

Research Article

IDENTIFYING THE ELEMENTS OF QUALITY OF INTERNET BANKING SERVICES AND STUDY OF ITS RELATION WITH CUSTOMER SATISFACTION AT PASARGAD BANK IN THE CITY OF TEHRAN

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ABSTRACT

Upon swift progress of technology and upon increasingly competition among companies, customers are regarded as the essential element of any company and actually as main asset of the said company. This research has been conducted aiming at identifying the effective elements in mental image of customers from internet banking services at Pasargad Bank in the city of Tehran. In this research, the effect of assurance about services, efficiency of services, access and easiness of use and variety of internet banking services on mental image of customers have been studied. The statistical sample of this research consists of 200 persons (139 men and 61 women) from the customers of Pasargad Bank in the city of Tehran. The required information was collected using a questionnaire consisting of 25 questions. All research hypotheses have been tested using Pearson's and Regression Correlation Test using SPSS software. Research findings reveal that assurance about services, efficiency of services, access and easiness of use and variety of internet banking services have a significant effect on mental image of customers of Pasargad Bank in the city of Tehran. From among all variables, the variable of efficiency has had the utmost effect on customer satisfaction.

Keywords: *Customer Satisfaction, Internet Banking, Quality of Services and SERVQUAL*

INTRODUCTION

We live in an era that is actually the era of customer-orientation. The audience and customers of companies, institutions and organizations specify what goods of which quality must be offered to them. This is a global issue. For this purpose, the organizations, institutions and companies in our nation inevitably follow this essential principle for their establishment and durability (Dailami, 2009).

So long ago, competition among companies was to possess big share of market. However, nowadays, organizations are seeking for increase of their share of customers (Hosseini *et al.*, 2010).

The main goal of marketing is to attract customers and customer-orientation. Our true belief in the motto of "Customers are always right" has been designed and codified for this purpose. In the realm of competition among banks, the bank that offers modern and fresh services is more successful than others and this is definitely effective in marketing (Mafi, 2010).

Offering parties and manufacturers of service products present themselves more than they introduce their products and publicize their name and symbol, which is of less importance for customers at market of service products. The reality stated about the market of service products is truer about customers of banks. In fact, name and symbol of the bank is less important. What is of great importance is bank services provided for customers and which service is provided at which bank and how is accessed (Ahmadi, 2009). Banking industry has perceived the importance of the philosophy of customer-orientation and has followed quality management approaches for assistance with its business management (Rakesh, 2012).

All service organizations including banks must consider the effect of provided services on the mental image of customers as a fundamental element that may bring about a firm and powerful competitive advantage for service organizations. It should be noted that service provision of the highest quality is not a selective competitive strategy that may be accepted by service organizations to differentiate themselves from their competitors. Instead, nowadays, services are considered as vital elements in survival and profiting of service organizations (Kayaman & Arasli, 2007).

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Marketing researchers have always been seeking for consequences and advantages of the dimensions of perceived quality of banking services. One of the consequences of the perceived quality refers to its effect on the mental image of customers of name and symbol of an organization that needs further research (Lindgreen, 2011).

Marketing at banks requires realization and evaluation of the current mental image of customers of the organization and producing marketing programs for improvement of such image. The first step in evaluating the mental image of customers is to conduct a research about current mental image of the people of society of bank branches. Different persons may have different mentalities about one bank. It is possible that one branch of a bank is satisfied with the mental image of society about it or come up with this conclusion that there are some deficiencies in this regard that needs to be removed (Babae, 2010).

Providing online services in today's world of business has been recognized. One of the reasons for increasingly importance attached to quality of e-services is Internet that has facilitated service provisions compared to traditional channels to a large extent (Santos, 2003).

In spite of more awareness about online services, the problem is to define the quality of online services and its effective elements and assessment of these services (Kenova & Jonasson, 2006).

Now over half of banks have switched to e-banking services. For example, at ING Bank of the Netherlands, only 6% of customers refer to the said Bank. The rest of customers benefits from bank services through internet (Salehi, 2009).

