CHAPTER 3

LITERATURE REVIEW

Services, rates, fees and prices are the key factors that influence the customer in selection of a bank (Abratt and Russell, 1999). Superior service alone is not sufficient to satisfy customers. Prices are more vital than service and relationship quality. In addition, providing inventive products, meeting client needs and service excellence are essential to be successful in the banking industry. Building and maintaining customer relationships are important to most private banks and they claim that they are conscious of the positive values that relationships offer (Colgate et al., 1996).

3.1 Website Quality as stimulus

The quality of a website is an important concept in the field of ecommerce since the customer’s perception of quality of website directly derives his purchase intentions (Bai et al. 2008). Aladwani and Palvia (2002, p. 469) have further defined observation of customer of the quality of website as “users evaluations of the features of a website fulfilling users requirements and reflecting the website’s overall excellence. This way, while assessing a company’s website offerings, understanding which factors the user considers most vital has become a priority for corporations to employ an efficient and workable e-strategy (Hernandez et al. 2009) i.e., from the services-marketing point of view, to attract and retain clients, online travelling agencies need to have a clear picture of what its customers expect not its customer’s in terms of quality that a website shall offer (Van Riel et al. 2004).

A number of researchers have come up with outstanding methods for evaluating website quality of a website by hypothesizing about their own measures of website quality. Chang & Chen (2008) used the four dimensions (content, quality, appearance, technical adequacy and specific content) of the quality of a website
developed by Aladwani and Palvia (2002) to incorporate those aspects of a website. In addition, Ahn et al. (2007) suggested that the quality of a website is a multifaceted construct comprising of system quality, Information and service quality. This free faceted website quality could be the basic factor to evaluate the user’s perceptions and expectations of website quality (Delone and McLean 2003; Liang and Chen 2009). This goes hands and gloves with the findings of Hernández et al. (2009) that, on the basis of reviewing quality of website related literature from 1992 to 2007, the information quality of the system and of the service provided by the firm through its website are the vital factors of commercial design of a website. As per Lin (2007, pp. 366–368), quality of information means a measure of value perceived by a user of the output produced by a website. Quality of system means an apparent website system’s overall performance and can be evaluated by customer perceived degrees of user friendliness in an online retailer shopping. Quality of service signifies overall customer judgments and evaluations about the quality of online service delivery. DeLone and McLean (2003) argued that this three faceted quality factor plays an important role in online CS, and thus helps in improving their purchase intention (Bai et al. 2008). In totality, as cited above, the quality of a website is used (including system, information and service quality) as the stimuli in this study.
Figure 3.2 Website Assessment Model

Source: Mirando and Cortes (2006)

3.1.1 Organism: Perceived Flow and Perceived Playfulness

Moon and Kim (2001, p. 219) stated perceived playfulness as “the extent to which the individual perceives that his or her attention is focused on the interaction with the World-Wide-Web; is curious during the interaction; and finds the interaction intrinsically enjoyable or interesting”. Moon and Kim (2001) further suggested need to introduce perceived preference as regards the World Wide Web and they discovered that it had a substantial positive impact on user’s attitude toward behavioral and using intention. Chen et al. (2002) also discovered perceived playfulness to be an important factor encouraging users to make use of a virtual store. To add, Nysveen et al. (2005) have observed perceived playfulness with regard to mobile internet services and discovered that it plays an important role in establishing user acceptance of these services. Moon and Kim (2001) observed that playfulness plays a vital role in developing the approach towards the system and intention to make use.
According to the flow theory, playfulness is regarded as an intrinsic motive or belief, which is formed by experience of an individual with the environment. Flow has been explained as a state of maximum psychological experience (Novak et al. 2000) or the most enjoyable experience probable when a person is subconsciously engaged in an activity which derives him or her so absorbed that they lose the sense of self (Chung and Tan 2004). The experience of flow can generally come from a variety of activities such as writing, hobbies, work, sports, ritual events, artistic performances etc. it can also be said that experiences of curiosity, concentration and enjoyment in an activity depict the experience of flow and hence perceived playfulness. Besides, flow has also been detected in the context of information technology and has been considered as a source of useful insight into behavior of consumers (Hsu and Lu 2004; Novak et al. 2000). Researches also argue that the occurrence of flow can be facilitated by use of World Wide Web (Chen et al. 1999). To be more specific, if the use of World Wide Web facilitates a substantial entry into the flow state, it should ultimately enable web users to improve their wellbeing with the help of accumulated brief moments. In the context of ecommerce, researchers have come up with theories that such flow experiences can draw attention of consumers and affect subsequent approach and behavior positively (Novak et al. 2000). Accordingly, it has been revealed by the researchers that a flow experience is directly and positively related to consumer behavior towards the focal firm, the focal website (Mathwick and Rigdon 2004) and also with the intention to frequently visit and remain connected to the website for more and more time (Kabadayi and Gupta 2005). The perceived flow is therefore very likely to influence the resulting purchase intention and CS.

