CUSTOMER BEHAVIOUR AND ITS INFLUENCE ON CUSTOMER SATISFACTION, LOYALTY AND SERVICE QUALITY PERCEPTION IN E-BANKING SERVICES

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Abstract
As banking sector of India is becoming very competitive, it is formulating customer based strategies to retain old customers than to create new customer bank. Banks should introduce enhanced service quality, otherwise they may lose customer base due to increasing banking rivalry. When the customers have the positive attitude towards the banking service, they will be satisfied and when they recommend the same banking channel to others, loyalty can be generated. E-banking domain is getting highly competitive and to survive this, it is evident that the banks need to provide customers with high quality services. For this, bankers first need to understand the attributes customers use to judge them and steps need to be taken to understand the factors which influence the customer satisfaction, loyalty and their perception of service quality.

Keywords: E-Banking; Customer Satisfaction; Customer Loyalty; Perception of Service Quality.

Introduction
Electronic banking has been one of the most widely used e-services in the recent times. The traditional branch model of bank is now giving place to an alternative delivery channels with various forms of E-banking. 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. In order to sustain their competition in the market, a number of traditional brick-and-mortar banks have adopted the electronic banking medium. Since, the use of internet has substantially reduced the operating and fixed expenses by replacing employees and physical facilities with information technology, banks are now able to offers lower or no service fees and higher interest rates compared to traditional banks (Jun and Cai, 2001). Today, all the private, public sector and foreign banks in India are offering their services over Internet.

Most of the banks are moving to the internet domain leading to stiff competition to attract prospects and customers, especially the young and educated community. Also, with large population and increasing literacy rate, there is a huge scope for e-banking services to flourish in India compared to other service sectors. Hence, customer-based studies will help banks to capture these prospects and keep them loyal in this competitive environment.

This study has been carried out to analyze the possible factors which affect customer satisfaction, loyalty and their perception of service quality in e banking services.

Customer Loyalty
The concept of loyalty has evolved over a period of time. In the earlier research at around 1970s, loyalty was mainly viewed as a behavioral component consisting of repeat purchasing behaviour. However, this view changed with a number of researchers arguing the adequacy of purchasing behaviour to measure loyalty (De Ruyter, 1998). In his research on brand loyalty, Day (1969) stated that loyalty is not just consistent buying, but there is more to it; for instance: Attitude. Similarly, Bass (1974) pointed out that deterministic prediction of consumer repurchase behaviour is difficult as it is stochastic in nature i.e. there is some unexplained randomness which might be explained through attitude studies.

Eventually, in later studies, the researchers widely defined and assessed loyalty using attitudinal and behavioral components (Oliver, 1999). Thus, loyalty is visualized as a favorable correspondence between relative attitude and repeat patronage (Dick & Basu, 1994), which reflects the degree to which consumer's evaluation of services affects their future behaviour.

Service Quality
With the increasing importance of services and growing competition both consumers and managers should pay special attentions to the service quality (Gupta and Bansal, 2012). Grönroos (1983) stated that service quality contains two components – technical quality ("what" is delivered) and functional quality ("how" is delivered). Speed of response, offer updates, site effectiveness and so forth, refers to the technical quality (Rust and Lemon, 2001). Interactive communication, personalization of the communication and of the service, as well as new forms of customer access refers to the functional aspect of quality. The package given to the customer must contain both technical and functional quality to be competitive.

Parasuraman et al. (1985) identified ten determinants of service process quality that were further distilled them into five dimensions: tangibles, reliability, responsiveness, assurance, and empathy, and as a result SERVQUAL model came into being (Parasuraman et al., 1988). It has been tested and validated across various service industries and countries. Parasuraman et al. (1988) noted that early researches projected service quality as an attitude shaped on the basis of disparity between customers' expectations regarding a service to be received and perceptions of the service being received. This approach to measuring service quality is popularly referred as "disconfirmation paradigm".

Customer Satisfaction

Satisfaction can be described as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product" (Oliver, 1999). In other words, satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations (Kotler, 2000). Mano and Oliver (1993) described satisfaction as a post consumption attitude or evaluative judgement which varies along with the hedonic continuum focused on the product. Rust and Oliver (1994) defined customer satisfaction or dissatisfaction as a "cognitive or affective reaction" that surfaces in the form of a response to a single or prolonged set of service encounters. With various definitions evolving from different studies, however one view has in common that customer satisfaction is one of the primary antecedents of customer loyalty (Cronin and Taylor, 1992; Cronin et al., 2000; Dabholkar, 2000).