In this research, having been inspired by quality assessment models of bank services such as SERVQUAL and SERVPROOF, the effect of the elements involved in the quality of banking services on mental image of customers has been studied to clarify the effect of any of these elements on the viewpoints and mentality of customers. Relying on this study, assurance, efficiency, access and easiness of use and variety have been identified as the most significant elements of electronic banking services that may affect the mental image of customers. Reliable theoretical discussions and practical measures have been conducted to identify the elements and dimensions for assessment of the quality of banking services and its effect on customers. The result of these discussions and measures has been presented in this research in brief.

Researches have revealed that services of the highest quality play a prominent role in profiting (Siadat, 2008). The quality of services has attracted the attention of many researchers in the past two decades (Ladhari, 2009). The quality of services is defined as mental comparison of customers of what they are willing to receive from services quality and what they actually achieve (Siadat, 2008; Irfan and Ijaz, 2011).

SERVQUAL is a simple and applicable model for study of the quality and evaluation of experiences of customers of services and it is widely used in organizations providing services (Wikipedia, 2012).

SERVQUAL Model has been used in different fields of service industries with trivial changes in store environments, banks, accounting companies, hotels, restaurants, hospitals, travel agencies and libraries in the USA and other countries (Micuda & Crueru, 2011).

SERVQUAL is among the most powerful and applicable models for evaluation of quality of services. The said model evaluates the quality of services based on five dimensions including reliability, power of responding, guarantee and assurance, sympathy and tangible facilities as well as 22 standardized assessment elements through total of qualitative points obtained (Parasuraman *et al.*, 1988).

Precise knowledge about advantages and characteristics of quality of services at banks helps them in their success in an international banking competitive environment (Arasli *et al.*, 2005). Banks care about the quality of their services because they consider the quality as essence or core of their competitive strategy (Hossein & Leo, 2009).

Yang & Fang stated that all of dimensions of quality of traditional services does not relate to the quality of online services. They have introduced such elements as reliability, easiness of access, responding and guarantee as necessary for the quality of both traditional and online services (Yang & Fang, 2004).

In his study, Siadat reviewed and rated the effect of dimensions of quality of services on expectations of customers for online services from the viewpoint of customers in Iran. He has indicated that all

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dimensions of quality of services are important, however, “quick access” has been recognized as the most significant element (Siadat, 2008).

Research Hypothesis

Considering the aim of research, the research hypotheses have been drawn up as follows:

1. There is a significant relationship between assurance about internet banking services of Pasargad Bank and customer satisfaction with internet banking services.
2. There is a significant relationship between the efficiency of internet banking services of Pasargad Bank and customer satisfaction with internet banking services.
3. There is a significant relationship between access and easiness of use of internet banking services of Pasargad Bank and customer satisfaction with internet banking services.
4. There is a significant relationship between variety of internet banking services of Pasargad Bank and customer satisfaction with internet banking services.

Research Conceptual Model

Quality of internet services

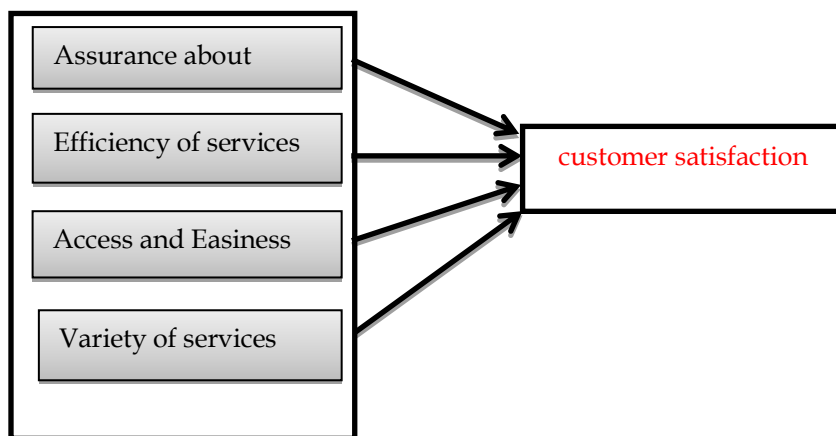


Figure 1: Research Conceptual Model

Research Method

This research is of descriptive-survey type considering method of data collection. In order to collect data two classes of references have been used. First, documentations, internet references and library studies in Persian and Latin have been used for drawing up theoretical fundamentals of research and then, the questionnaire has been used to achieve the data required for statistical analysis.