3.1.2 Response: Purchase Intention and Customer Satisfaction

CS, in accordance with Oliver (1997), is the “consumer’s fulfillment response”, and he further defined CS as “the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with a consumer’s prior feelings about the consumer experience”. Anderson and Srinivasan (2003)
suggested that “satisfaction may be best understood as an ongoing evaluation of
the surprise inherent in a product acquisition and/or consumption experience”. CS
is one of the vulnerable consumer outcomes in online business to consumer
environment (Cheung and Lee 2005). It was also proposed by Evanschitzky et al.
(2004) that CS as a construct has obtained multiple importance in recent times.
Bhattacherjee 2001; Lin et al. 2005 specifically pointed out that CS is the chief
driver of consumer’s intention for shopping continuance. Evanschitzky et al. 2004
additionally suggested that CS is the key to build and maintain a base of loyal
long term customers. A number of studies have proven that CS augments to create
customer loyalty (Anderson and Srinivasan 2003), improves positive word of
mouth publicity (Bhattacherjee 2001), create intention to repurchase (Kim 2010)
and enriches profitability and market share of company (Reichheld and Schefter
2000). A great many research efforts have been poured into understanding the
consequences and antecedents of CS and, thus, it does not remain to be a new
concept.

It is also important to learn customer’s purchase intention because customer’s
buying behavior can generally be predicted by their purpose along with CS.
Zeithaml et al. (1996) pointed out that purchase intention of a customer is one
measure of behavioral intention. To examine the behavioral patterns of consumers
their purchase intention have been used to forecast actual behavior because it is
related to their actual behavior (Ajzen and Fishbein 1980) and the connectivity
has been investigated empirically in tourism and hospitality businesses (Ajzen and
Driver 1992; Buttle and Bok 1996). Additionally a vast literature is available on
customer’s behavioral intention in offline environments Zeithaml et al. (2000). As
Boulding et al. (1993) pointed out the common behavioral measures investigated
in the literature are purchases and/or repeat purchase intentions or actual
purchase/repeat purchase behavioral patterns; inclination to price tolerance,
present word of mouth and tendency to make additional purchases frequently
from the same source. This study is focused upon purchase intention as the critical
outcome measurement. During the first visit to a website, the major challenge that
the service provider faces is to convert the visitor into a purchaser. Furthermore, purchase intention directly impacts on both profitability and revenue of the firm.

