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## **THE EVALUATION OF ELECTRONIC SERVICE QUALITY'S IMPACT ON CUSTOMER SATISFACTION**

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### **ABSTRACT**

Nowadays concerning the importance of customer satisfaction in marketing, banks seek to attract and satisfy customers by improving quality of electronic services. The present study, as a field research, demonstrated the impact of electronic service quality on customer satisfaction. This paper employed a 5-point Likert Scale questionnaire distributed among 171 customers of Saderat Bank in Rasht City, Iran. The result obtained through questionnaires was analyzed by SPSS software linear regression model. The findings indicate that five subsidiary hypotheses, which are based on independent variables including efficiency, reliability, responsiveness, fulfillment and privacy are influential on customer satisfaction. Also, general dimensions of electronic quality service influences customer satisfaction.

**Keywords:** *Service Quality Dimensions, Electronic Services, Customer Satisfaction*

### **INTRODUCTION**

Today, due to competitive market, banks devote special attention to customers' views and the enhancing and urging their loyalty is a very important issue for them. For the sake of organizational benefit-making, the banks just like other financial organizations need to obtain customer satisfaction. Besides, maintaining the satisfaction of clients is an organization goal. The case study of this paper is Saderat Bank in Guilan province of Iran. The customer satisfaction with Saderat Bank is a cultural paradigm and ever since its foundation by Mohammad (1952), its motto, to which it has remained faithful up to now, has been "the customer is always right". Phillip Kotler stated that in present era banking industry is shifting from traditional banking to brick and click banking and next destination would be virtual banking. The local branches in the banking industry have thus far been marketing channels where customers opened their accounts and did their banking operation with them.

But these branches will soon be obsolete. Innovations in the field of bank automation such as automatic teller and telephone banking resulted in fewer than %50 (exactly %43) of customers to refer to bank's clerks for services (Kotler, 1984). Since its debut use by Federal Credit Union of Stanford in October 1994, e-banking services based on internet has developed at rapid pace all around the world in the countries of the world because of their convenience and provision of rapid transactions (Yoon, 2010). The e-services give rise to customer satisfaction.

In fact, banks by providing suitable services for customers can pave the way for the convenience and rapidity of customer's access to services (Marimon *et al.*, 2011). Considering the importance of customer's view, techniques of service provision find great significance essential. Earlier studies signify that quality of e-service is usually related with customer preservation results such as e-loyalty, customer satisfaction, and e-trust (Herington and Weaven, 2007).

### **Literature Review**

Due to intense competition between banks for attracting customers, distinction in offering services is a determining factor that would influence attraction and preservation of customers. Today, the rapid development of communication and information technology, and deployment of proper infrastructures, have improved provision of service to customers, hence banks compete to attract and preserve customers. Nowadays, E-banking presents technologies which give variety to services; such services as Automatic Teller Machine (ATM), Automatic Bill Payment (ABP), Electronic Transfer of Funds (EFT), and PC Banking (Kolodinsky *et al.*, 2004). In addition, organizations, to achieve competitive edge, should

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employ information technology for gathering information about market demands, hence to improve quality of service for objectives of organization (Sangeetha and Mahalingam, 2007).

In the same way, according to a study, since the implementation of e-banking as an instrument for marketing, keeping customers satisfied, development and rise in services in market, and improvements in e-service quality have had desirable affect on financial performance of the banks (Acharya *et al.*, 2008).

This research investigates the impact of e-service quality dimensions on customer satisfaction.

Testing the main hypothesis is the main objective of this study, which investigates the impact of e-service equality dimensions on customer satisfaction, and in a functional way, explores the impact of it on customer satisfaction in Saderat Bank of Guilan province based on Saha model.

Today, in banking industry besides providing services in physical and mechanized branches such as branch number 724 which is equipped with automated teller machines (branche number 724 is a mechanized branch based on automated teller service that provide service round the clock) many of customer's demands are handled; demands such as to have rights to be informed ever where and in every moment of their account balance and even to do monetary and financial transaction oblige banks to develop and improve e-banking.