Sampling Procedure

In the present study, the methodology is based on applied research and the data collection is a descriptive type. The statistical population includes the customers of both public and private sector banks of Chennai. Because the statistical population is unlimited, the sample size is 380 participants by Morgan Table. By using convenient sample method, 450 questionnaires were distributed among the sample, 410 questionnaires were collected among which 385 questionnaires were usable.

Questionnaires were developed based on the review of literature in e-banking marketing. All items were evaluated by 5-item likert Scale (completely agree to completely disagree). For editing and completing questionnaires, advisory opinions were collected and used. Reliability was confirmed by Cronbach Alpha which is .839, suggesting that the items have relatively high internal consistency. In this study, an examination of variation in the respondents' loyalty, satisfaction and service quality perception based on the types of banks, duration of association, frequent and recent usage of e-banking has been carried out using descriptive statistics and MANOVA test. The results have been presented and inferred.

Types of Banks

The customer loyalty, satisfaction and service quality perception of respondents have been analyzed based on the types of banks where they are the customers.

Table 1: Respondents' Loyalty based on Types of Banks

Types of Banks	Mean	Std. Deviation
Private Sector Banks	4.2	0.71
Public Sector Banks	3.74	1.01
Total	**4.07**	**0.83**

Table 2: Respondents' Satisfaction based on Types of Banks

Types of Banks	Mean	Std. Deviation
Private Sector Banks	4	0.51
Public Sector Banks	3.65	0.66
Total	**3.9**	**0.57**

Table 3: Respondents' Perception of Service Quality based on Types of Banks

Types of Banks	Mean	Std. Deviation
Private Sector Banks	4.51	0.6
Public Sector Banks	3.69	0.89
Total	**4.28**	**0.78**

Respondents' loyalty, satisfaction and perception service quality based on the types of banks has been presented in figure 1.

Figure 1: Respondents' Loyalty, Satisfaction and Perception of Service Quality based on Types of Banks
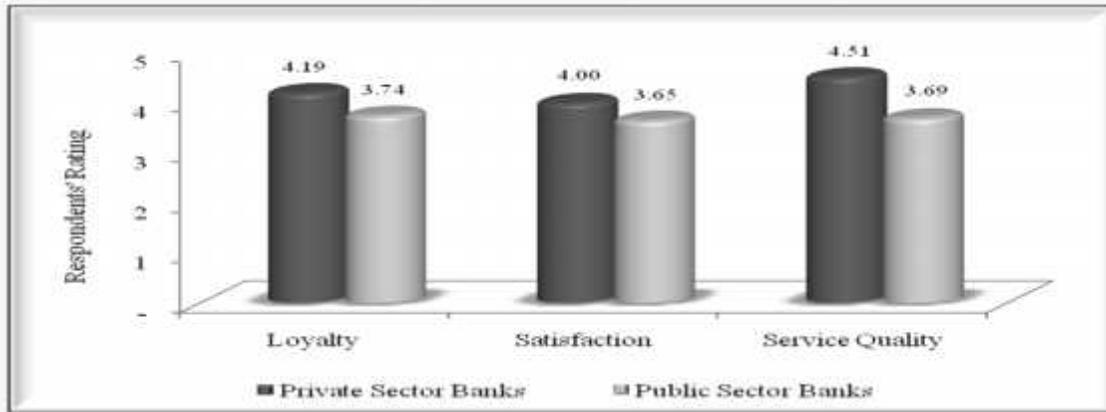
Effect of Types of Banks- Test of Significance
The analysis shows that respondents of private sector banks have provided higher scores for loyalty, satisfaction and their perception of service quality of e-banking services. However, to test if private sector banks have significantly higher scores, the MANOVA test for significance of variation has been carried out.

Table 4: Significance of Variation based on Types of Banks

Independent Variable	Dependent Variables	Type III Sum of Squares	Degrees of Freedom	F	Sig.
Bank Type	Customer Loyalty	4.33	1	6.68	0.01
	Customer Satisfaction	2.62	1	8.57	0
	Service Quality	14.06	1	29.56	-

Based on the MANOVA test results and the mean scores, it is clearly evident that the overall average scores for customers' loyalty, satisfaction and perception of service quality are significantly higher for private sector banks compared to public sector banks which is indicated by p-value of < 0.05. Thus, it is inferred that respondents of private sector banks are more satisfied and loyal towards their e-banking services and perceive better service quality than customers of public sector banks.

