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Topic of Research: Impact of E-Banking Service Quality on Customer Satisfaction: A Comparative Study of Private and Public Sector Banks

ABSTARCT

Key words: *E-Banking, E- Banking service quality, Customer Satisfaction, Private sector, Public sector*

Electronic banking is a process of delivering the services of banks electronically through channels like telephone, internet, mobile phone etc. The e-banking products offered by a bank are relatively standardized in nature, which renders banks in need of an increased differentiation of their services in order to keep customers satisfied and loyal. More so because satisfied and loyal customers have been proven to be of extreme importance for an organisations long run performance (Hallowell, 1996). Also, for maintaining profitability in e-banking, banks require customer retention in addition to acquiring new customers (Reichheld & Schefter, 2000). The pressure of reducing the transaction costs and work load on branches has further increased the need of and reliance on technology for delivering services to customers. This has led to an increased business concern regarding measurement and management of e-banking service quality. This is clear by the increase in research work aiming at measuring e-banking service quality.

This present study focuses on understanding and checking the dimensions of e-banking service quality and on examining the impact of these dimensions on customer satisfaction. Since the Indian economy is making efforts towards becoming a digital economy, the banks are encouraging adoption of e-banking services and cashless payments. The process of research for the current study began by an extensive review of literature and models, proposed or established by the

previous researchers. The review of the past work and models in the related area provided the researcher with a better understanding of the topic. After a proper review of literature, a questionnaire was framed which was tested for reliability and validity with the help of a pilot test. After establishing the validity and reliability of the instrument used for the study, data was collected and analyzed with the help of CFA and SEM. The SEM results revealed that out 20 hypothesis only 15 were accepted. The results confirmed a positive significant relationship between EFF → CS, FUL → CS, PRI → CS and WD → CS, CON → CS, RES → CS and SA → CS in the overall banking sector.

This indicates that the independent variables had a positively significant influence on the dependent variable on all the paths. The results of multi group analysis confirmed significant paths between EFF → CS, CON → CS, PRI → CS and WD → CS in both public and private sector banks. However, the results indicated that there is no significant path effect on FUL → CS and RES → CS in the public sector and on RES → CS and SA → CS in the private sector banks. The Chi Square Difference test results indicates that the path of FUL → SAT is significant with an S.E value of .081 for the public sector and for the private sector the value is 0.236. This value implies an a better performance of private sector in terms of satisfaction from fulfillment and an advantage of private sector over public sector in terms of fulfilment.

Next the researcher examined the relationship between the various demographic variable and customer satisfaction in e-banking with the help of ANOVA. It was found that in both the public and private sector banks, gender and age have no influence on the levels of satisfaction among the customers. However, income and education had no role to play in the satisfaction levels in public sector banks while as in the private sector banks, they showed a significant relationship with the satisfaction of customers.