Since the main goal of this research is to identify the significant elements that affect customer satisfaction with internet banking services. Thus, it may be said that this research lies within the area of applied researches considering its goal.

Statistical Population (Time and Location Domain), Sample and Sampling Method

The statistical population of this research consists of individuals who have bank accounts at Pasargad Bank and activated internet services of their account. A sample consisting of 200 persons has been selected from the said population using simple random sampling method and the said sample was tested accordingly. Data collection was concluded during Feb-March 2014.

Data Collection Tools

In order to collect the required data for this research, field research method by a questionnaire has been used. The said questionnaire consists of two parts of general and specialized questions. General questions consists of three general questions and cognitive population replying the questions and specialized questions consisting of 25 questions have been planned based on Liker’s Seven-option Scale, which is one of the most common measurement scales.

Considering 220 questionnaires distributed, 200 citable questionnaires have been obtained.

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Reliability and Validity of Assessment Means

Internal reliability of this questionnaire has been obtained through Chronbach’s Alpha for a sample consisting of 30 persons as 0.85, which is appropriate and desirable. The said value for the subscales has been obtained from 0.7 to 0.81 accordingly.

The method used to determine the validity of the research questionnaire was content validity method that was confirmed by five professors and experts of marketing.

After assurance about existing reliability and validity as main tools for data collection, the respective questionnaire was distributed among the statistical sample. Thus, primary raw data has been collected for processing, analysis and assessment of correctness or incorrectness of the research hypotheses. The summary of the results obtained from these tests are given hereunder.

Findings

General characteristics of the statistical population subject of this research are given as follows by using descriptive statistical methods:

Considering their gender, 139 repliers are male to which 69.5% of repliers is assigned and 61 repliers are female to which 30.5% of repliers is assigned. Regarding their educational background, the most frequency was is related to bachelor’s degree comprising 98 persons and 49% of repliers and the least frequency is related to Ph.D. consisting of 30 persons and 15% of the entire sample. Considering their age, the most frequency is related to the age group of 31 through 40 consisting of 101 persons equivalent of 50.5% and the least frequency is related to the age group above 50 comprising 7 persons equivalent of 3.5%.

Table 1: Table of Distribution of Frequency of Demographic Characteristics

Characteristics	Separating the characteristic	Frequency	Percentage of Frequency
Gender	Female	61	%30.5
	Male	139	%69.5
	Total	200	%100
Educational Background	High School Diploma	29	%14.5
	Associate’s Degree	41	20.5
	Bachelor’s Degree	98	%49
	Master’s Degree	29	%14.5
	Ph.D.	30	15
	Total	200	%100
Age	30 and below 30	67	%33.5
	31-40	101	%50.5
	41-50	25	%12.5
	Above 50	7	%3.5
	Total	200	%100

Table 2: Correlation between Predicting and customer satisfaction variables

Result	P-VALUE	Pearson’s Correlation Coefficient	Quantity	Variable
Significant	0.00	0.50	200	Assurance about services and customer satisfaction
Significant	0.00	0.61	200	Efficacy and customer satisfaction
Significant	0.00	0.51	200	Access, easiness and customer satisfaction
Significant	0.00	0.47	200	Variety of services and customer satisfaction

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Here, we study the relation between dependent and independent variables.

For this purpose, in order to examine the main research hypothesis of this research according to the respective table and considering Pearson’s correlation coefficient, it may be said that in consideration of positive signs and significance of Correlation Coefficient, there is a direct and significant relation between predicting and evidence variables. The most correlation refers to the efficacy and customer satisfaction ($r=0.61$) and the least correlation refers to access, easiness of services and customer satisfaction ($r=0.47$). Since the significant value is $<1\%$, at level 99% one may come up with this conclusion that there is a linear and significant correlation between predicting and evidence variables. Thus, with a reliability of 99%, H_0 stating lack of any significant relation is hereby rejected.