3.2 Liberalization and Service Quality

Various structural reforms in the real sector began in 1991-1992 and resulted in a number of financial sector reforms in India. To create more competition in banking it was proposed to liberalize the entry norms along with a liberal policy of allowing foreign banks as well as private banks to establish and operate offices in India. After the implementation of recommendations a number of foreign and private and foreign banks have started their operations and a number of banks are waiting in queue seeking permission from the Reserve bank of India. Structure of rate of Interest has been deregulated and a greater degree of freedom has been given to banks to determine interest rates for deposits and advances and for other range of their products. Post liberalization the banking has become highly competitive in context to the pricing of its products, variety of products offered to customers and the branch network. As a result the market power of the banks is shifting to its customers. In this competitive scenario the service quality has emerged as a differentiating key factor for the banks that are trying to increase their profits and improve their market. Studies have proved that there is a positive service quality and profitability relationship. Although, there is no direct link between service quality and profits (Zahorik and Rust, 1992) so it is important to understand this intricate relationship between service quality and profits. It is necessary to understand the intermediate link between the two. Zeithaml et al., (1996) pointed out, this important intermediate link between profits and service quality is the association among the behavioral intentions of the customers and service quality. A study of behavioral intentions of customers, by the managers can be helpful for managers in assessing the financial consequences of making investments in service quality Zahorik and Rust (1992). Therefore, it is important for everyone to first scrutinize and understand that how the service quality influences the behavioral responses. As suggested by Kangis and Voukelatos
(1997), the hazed of identity between insurance companies, banks and other competitors that are expected to enter the market will speed up and as a result there will be pressure on profitability of the banks. As anticipated by Kangis and Voukelatos (1997), in this fast changing environment service quality is gripping the attention of banks and the retail banks are determined for increasing CS by improving the quality of service. It is so because of the well-known fact that high service quality pushes the word of mouth communication by the current customers, increases the morale of workers, increases the perception value of customers and brings credibility to sales and advertising (Berry and Parasuraman, 1991).

3.3 Service Quality and Satisfaction

There has always been a debate on the relationship between service quality and satisfaction, i.e., to find out is the satisfaction influenced by service quality. Parasuraman et al. (1988) suggests that perceived service quality is related to long term assessment of services whereas CS has a link with assessment of explicit service transactions. From their own experiences they suggested that the customer’s perception of the service quality is effected CS. Cronin & Taylor, (1992) and Spreng & McKoy, (1996) were of the view that service quality is predecessor of CS. Later on, Parasuraman et al. (1994) restrained this difference and gave a different viewpoint regarding transactional oriented nature of satisfaction as compared to the worldwide extent of perceived service quality. Long & McMellon, (2004); Jun et al., (2004); Lee & Lin, (2005); Yang & Fang, (2004); Van Iwaarden et al., (2003) supported that the perceived internet service quality of the customer considerably influences CS.

3.4 Service Quality and Customer’s Behavioral Intentions

Study conducted by Parasuraman et al. (1985) made to know that judgment of service quality depends upon the perception of customers look out about the actual service performed in comparison to their expectations. The service quality
as perceived by customers could be defined as inconsistency between customer’s perceptions and their expectations. The development of SERVQUAL Parasuraman et al. (1985) was the result which helped to measure the service quality by measuring the difference of perceived service quality and expected service quality. SERVQUAL is the most widely used instrument in connection with operationalizing service quality. It has been widely cited by a number of researchers and is accepted as a popular measure of service quality. Iwaarden and Van der Wiele, (2003); Allan, 2004; Lasser et al., (2000); Cox and Dale, (2001); Newman, (2001); Choudhury, (2011); Cunningham et al., (2004); Voss et al., (2007); Zhu et al., (2002); Akbaba, (2006); Sureshchander et al., (2002); Sharma and Mehta, (2004). The SERVQUAL is based on the gap model. It has always subjugated research in the field of service quality. This model is based on the idea that service quality is a function of difference among customer’s expectations and perceptions. Parasuraman et al. (1988 and 1991), suggests that SERVQUAL present the basic framework for service quality and can be customized for specific research for any particular organization as well it can be supplemented with some context – specific items. Other researchers of service quality have also supported that contextual circumstances effect service quality’s perception by customers. In evaluation of service quality of ATMs, found reliability, tangibles, location and card issues as the vital service quality measurement dimensions. As a result it is necessary to consider the issues that are vital for service quality in their explicit situation and subsequently modify some of the measures of SERVQUAL scale by including or excluding some of the items of SERVQUAL as necessary. (Carman, 1990; Finn and Lamb, 1991; Dabholkar et al., 1996).