Customer satisfaction is a very important issue that banks should not ignore, because avail oneself of such services depends on customer's interest and their receptivity to new technologies.

Intense competition between Iranian banks for absorbing financial resources and hence more profitability, has resulted in growing concentration by the banks on customer's views through improvement in banking service quality.

Saderat Bank is the largest Iranian privately owned bank in terms of capital, brand value, and number of branches.

It ranked 426 in world banks ranking in 2014 with estimated value brand of 190 million dollars. The main challenge facing this bank is in the field of e-service.

Also, there are powerful competitors that make keeping customers and even attracting new ones an urgency which demands new outlooks.

Saderat Bank has a large share in e-service with more than 39 million issued cards, more than 1 million and 334 thousand mobile banking users, more than 359 thousand internet banking customers and more than 4500 automated teller machines. This study evaluates the impact of e-service quality on customer satisfaction (Saderat Bank, 2013).

Several years ago, Peter Drucker declared that", the only valid definition of business objective is customer attraction.

Similarly, Zeithamel and Parasurman (2014) believe that "quality services have already become a key marketing instrument to achieve competitive distinction and customer promotion (Zeithamel and Parasuraman, 2014).

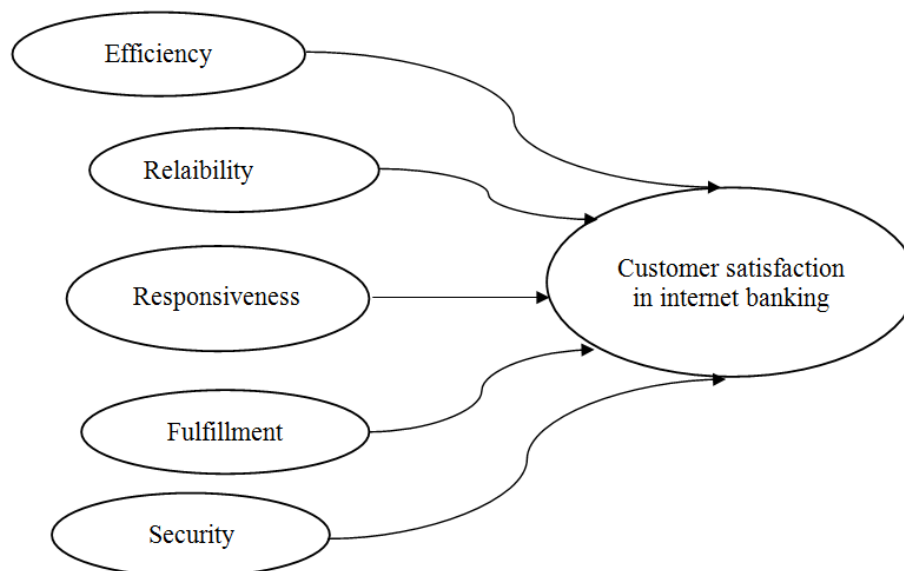
With respect to what the marketing geniuses such as Kotler has said on the importance of e-service, continues improving of e-service needs to be the main duty of the banks and organizations, because feedback from customer's use of e-service portals greatly influences customer satisfaction.

Although many studies have been conducted in banking literature on identifying e-service quality, many of them are still emphatic on website delivery dimensions (Herington and Weaven, 2007).

The introduced research model

E-service quality dimensions:

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**Figure 1: Conceptual Model (Parmita and Yanni, 2005)**

**Efficiency:** When the efficiency of a bank's websites comes under discussion, the first issue which finds significance is that access time to the website should be the least (Saha and Zhao, 2005). In fact, the level of service efficiency considerably affects customer's decision making. Some characteristics of e-service efficiency include:

- Easy and fast access to e-services
- Design and graphic (user-friendliness) of website
- Provision and offering variety services

**Reliability:** Reliability as regards online banking services greatly focuses on the size of trust one can have in online operations and data transference a, and also banks' ability to provide facilities by virtue of witch customers trust online services and use them. Thus, if a bank decides to provide its customers with online services, this facility must be offered in a proper manner. Some of these features include:

