

# A Study on Service Quality towards Digital Banking

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**Abstract:** - Digital Transformation is future ahead of just moving from traditional banking to a digital world. It is essential changes in how banks and other financial institutions learn about satisfy customers. This study observes that all the dimensions of service quality are significant in case of digital banking. But the level of significance of these dimensions is different. So that a bank frame strategies for digital banking by considering the importance level of these dimensions. Digital banking service must also give right concern to assurance. Banks in their digital banking practices be supposed to focus on individual attention to customers, concern regarding customers specific requirement, customer specific web site design, providing timely and proper guidance, perform the services timely, providing error free information at right time etc. It is similarly essential to give advanced information technological infrastructure for digital banking, appealing and attractive web site, smooth functioning of web site etc.

**Keywords:** Service Quality, Digital banking, Customers.

## INTRODUCTION

Banking industry is going through a segment of commoditization. In today's scenario, differentiated and enchanting customer experience has become more vital than just given those financial services. To grab a bigger piece of the cake, banking industry has to understand the unstated needs of the customer the way airlines understands the preferences of the frequent flyers or the retailers understand the likes/dislikes of their customers, without even taking direct feedback of the customer. Each and every day, new devices / technologies are providing various customer touch points. Every time customers touch a computer or a screen, they are providing an information trail and its banks' accountability to understand how they use this trail to move their bottom line upwards. Conventionally, banks spent most of their efforts, time and money on transaction execution, which is nothing but has become a very basic feature of their overall service. Whereas providing expedient, consistent and precise transaction processing ability is still dangerous, we believe that banks can learn from how retailers see the customers' journey through an Omni-channel lens. Banks now need to alter the way customers are being valued, may be from the outlook of the industries that greatly value customer experience. A firmly coupled multichannel may provide a share of customer's pocket, but successful completion of Omni-channel can surely increase the size of the share though competitive advantage and also can help them to retain the same share for a longer period of time. Millionaires aren't the only ones who want to bank whenever or wherever they want,

irrespective of the branch location or the business hours. Customers from all generation, income groups, and countries could make a transaction online one day, and another day, the same transaction through mobile or ATM - or they could start a transaction on any of this channel then continue on another and finish it on different channel. Multichannel provides the flexibility to hop between channel, but not the persistence of the transactions along with multiple channels.

“Digital Banking—a new concept in the area of electronic banking, which aims to enrich standard online and mobile banking services by integrating digital technologies, for example strategic analytics tools, social media interactions, innovative payment solutions, mobile technology and a focus on user experience.”

## OBJECTIVES OF THE STUDY

- To know the profile of customers and the reasons for digital banking
- To study the perception of customers towards the dimensions of service quality.
- To suggest for improvement service quality in digital banking.

Following hypothesis is proposed on the basis of above review  
H0: There is no significant contribution of dimension on digital banking service quality.

## RESEARCH METHODOLOGY

**Research Design**

Exploratory research design has been used in this study.

**Sample Design**

A sample of 80 customers who were familiar with digital banking has been drawn from the population Tirunelveli. Simple random sampling was used for the study. Out of 80 distributed questionnaires 75 responses were collected out of which 60 questionnaires found correct for further research.

**Data Collection**

Primary and secondary data has been used for the study. Questionnaires are used for primary data collection. Questionnaire was divided into two sections. Section A seeks information about the demographics. Section B includes statements related with the service quality. Questionnaire was based on five point Likert Scale Along with primary source data collection, secondary sources like journals, books, websites and articles were also used for the study.

**Statistical tools used**

Percentage Analysis and One sample t-test are used for analyzing the data.

**Data Analysis**

Profile	Particulars	Frequency	Percentage
<b>Gender</b>	Male	26	44
	Female	34	56
	<b>Total</b>	<b>60</b>	<b>100</b>
<b>Age</b>	20yrs	7	12
	21yrs-30yrs	14	24
	31yrs-40yrs	24	40
	41yrs-50yrs	10	16
	50yrs	5	8
	<b>Total</b>	<b>60</b>	<b>100</b>
<b>Educational Qualification</b>	School Level	12	20
	UG Level	18	30
	PG Level	17	29
	Professional	6	10
	Others	7	11
	<b>Total</b>	<b>60</b>	<b>100</b>