Duration of Customer – Bank Relationship
The customer loyalty, satisfaction and perception of service quality have been analyzed based on their duration of association with the bank and the following insights have been presented.

Table 5: Respondents' Loyalty based on Duration of Association with Banks

Duration of Association	Mean	Std. Deviation
1-2 yrs	4.13	0.69
3-4 yrs	3.88	1.01
5-6 yrs	4	-
>6 yrs	4.2	0.86
Total	**4.07**	**0.83**

Table 6: Respondents' Satisfaction based on Duration of Association with Banks

Duration of Association	Mean	Std. Deviation
1-2 yrs	3.85	0.52
3-4 yrs	3.96	0.65
5-6 yrs	4	-
>6 yrs	3.92	0.61
Total	**3.9**	**0.57**

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Table 7: Respondents' Perception of Service Quality based on Duration of Association with Banks

Duration of Association	Mean	Std. Deviation
1-2 yrs	4.1	0.73
3-4 yrs	4.2	0.93
5-6 yrs	4	-
>6 yrs	4.83	0.39
Total	**4.28**	**0.78**

A comparative analysis of respondents' loyalty, satisfaction and perception of service quality based on the duration of association with the banks has been presented in figure 2.

Figure 2: Respondents' Loyalty, Satisfaction and Perception of Service Quality based on Duration of Association with Banks
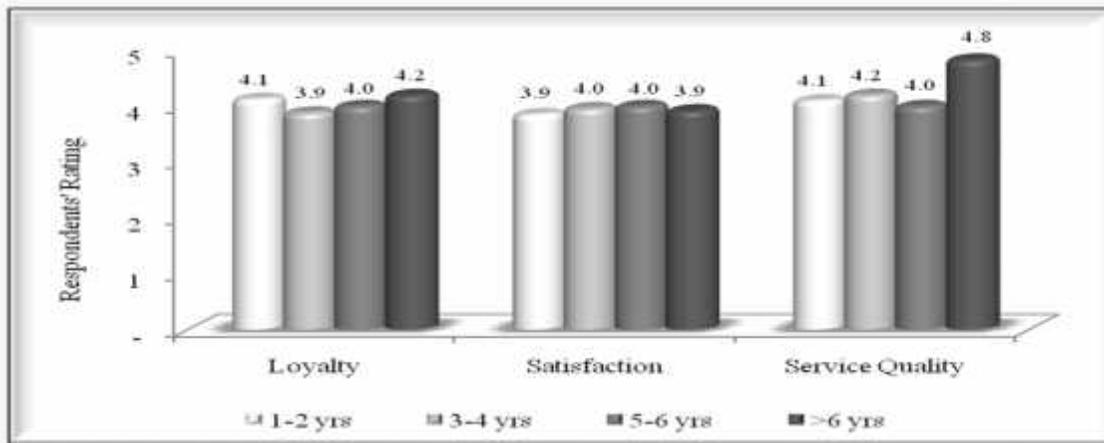
The results shows that there is not much difference in the average scores given by customer on their loyalty, satisfaction and perception of service quality based on their duration of association with the banks. However, only for service quality, respondents who have more than 6 years relationship have better perceived service quality with a rating of 4.83 compared to other respondents who have less association with the banks..

Effect of Duration of Association - Test of Significance
MANOVA test has been carried out to test if there is a significant variation in respondents' loyalty, satisfaction and perception of service quality based on their duration of association.

Table 8: Significance of Variation based on Duration of Association with Banks

Independent Variable	Dependent Variables	Type III Sum of Squares	Degrees of Freedom	F	Sig.
Duration of Association	Customer Loyalty	1.59	3	0.77	0.51
	Customer Satisfaction	0.25	3	0.25	0.86
	Service Quality	8.9	3	5.54	0

The MANOVA results show that duration of association with the bank significantly affects the perception of the respondents on service quality since p-value is < 0.05. This indicates that respondents who have longer association with banks i.e. more than 6 years have given significantly higher ratings for service quality. However, respondents' duration of association has no significant effect on their loyalty and satisfaction.

Frequency of E-Banking Usage
The respondents' loyalty, satisfaction and their perception of service quality have been analyzed based on their duration of association with the banks and insights have been presented.