- Trust in technical functioning of the system
- Trust in accuracy of received information from customer
- Trust in accuracy of operations

**Responsiveness:** When e-service delivery experiences problem, banks should provide online responses to customers in the shortest period possible and most appropriate manner. Today, customer relationship management in banks and organizations is regarded as a useful and effective idea for offering proper responsiveness. Some features of responsiveness include:

- Giving prompt response to customer at the time of disturbance
- offering services such as IVR for establishing connection with customers

**Fulfillment:** Execution or method of doing tasks via internet is another dimension of e-service quality that is explained as: the quick confirmation of customer's desired operation and online execution of that operation, including money transfer and paying bills. Some of features of online fulfillment include:

- Correct and perfect execution of demands round the clock.
- Offering services based on customers' desires

**Privacy:** Employing security tools by banks provides a secure environment for customers to use e-services without any fear and worry about the disclosure of their private and financial information. Some features of security include:

- No-disclosure of customer's private and personal information
- providing safe environment without risk of electronic piracy

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- Using secure software's to offer services to customers

This study, also, discusses five subsidiary hypotheses and one primary hypothesis

#### **Main Hypothesis**

E-services quality dimensions have positive impact on customer satisfaction.

#### **Subsidiary Hypotheses**

- Efficiency of e-services has positive impact on customer satisfaction.
- Reliability of e-services offered has positive impact on customer satisfaction.
- Responsiveness toward e-services provided has positive impact on customer satisfaction.
- Fulfillment has positive impact on customer satisfaction.
- Privacy in providing e-services has positive impact on customer satisfaction.

#### **Literature Review**

Parasuraman and Zeithamel (2004) in their research called quality services analyzed Seroqual model, presented new models and explained five service equality dimensions, Saha and Zhao (2005) wrote a thesis called *The Relationship between Online Service Quality and Customer Satisfaction*. The data were analyzed using statistical test. Five dimension indentified in that thesis include efficiency, reliability, responsiveness, fulfillment and privacy which would influence customer satisfaction. Herington and Weaven in *E-services quality and its impact on customer satisfaction* (2009) collected data through questionnaires and performed the analysis using regression method and factor analysis. The quality dimensions of this study include website organization, user-friendliness, personal needs and efficiency all of them significant and influential on customer satisfaction. Chelho (2010) offered a study titled *Main Components of Customer Satisfaction in Chines Online Banking* in which data analysis was performed using structural multiplied groups. The results indicated that speed, security, content data and customer-related services (accountability) leave a positive effect on customer satisfaction. Those studies indicated as background history analyzed service quality using different components. The current study employs conceptual model of Saha and Zaho.

## **MATERIALS AND METHODS**

### **Methodology**

Now that the data has been gathered with the aid of library researches. This research is a descriptive-analytical survey. Also, study method is both library and field research. We designed a questionnaire to test hypotheses of the study. The customers were selected by random sampling method among those from Saderat Bank in areas 1 and 2 in Rasht city, Iran. Survey is Likert-based and answers to questions range from least satisfied to most stratify. All responses ranged from a scale of 1 being least satisfied to 5 being the highest. The first five questions were designed according to personal information, because the sample can be evaluated in terms of descriptive statistics. Questions 1 through 4 covered age, education level, and occupation of customers that responded the questionnaire. Fifth question studies which service the selected customer uses.

Then customers are asked to answer 25 questions sketched based on five dimensions of e-services that respectively include efficiency, reliability, accountability, execution, and security. For each dimension 4 questions were introduced separately: questions 2 through 5 on efficiency, 6 through 9 on reliability, 11 through 14 on accountability, 16 to 19 on execution, and 21 through 24 on security. Also, five questions were considered for dependent variable which, in order to include e-services quality dimensions, from each dimension one question is about dependent variable, namely questions 1, 10, 15, 20, and 25 were on customer satisfaction. Then we collected the questionnaires and loaded the data into SPSS software. According to statistical formula with accuracy of 1% and standard deviation of 0.667, the numbers of 171 questionnaires were distributed among customers with regard to the return rate of 180. The gathered data was loaded into SPSS Software. Cronbach's alpha was calculated 0.961 for 42 collected questionnaires that proves high reliability of this questionnaire. We imported gathered date into SPSS software and to evaluate the reliability of software employed for 42 filled in questionnaires the cronbach Alpha was calculated. The yielded result was 0.961 for 25 questions which affirms high reliability of the software.

