CHAPTER 6: IMPLICATIONS

6.1 Managerial Implications

For banking practitioners, following are the major implications of this study:

1. Internet banking service quality constitutes five dimensions and 22 service quality attributes. Banking practitioners will remain well advised on the constructs of service quality in Internet banking. Moreover, they can very well use this five dimension Internet banking service quality model to measure the service quality and therefore can effectively manage their resources. Although this model is valid and reliable, practitioners are cautioned to first test its applicability in other parts of the country because of socio-economic and cultural diversities.

2. Investigations should be carried out to identify the reasons behind low overall service quality perceptions and satisfaction among females as compared to their male counterparts. Given the ratio of females in the population, banking practitioners should device some effective marketing strategy to attract and retain female customers. They should focus on educating female customers about the advantages (especially the convenience) to use more and more Internet banking services.

3. About two-thirds of the Internet banking users are below 35 years of age. However, users in the higher age groups (46+ years) are relatively more satisfied and have better service quality perceptions as compared to lower age groups (18-35 years). Younger age groups constitute about two-third of the Internet banking users. Therefore, immediate attention is required from the practitioners to ensure better service quality and satisfaction to this huge technology savvy customer segment. Efforts should be made to motivate older age groups (above 46 years) for adopting and continual usage of Internet banking services. Special customer training drives should be undertaken to make them better equipped with the usage of Internet technology in general and specifically in Internet banking.

4. Business persons being the second largest user group of Internet banking services presents a huge opportunity. Practitioners must address the reasons behind the lowest service quality perceptions reported by this group in this study. Also, given the largest user base falling in the ‘service’ occupation, relatively much lower service quality perceptions should be given
immediate attention for remedial actions. With the increasing access to Internet in homes (through personal computers, laptops and mobile phones) practitioners should better tap the 'housewife' segment with very low Internet banking usage share despite very high satisfaction.

5. About half of the Internet banking users is from middle income group, therefore constitutes the largest Internet banking user base. Much of the growth and success of Internet banking services are going to be driven by this age group in the years to come. It is quite unfortunate that this segment feels least secure regarding Internet banking transactions and also believes that their privacy is not being taken care of well by their banks. Therefore, practitioners must pay special attention to address the security and privacy concerns of this segment.

6. For the NCT of Delhi, practitioners should investigate into the reasons behind the lowest overall service perceptions and satisfaction among the West Delhi residents. Moreover, residents in this zone feel least secure while performing Internet banking transactions and their privacy concerns are also not adequately addressed by the banks. This calls for immediate attention from the practitioners.

7. Banking practitioners are advised to make use of the statistical findings of this study in regard to the demographic variables (gender, age, income, education level, and occupation) to design better services and effective integrated marketing communications.

8. Practitioners at Public sector, Private and Foreign banks can get some real valuable insights regarding their Internet banking performance, overall service quality and customer satisfaction. Findings of this study may act as an eye-opener for all the categories of banks participated in this study. Particularly, in order to catch up with the escalating competition in Internet banking services, Public sector banking professionals must pay serious attention being the lowest performer on all the service quality dimensions (Security/Privacy, Reliability, Efficiency, Responsiveness and Site Aesthetics) as compared to both Private and Foreign banks. Similar pattern has been observed regarding overall service quality and customer satisfaction. Interestingly, Internet banking services can be used as a powerful weapon by both Public sector and Private banks to compete well as it offers several advantages over the traditional way of banking. Private sector banks must equip their websites with better security features and ensure better privacy of their customers.
‘Efficiency’ is another dimension that requires immediate attention from Private bank practitioners.

9. Banking practitioners can make use of the Importance-Performance analysis presented in Chapter 4 to optimally allocate and utilize the available scarce resources. Private bankers must pay special attention to some of the items included in Security/Privacy dimension which are considered to be above average important but banks’ performance has been below average. They are advised to deploy better technological assistance to make more appropriate statements during online transactions. Moreover, better efforts should be made to ensure timely delivery of services. Public sector banks should particularly focus on enhancing the dependability and accuracy of their websites for online transactions. Practitioners should also pay extra effort to promptly resolve customer queries/complaints. Although Foreign banks are best performing relative to their Public sector and Private counterparts on all the service quality dimensions, they are advised to be attentive on some of the above average important Security/Privacy items where further improvements are warranted (for details refer chapter 4).

10. At the bank level, practitioners at Axis bank, PNB and HSBC bank are advised to manage their services better on all the service quality dimensions being the lowest performers among the Private, Public sector and Foreign banks respectively. Further, Axis and HSBC banks practitioners are advised to investigate into the reasons behind the lowest overall service quality perceptions and customer satisfaction in their respective categories. Bankers at PNB and IDBI bank must pay serious attention to the management of overall service quality and customer satisfaction (marginal difference) as being reported with lowest ratings on both the variables among all the banks.
6.2 Limitations of the study

1. Probabilistic procedures (such as stratified sampling and area sampling) have been used to select the banks, sampling areas and sample of bank branches. However, despite best of efforts sampling frames of Internet banking customers at the sample bank branches could not obtained because of banks’ policy of not disclosing their customers’ personal information to any external party on account of security and privacy reasons. Given the large sample size of 1350 and application of probabilistic procedure at all the stages except the penultimate stage of the survey, makes the results of this study plausible. However, results of this study should be read with caution.

2. Because of time and other resource constraints, the study limits itself to the geographic extent of the NCT of Delhi. Future research needs to use more diversified random samples to test and verify the service quality dimensions derived in this study in order to check the generalizability of the research findings.

3. Out of foreign bank category, purposefully Citibank, HSBC and Standard Chartered banks are selected in the study area (as only these 3 banks have their branches/ATMs across all the five zones), whereas sample of Public sector and Private banks are chosen using simple random procedure. This purposeful selection of Foreign banks is done to ensure adequate geographic coverage of the study area but weakens the banks’ sample.

4. In few sample areas where sample bank branches as well as their ATMs were not located, the researcher was left with no other choice but to conduct the survey at the branch located nearest to that sample area. Although selection of the nearest branch ensures the geographic sanctity of the survey but technically weakens the sampling procedure.

5. Although the Internet banking service quality scale developed in this study is well validated and tested, the results of the study should be interpreted with caution, particularly with respect to the generalization of research findings for Internet banking customers residing in other parts of India because of the aforementioned limitations.

6.3 Future Directions

A more rigorous research methodology, such as a structural equation modeling technique should be employed to examine the causal relationships, rather than simple associations, between online
service quality dimensions, consumers’ perceived overall service quality, and their satisfaction by employing. Since some of the constructs identified may be culturally bound, future researches to test the Internet banking service quality dimensions in other cultures appears warranted. Bankers’ perspectives regarding Internet banking service quality should also be addressed and investigated in future researches to better understand the problem domain. Impact of service quality and customer satisfaction on customer loyalty can also be examined using structural equation modeling.