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Table 9: Respondents' Loyalty based on their frequency of E-Banking Usage

Frequency of using e-banking	Mean	Std. Deviation
Not even once/month	4.39	0.42
1-5 times/month	4.05	0.76
5-10 times/month	4.01	1.08
>10 times/month	4.07	0.42
Total	**4.07**	**0.83**

Table 10: Respondents' Satisfaction based on their frequency of E-Banking Usage

Frequency of using e-banking	Mean	Std. Deviation
Not even once/month	4.17	0.16
1-5 times/month	3.79	0.49
5-10 times/month	3.91	0.78
>10 times/month	4.08	0.14
Total	**3.9**	**0.57**

Table 11: Respondents' Perception of Service Quality based on their frequency of E-Banking Usage

Frequency of using e-banking	Mean	Std. Deviation
Not even once/month	4.56	0.53
1-5 times/month	4.22	0.73
5-10 times/month	4.22	0.96
>10 times/month	4.47	0.52
Total	**4.28**	**0.78**

Figure 3 represents the comparison of customers' loyalty, satisfaction and perception of service quality based on their frequency of e-banking usage.

Figure 3: Respondents' Loyalty, Satisfaction and Perception of Service Quality based on their E-Banking Usage frequency
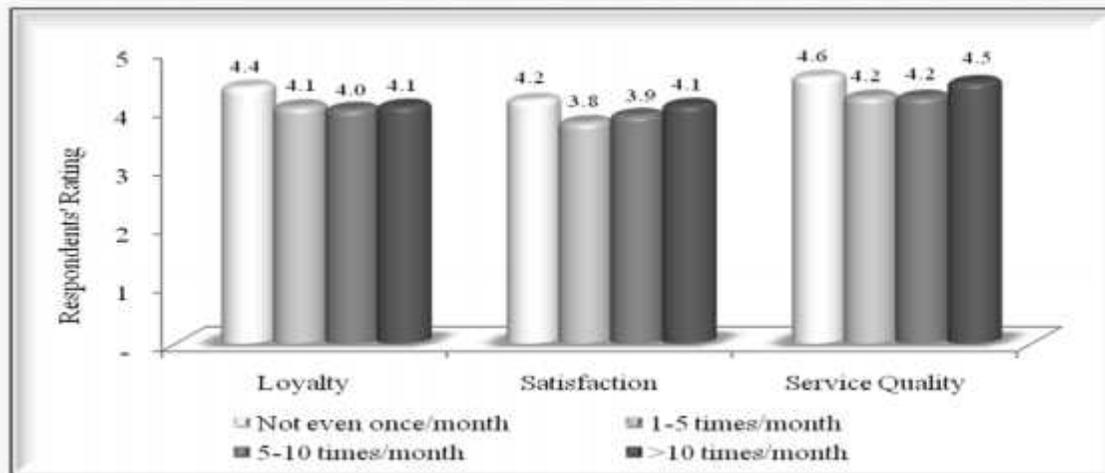
The result shows that there is no much difference in the average scores of all three variables i.e. respondents' loyalty, satisfaction and perception service quality based on the frequency of their usage of e-banking services.

Effect of Frequency of E-Banking Usage - Test of Significance
The MANOVA test has been carried out to test if there is a significant variation in respondents' loyalty, satisfaction and their perception of service quality based on their frequency of usage of e-banking services,.

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Table 12: Significance of Variation based on frequency of E-Banking Usage

Independent Variable	Dependent Variables	Type III Sum of Squares	Degrees of Freedom	F	Sig.
Frequency of E-Banking Usage	Customer Loyalty	1.04	3	0.5	0.68
	Customer Satisfaction	1.74	3	1.81	0.15
	Service Quality	1.51	3	0.83	0.48

The MANOVA results confirm that there is no significant difference in the level of loyalty and satisfaction based on the frequency of respondents' usage of e-banking services which is indicated by p-value > 0.05.

Recent Usage of E-Banking
The respondents' loyalty, satisfaction and perception of service quality have been analyzed based on their recent e-banking usage and insights have been presented.