<b>Frequency of visit</b>	Upto5	23	38
	6-10	15	25
	11-15	11	18
	Above 15	11	19
	<b>Total</b>	<b>60</b>	<b>100</b>
<b>Reason visiting bank (Per Month)</b>	Making Deposit	27	45
	Withdrawal	14	24
	Loan Purpose	6	10
	Enquiry About Balance	9	15
	Others	4	6
	<b>Total</b>	<b>60</b>	<b>100</b>
<b>Digital Banking</b>	Yes	28	47
	No	32	53
	<b>Total</b>	<b>60</b>	<b>100</b>
<b>Reason for use Digital Banking</b>	Transferring Money	27	45
	Payment Bill	18	31
	Account Statement	10	16
	Other	5	8
<b>Total</b>	<b>60</b>	<b>100</b>	

Source: Primary data

Table 1 reveals that profile of the respondents 56 per cent of the total respondents were females. It was found that 40 per cent of the respondents were in the age range of 31 to 40 years. 39 per cent were qualified with a college degree. The results of the research revealed that most of the respondents. 32 per cent visit their banks frequently 6 to 10 times. The results of the research revealed that a large percentage of respondents used to visit the banks for making the deposits 45 per cent of total respondents. The results of the survey revealed that most of the respondents 53 per cent did not use internet banking. Many earlier studies have revealed that internet banking is still not completely adopted by the customers. In fact, many earlier

studies noted that users of the traditional banking system are more than digital banking users.

**Table 2**  
**Dimension of service quality in Digital banking (One Sample T test)**

S. No	Dimension Name	t	df	Sig.(2 tailed)	Mean Difference
1	Responsiveness	16.248	59	.000	0.86923
2	Reliability	18.222	59	.000	0.73231
3	Assurance	17.415	59	.000	0.83077
4	Empathy	16.344	59	.000	0.81538
5	System availability	21.634	59	.000	0.57692
6	Privacy	20.527	59	.000	0.69038

Source: Primary data

Table 2 signifies the t- test results it is concluded that all dimension of service quality are significant at 95 percent level of significance in digital banking. The table value is less than 0.05 so it clear that all the dimensions have sig. value less than 0.05. All dimensions (responsiveness, reliability, assurance, empathy, system availability and privacy) are significant. Hence, null hypothesis is rejected.

### Recommendations

On the basis of the above analysis, the following recommendations have been proposed to the banking sector for improving the Digital banking services

The banks are suggested to improve their security features and precautionary measures for providing reliable services to customers by granting secure and reliable services, the banks would be able to guarantee customers that digital banking is safe and secure. The banks can move the negative perception of customers into positive perception by emphasize security measures in the marketing campaign. The banks should communicate effectively with the customers that their security measures are strong and eliminate the instructions by third party. The internet banks also need to detail their internal security mechanism from a customer view point to emphasize their strong security procedures. This will result in positive perception of internet banking customers about security measures.

The internet security breach does not unavoidably comes from loose security measures of banks rather improper use of bank account details from customers may also result in security breaches In this regard, it is suggested to provide training to customers regarding safe use of digital banking. This will improve the confidence level and trust perceptions of customers on internet bankers.

Another implication of the research findings to internet banking is about the convenience perceptions of customers. The research has revealed that some respondents disagreed regarding convenient internet banking services. In this regard, the internet banks need to train the incumbent internet customers regarding safe and appropriate use of internet banking services. In this way, the new customers will feel it convenient and easy to use the new services and this will result in the retention of these new customers by the internet bankers. Some banking customers disagreed regarding the certainty of the banking services. In this regard, it has been recommended that the internet bankers need to demonstrate and assure that the banking services are always available and reliable

Another important managerial implication of the research for the banking sector is to assure customers that the internet banking is trustworthy and caters their needs. This needs to be accomplished through establishing a close contact with the customers. The banks need to take measures such as loyalty programs and membership programs for assuring customers that they are valuable assets from the banks. This will result in positive perceptions of the customers towards bankers. This will also result in the creation of positive word of mouth marketing of the internet bankers and will communicate a positive message to the public. Moreover, the existing customers of the internet bankers will also use the internet banking services to a greater extent. Moreover, positive perceptions of customers will also make the, to recommend the internet banking services to their peers and reference groups.

### CONCLUSION

This paper examined the perceived importance level of various dimensions of service quality in digital banking among the eyes of customers. It is found that the dimensions named responsiveness, reliability, assurance, empathy, system availability and privacy found significant of digital banking services. Responsiveness dimension is the strongest contributor in digital banking service quality followed by assurance, empathy, reliability, privacy and system availability. This study helps the bank to improve the service delivery of digital banking. Because of digital transformation quality of digital banking service delivery has a major role in increasing the reputation and attractiveness among the customers. Good service delivery through digital banking helps the bank in obtaining its target timey and customer satisfaction.

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