A number of researchers have supported that there is a positive effect of service quality perceptions on behavioral intentions. Conceptual model developed by Zeithaml et al. (1996) that shows the effect of overall service quality on behavior of persons, for example, purchase intentions (increasing the volume of the business with the company in coming years and making the company first choice to procure services) and word of mouth communications (telling others about the
company in a positive manner, persuading relatives and friends to get involved in the business with the company). It was observed and researched that if the company’s service quality performance is better than it has the higher chance to get positive word of mouth and purchase intention is also higher. Parasuraman et al. (1988, 1991) also reported a positive affiliation between customer’s perceptions about the service quality and willingness of customers to recommend the company. Therefore from the findings of various researchers a list can be compiled of explicit indicators of favorable behavioral intentions. The indicators include encouraging friends and relatives to do business with the company (Zeithaml et al., 1996), saying positive things about the company to others (Boulding et al., 1993; Zeithaml et al., 1996), continuing to do business with the company (Boulding et al., 1993), doing more business with the company (Cronin and Taylor, 1992; Zeithaml et al., 1996), recommending the company or service to others (Parasuraman et al., 1988, 1991; Zeithaml et al., 1996) and considering the company the first choice from which to buy services (Zeithaml et al., 1996). Research conducted on value management of customers has recognized that customer relationship is determined by promotion (referring the product or services of the company to others), retention (doing the business with company regularly) and growth (making the company the first choice to do business or to buy services or products) (Hafiz and Hendricks, 2001). Cronin and Taylor (1992) and Boulding et al. (1993) examined the affiliation between some of the dimensions of behavioral intentions of customers and overall service quality. SERVPERF used by Cronin and Taylor (1992) emphasized only on the repurchase intentions of the customers. Work done by Boulding et al. (1993) emphasized on both readiness to refer and repurchase intentions. Cronin and Taylor (1992), in a study suggested that service quality did not have a positive effect on repurchasing intentions whereas Boulding et al. (1993) concluded that there is a positive affiliation among repurchase intentions and service quality and readiness to recommend.
The work done by Kuo et al. (2009) examined the affiliation among CS, service quality, post purchase intentions and perceived value. The results of their study displayed that service quality makes an indirect positive influence on post purchase intentions through perceived value and CS. The work done by Balaji and Sarakar (2013) demonstrate that failure in providing satisfactory services results in losing of customer loyalty and negative word of mount. Caruana (2002) suggests that CS plays and arbitrate role in among service quality and service loyalty. The study conducted by Gonzalez et al. (2004) show the effect of CS and service quality on the behavioral intentions of the customers in tourism industry. In his work Zineldin (2002) discovered the relationship among customer loyalty, service quality and customer relationship and concluded it as a reason of increased the competitiveness among the companies. Shao et al. (2004) measured the effects of the dressing sense of the staff on expectations of the customer regarding service quality.

3.5 Measurement of Service Quality

It becomes important to review and discuss the perspectives of measuring overall service quality. Generally researchers try to differentiate between service quality that is expected and the service quality that is perceived. There has always been a discussion on the measurement of service quality. A number of researches have debated on the method of computation of overall service quality. Some of the methods of measurement of service quality are discussed hereunder:

3.5.1 Expected Service Quality

Study of literature reviewed presented two perspectives pertaining expectations of customers with respect to service quality. The first perspective is related to the research outcomes of early scholars. They regarded expectation of customers for service quality as a standard for comparing overall service quality. So they were of the view that service quality is a gap among expectation of customer for the
service performance and the perceived service performance of customer. Work of Zeithaml et al. (1990), Lawis (1994), Parasuraman (1988) are some of the examples to it. Zeithaml et al. (1993) opined that the expectations of the customers are the beliefs about the services. In other words, it is the thinking of the customer about the service that should be provided in terms of value and performance. Edvardsson et al. (2004). Expectation of the customers is mainly driven by the service promises, customer’s philosophy about the service and the experience of the customers. A Service promise is in the way of advertising or other form of publicity or word of mouth of staff and customers or the price.

