS

Table 3 exhibits the regression analysis of variables under study. If the service quality of tangibility increases by 1 unit the customer satisfaction will also increase by .420 unit, followed by service quality of assurance, empathy, reliability and responsiveness (.345, .208, .142 and .074 respectively). Hence it is inferred that service quality of tangibility is the best predictor of customer satisfaction than other service qualities. Therefore service quality of tangibility shows 95.2% variation in customer satisfaction, followed by other services such as assurance, empathy, reliability and responsiveness (87.5%, 83.8%, 80.8% and 72.9%). This also shows that tangibility is the best predictor of customer satisfaction. It reveals that customers are more satisfied in terms of banking atmosphere like physical facilities, availability of equipment and communication materials.

Mean Value of Customer Satisfaction

Table 4
Mean Value of Customer Satisfaction

<i>Measure</i>	<i>Mean value</i>	
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>
Reliability	2.86	2.55
Assurance	3.18	3.02
Tangibility	2.28	2.79
Empathy	2.96	3.11
Responsiveness	3.01	3.25
Customer Satisfaction	3.05	3.26

Source: Compiled from SPSS

Table 4 shows that mean values of the customer satisfaction. It shows that private sector bank has higher mean value (3.26) compared to public sector banks in Vellore district (3.05) in terms of satisfaction. Public sector bank has higher mean value (2.86) compared to private sector banks (2.55) in terms of service quality of reliability, Service quality of assurance shows higher mean value in public sector banks (3.18) than private sector banks (3.02). But in quality of services provided, tangibility shows greater satisfaction in private sector banks (2.79) than public sector banks (2.28). Likewise empathy and responsiveness also shows greater satisfaction in private sector banks (3.11 and 3.25) respectively than public sector banks (2.96 and 3.01) respectively.

Hence it is inferred that the overall service quality of private sector banks responsiveness shows greater satisfaction among customers (3.25) but the customers of private sector banks shows less satisfaction in terms of reliability (2.55). Likewise the overall service quality provided in public sector banks shows that customers are more satisfied in terms of assurance (3.18) but the customers of public sector banks shows less satisfaction in terms of tangibility (2.28).

CONCLUSION

In Indian banking sector, mobile banking plays an essential role. Quality of service provides a decisive role for appraising and satisfying the needs of the customers and it also build loyalty and retain the customers. This present study used quality of services in two terms, perceptions of the customers and expectations of the customers. If the service performances of the banks fails to meet the expectations of the customers, it is considered as low service quality.

The results of regression analysis show that the “service quality of tangibility is the best predictor of customer satisfaction which shows 95.2% variation”. The banks need to fulfil the expectations of the customers in terms of providing better physical facilities in order to retain them. In public sector banks, the customers show more satisfaction in mobile banking services in terms of assurance provided by the bank and they also show least satisfaction in services of mobile banking in terms of tangibility. In private sector banks, the mobile banking customers show high level of satisfaction in terms of responsiveness and the customers also show least satisfaction in terms of reliability.

So it is concluded that the service quality of mobile banking is better in public sector banks in terms of assurance provided to the customers than in private sector banks. In case of responsiveness, private sector banks provide a better mobile banking service quality than public sector banks. Hence, service quality of mobile banking plays a decisive role in both public and private sector banks.

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