Table 13: Respondents' Loyalty based on their recent E-Banking Usage

Recent visit of E-Banking	Mean	Std. Deviation
< a week ago	4.1	0.86
> 1 week and < 1 month	3.82	0.76
> 1 month and <3 months	4.5	-
Total	**4.07**	**0.83**

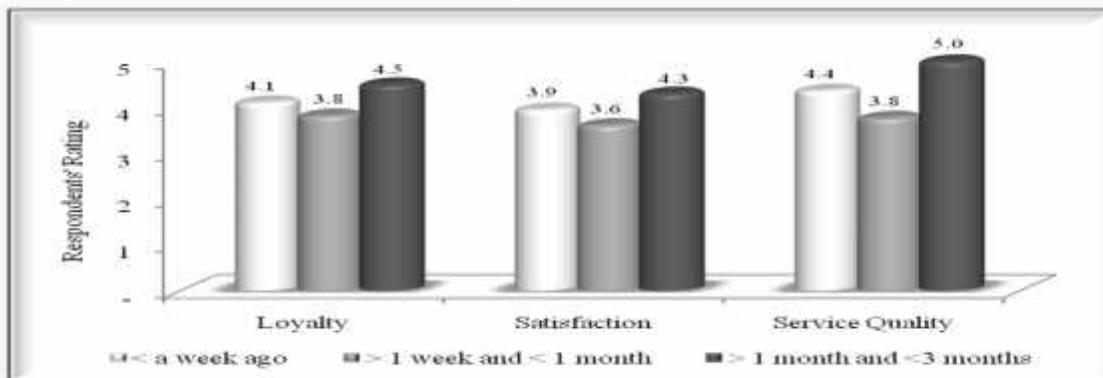**Table 14: Respondents' Satisfaction based on their recent E-Banking Usage**

Recent visit of E-Banking	Mean	Std. Deviation
< a week ago	3.95	0.59
> 1 week and < 1 month	3.61	0.49
> 1 month and <3 months	4.3	-
Total	**3.9**	**0.57**

Table 15: Respondents' Perception of Service Quality based on their recent E-Banking Usage

Recent visit of E-Banking	Mean	Std. Deviation
< a week ago	4.36	0.76
> 1 week and < 1 month	3.77	0.69
> 1 month and <3 months	5	-
Total	**4.28**	**0.78**

Figure 4 represents a comparative analysis of customers' loyalty, satisfaction and perception of service quality based on their recent e-banking usage.

Figure 4: Respondents' Loyalty, Satisfaction and Perception of Service Quality based on their recent E-Banking Usage

The data shows there is some difference in respondents' ratings for loyalty, satisfaction and service quality based on their recent visits of e-banking services.

Effect of Recent E-Banking Usage - Test of Significance

MANOVA test has been carried out to find out if there is a significant variation in respondents' loyalty, satisfaction and their perception of service quality based on their recent usage of e-banking services.

Table 16: Significance of Variation based on recent E-Banking Usage

Independent Variable	Dependent Variables	Type III Sum of Squares	Degrees of Freedom	F	Sig.
Recent of E-Banking Usage	Customer Loyalty	2.78	3	1.37	0.26
	Customer Satisfaction	3.16	3	3.44	0.02
	Service Quality	9.83	3	6.22	0

The MANOVA results show that there is a significant variation in the respondents' satisfaction and their perception of service quality based on different recent visits to their e-banking as shown by p-value < 0.05. However the respondents' recent visit to e-banking does not have significant effect on their loyalty.

Conclusion

This study examines the variation in customers' loyalty, satisfaction and service quality based on the types of banks, relationship duration and their e-banking usage. The major inference derived is that e-banking customers of private sectors banks are more loyal, satisfied and perceive better service quality who have given average scores of 4, 4.2 and 4.51 respectively which are significantly higher than the average scores of 3.74, 3.65 and 3.69 which have been given by customers of public sector banks. The relationship duration of the respondents with the banks significantly affects only the customers' perception service quality and not their level of loyalty and satisfaction. The rating for customers' perception service quality who have associated with bank for less than 6 years is 4.1 and those associated for more than 6 years is 4.8 which is significantly higher. Based on customers' frequent and recent usage of e-banking services, there is no variation in their loyalty, satisfaction or their perception of service quality. Thus, the frequent or the recent usage of e-banking services by a customer in a given time frame does not represent his loyalty or level of satisfaction. As per the study results, the more the customers are associated with the bank the more they express satisfaction, loyalty and better perception of service quality. Moreover study results show that e-banking customers of private sectors banks are more loyal, satisfied and perceive better service quality than the public sector banks. Hence, possible initiatives should be undertaken by public sector banks to improve their customer service in terms of efficiency, convenience, security, and responsiveness so as to retain their customers.

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