Suuroja (2003) suggested that the other viewpoint of expectation of customers with respect to the service quality is their expectation that influences their evaluation of performance of service, but it cannot be taken as a standard for establishing the service quality. The research work conducted by the later scholars is related to this perspective. Advantage of evaluating expectations of customers according to this viewpoint is that it facilitates service providers to analyze the view of the customers pertaining to the service quality. Other than it, the expectations of the customers for the quality of service is less valuable in establishing service quality.

3.5.2 Perceived Service Quality

Lawis et al (1994) were of the opinion that perceived service quality refers to the general judgment of the better quality of the service. It refers to the thinking of the customers that he has got with respect to the performance and worth of the service. The perceived service quality has two perspectives. The early scholars made a comparison between perceived service quality and expected service quality in order to find out the overall service quality. It means that they considered that perceived service quality is not a service quality in itself. However, modern researchers have regarded perceived service quality as overall service quality. One of the significant feature of perceived service quality is that is perceived service quality an aggregate of perception of customers of components
of service quality or it can be measured distinctly from the factors that are associated with service quality. For the purpose of study, perceived service quality is taken as simple or weighted average of scores of customer’s perception of identified attributes of service quality rather than a construct that is calculated distinctly from the aspects that are influencing it.

3.5.3 Measurement of Service Quality

Measurement of service quality has always been a debatable issue among the researchers. In general, there are two broad methods of measuring the service quality. They are:

- Considering service quality as a gap among the expectation of customers and performance ratings.
- Considering service quality the performance ratings of the customers.

In the first case, the quality of service is quantified by making a comparison among expectations of the customers relating to the service and their perceptions with respect to the performance of the service they have received. The evaluation of customers with respect to their expectations of service is taken as a standard by which their perceived performance is compared and the conclusions are drawn pertaining to service quality that is given to the customer. SERVQUAL, the most widely used instrument for measurement of service quality, was developed by Parasuraman et al. (1988, 1999, and 1993). It was termed as SERVQUAL scale. It comprised the items required for mapping the five different components of service quality construct. The SERVQUAL is composed of 22 items for the purpose of measuring the expectation of the customers pertaining to service quality. The same numbers of items are used for measurement of perception of service by the customer. The various items of SERVQUAL are ranked on a 7 point Likert scale. The customer answers the items by choosing any number between 1 to 7 scales. The responses of the customers show their views with respect to the perception of service as well as their expectations. According to Jain and Gupta
From the responses of the customers, with respect to their perception and expectation of service, a gap score is attained to that reflects level of service quality perceived by the customer. If the gap among the two is higher it reflects a high level of quality and if the gap is lower than it reflects a lower level of quality. To calculate the overall service quality the gap scores of all 22 items that are attained from five dimensions are summed up. Suuroja (2002) stated that the SERVQUAL instrument has been more attractive and has gained much attention of service providers as compared to other instruments. SERVQUAL technique is the instrument that is widely used and applied in various service settings (Jain and Gupta, 2004).

Suuroja (2003) clarified that “Cronin and Taylor (1992) were the first to justify discarding the expectation aspect of SERVQUAL in favour of the performance only measures. They raised a number of arguments against the validly of SERVQUAL scale.” They opined that SERVQUAL does not measure CS and service quality. Parasuraman et al. (1993) responded to the critics of the SERVQUAL given by them and asserted that their scale has some problems with respect to the reliability and validity as pointed by some of empirical studies. They further added that the expectation aspect of the model prescribed by them give a diagnostic advantage as compared to the other instruments of measuring the service quality.