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Likewise, the reliability of this questionnaire was certified by the competent professors and banking experts and necessary modifications were applied.

**RESULTS AND DISCUSSION**

**Findings**

The data gathered from the below table displays the state of descriptive variables.

**Table 1: Descriptive variables**

Variables	Frequency	Percentage
Sex		
Male	73	42.7
Female	94	55
Age		
Less than 25	32	18.7
26-35	88	51.5
36-45	34	19.9
45 and above	17	9.9
Education		
Under high school diploma	7	4.1
High school Diploma	33	19.3
Associated degree	35	20.5
Bachelor	71	41.5
Master and above	24	14
Occupation		
Self-employed	58	33.9
office job	31	18.1
Privately Employed	42	24.6
Student	34	19.9

**The Descriptive Findings of Variables**

The variables of e-services quality dimensions were analyzed using descriptive method with the following results:

**Table 2: Descriptive statistics of main variables**

Variables	Mean	Standard deviation	Variance	Analysis
Efficiency	3.71	0.548	0.301	Desirable level
Reliability	3.89	0.572	0.328	Desirable level
Accountability	3.45	0.715	0.512	Desirable level
Execution	3.62	0.558	0.312	Desirable level
Security	3.82	0.609	0.371	Desirable level

**Findings of Inference Statistics**

In this section, findings of inference statistics are presented obtained by linear regression method.

**Table 3: Regression, significant level, beta, cronbach's alpha, beta**

Factors	Regression	Significant	Cronbach's alpha	beta	R <sup>2</sup>
Efficiency	0.627	0.00	0.733	0.598	0.393
Relability	0.693	0.00	0.784	0.633	0.480
Responsiveness	0.720	0.00	0.816	0.526	0.519
Fulfillment	0785	0.00	0.874	0.735	0.617
Privacy	0.689	0.00	0.826	0.591	0.474

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Findings of previous studies compared with this study are in this way. Herington and Weaven in *Quality of e-services and its impact on customer satisfaction* (2009) evaluated four independent variables include website organization, friendly treatment, efficiency, and customer needs and concluded that every four elements had positive impact on customer satisfaction.

Similarly, Yoon, in *the main components of customer satisfaction in Chinese e-banking* (2010) employed six independent variables including user-friendliness, design, response speed, security, content information and services covered influential on customer.

Considering earlier similar studies, we find that in terms of variable under survey, this research proves to some extent different from earlier ones.

### **Recommendations**

Recommendations for improving bank e-service quality are as follows:

#### **Efficiency-related Recommendations**

- Avail yourself of academic researches related to banking and hold educational seminars for better understanding of staff's potentials..

#### **Reliability-related Recommendations**

- Make sure about the reliability of technical infrastructure

#### **Responsiveness-related Recommendations**

- Consider customers' views and set up online questionnaires and also be responsive to customers' problems by Public Information round the clock.

#### **Fulfillment-related Recommendations**

- Maintain e-services' variety e- and advertise on organizational potentials in task accomplishment
- Employ competent experts in research groups and take research findings on organizational performance seriously.

#### **Privacy-related Recommendations**

- Prevent hackers' access to customers' information and identity for online customers and protect customers' information.

Some other recommendations, too, prove essential for upcoming researches which are as follows:

- We recommend researches to explore e-services quality dimensions using such models as Parasuraman.
- Researchers need to take another outlook in their study of e-services quality dimensions. For instance, the effect of e-services quality dimensions on bank's profit-making or on cutting expenses.
- A further study on the dimensions of customer satisfaction seems necessary to be conducted as the current research investigates the effect of e-services quality dimensions on the satisfaction of Bank Saderat's customers.

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