Table 3: Analysis of Customer Satisfaction Regression

Estimation Standard Error	Adjusted R ³	R ²	R	Model
0.85	0.41	0.42	0.65	1

Considering the aforesaid table, predicting variables clarify about 41% of changes in evidence variable (customer satisfaction).

Furthermore, for study of Regression significance i.e. testing the case whether or not predicting variables may be effective in predicting the evidence variable (customer satisfaction), One-way Variance Analysis Test (ANOVA) is used. The results are shown in the following table:

Table 4: One-way Variance Analysis

Sig.	F	Average of squares	Degree of freedom	Total of squares	
0.00	35.26	25.65	4	102.62	Regression
		0.73	195	141.87	Remainder
			199	244.49	Total

As it has been shown in the aforesaid Table, F obtained in predicting model was between 26 and 35 and it is significant at the level of 0.01. This significance shows that at least one of the predicting variables has been effective in predicting the evidence variable. In order to study the share of any of predicting variables in clarifying the evidence variable, the value of Beta must be taken into consideration. The main results of Regression are given in the following table. Beta Column in this table is used as a coefficient to predict the value of Y in Regression Equation.

Table 5: Results of Regression

Sig.	t	Beta	Error	b	
0.00	3.27		0.37	1.19	Constant value
0.18	1.34	0.10	0.07	0.09	Reliability value
0.00	4.24	0.37	0.09	0.38	Efficacy
0.16	1.41	0.11	0.09	0.13	Access and Easiness
0.00	2.91	0.19	0.08	0.22	Variety of services

In the above table, standardized and non-standardized coefficients (Beta) have been given. In order to study the importance and role of independent variables in predicting Regression Equation, the values of Beta must be used. Since the values of Beta have been standardized, one may judge about the relative importance of variables by using the said values. Largeness of Beta value shows the relative importance of variables and its role to predict the dependent variable. As it is seen in the aforesaid Table, the effects of both variables have been significant and they have been given in the last column accordingly.

As it is seen, the effects of both variables have been significant and have a share in predicting the dependent variable. Here, one may judge that both variables of efficacy and variety of services are

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effective in predicting customer satisfaction. However, the rest of variables have no share in clarifying the customer satisfaction variable. Thus, relying on the obtained coefficients as indicated in the aforesaid Table, the following Regression Equation may be written as follows for evidence variable i.e. customer satisfaction:

$$\hat{Y} = a + b_1x_1 + b_2x_2 + b_3x_3$$

Customer satisfaction= 0.37 (efficacy) + 0.19 (variety of services)

CONCLUSION

Discussion and Conclusion

This research of which subject is “Identifying the elements of quality of internet banking services and study of its relation with customer satisfaction at Pasargad Bank in the city of Tehran” has been conducted aiming at assessment of items of assurance, efficacy, access and easiness and variety of services from the viewpoint of customers. Thus, certain research hypotheses have been codified and tested by using Pearson and Regression Correlation Test. The results obtained from this research confirm the previous findings of foreign countries and exactly conform to existing theoretical bases. The findings of this research show that assurance about services, efficacy of services, access and easiness of use and variety of internet banking services has a significant effect on customer satisfaction at Pasargad Bank. The variable of efficacy has had the utmost effect on customer satisfaction compared to other variables. One unit of change in its standard deviation causes standard deviation of the efficacy variable leads to standard deviation of eth dependent variable (customer satisfaction) by 0.37. One unit of change in standard deviation of variable of variety of services causes change in standard deviation of customer satisfaction by 0.19. In today’s world that is the world of speed and internet, customers highly appreciate internet services of banks and using internet provides this great opportunity for banks to benefit from this technology and reach global markets and also benefit from the advantage of leadership in this regard. More importance shall be attached to these results when by using subtests it is found that there is no difference among viewpoints of customers in terms of gender, age and educational background about research hypotheses. Such results facilitate final interpretation in form of presenting certain recommendations to the bank.

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