The other category of measurement of service quality is based on the notion that the service quality expected by the customer influences the perception of the customer for service quality but it does not mean that service quality is a gap between the perception and expectations of service quality. The measurement of service quality under this category is done as customer’s evaluation of performance of a service quality. Under this category the most accepted and widely used instrument for measurement is SERVPERF scale developed by Cronin and Taylor (1992).
SERVPERF contains the perceived performance part of SERVQUAL and is also regarded as variant of SERVQUAL. According to Cronin and Taylor “the expectation components of SERVQUAL can be discarded because the gaps scores of the SERVQUAL lacks conceptual basis and is found confusing with measurement of service satisfaction. Jain and Gupta (2004) suggested that SERVPERF instruments cover only the performance portion of SERVQUAL so they are also regarded as performance only instruments. Performance only instruments measure the overall service quality as a total of perceived performance of the service quality component. If the perceived performance is higher it means that the service quality is higher and if it is lower it means that the service quality is lower.

Jain and Gupta (2004) suggested that SERVPERF scale is more effective and capable in measurement as the numbers of items that are to be measured are reduced by 50%. They opined that the key benefit of using SERVPERF over SERVQUAL is that SERVPERF is better than SERVQUAL and it is empirically proven that SERVQUAL is capable of explaining greater variance in overall service quality. In a comparative study Cronin and Brady (2002) established that SERVQUAL instrument has been outperformed by SERVPERF. In contradiction to it, Jain and Gupta (2004), gave the views that although SERVQUAL has got some criticism then also SERVQUAL supersedes SERVPERF in terms of application.

The literature reviewed so far suggests that under each category of measurement of service quality, the service quality is calculated either by summing up the gap scores or summing up the perceived performance scores of the various attributes and factors that are pertinent to service quality. For the purpose of this study the overall service quality is taken as simple average of the gap scores of the various factors that influence the service quality.

The review of the literature point out that although most widely used instrument in measuring service quality is SERVQUAL but it lacks empirical validity,
practical and theoretical aspects. The items of SERVQUAL are criticized for being inadequate to human interaction. It overlooks other significant aspects of service quality, for example, it overlooks Social responsibility, competence, core services, and convenience (Kumar, Kee and Manshor, 2009, Sureshchandar et al., 2002). SERVPERF instrument, suggested by Cronin and Taylor (1992), was an improvement to SERVQUAL, but it had some weaknesses of SERVQUAL as it removed only the gap score problem. It advocated that service quality should be measured on performance basis. Perceived performance component of SERVQUAL was accepted by SERVPERF. Kumar, Kee and Manshor (2009) suggested six factors of service quality and validated four critical factors of service quality. It incorporated two dimensions of service quality that were covered by SERVQUAL and two other dimensions were taken that were overlooked by SERVQUAL. These two items were competency and convenience.

### 3.6 Antecedents and Consequences of Service Quality

Large numbers of studies conducted by researchers have developed service quality measures that are applicable to all types of banking institutions around the world and across all the cultures. Most of these measures are largely based on studies related to the SERVQUAL model proposed by Parasuraman et al. (1985, 1988) and the performance model SERVPERF given by Cronin and Taylor (1992, 1994). Zohu (2004), opined that the banking industry is distinctive in terms of operations, factors, and standards so it requires the models to be developed specifically for it. These models should match the characteristic and shall be capable of measuring the service quality accurately in banking domain. Zohu (2004) worked on a sample of 316 respondents from United States of America and evaluated SERVQUAL.

The results revealed from this study showed that there are primarily four factors that add to the banking service in United States of America. These factors were consistency/reliability, willingness to correct errors, thoroughness/accuracy of service, and knowledge ability. Karatepe et al. (2005) took a survey and used
twenty items to exhibit that critical elements of service quality are reliability, interaction quality, service environment and empathy. The study was conducted in banking industry of Northern Cyprus. Similarly, Guo et al. (2008) conducted a survey consisting of 31 items to 800 respondents from China and developed the Chinese Banking Service Quality (CBSQ) framework.

BANKSERV, introduced by Avkiran (1994) comprised of seventeen items and four dimensions was also similar to SERVQUAL and it followed the principles of SERVQUAL. The four dimensions were staff conduct (the manner of service of bank personnel’s and their presentation), credibility (the faith between the customers of the bank and staff of the bank), communication (the interaction between the customers and the staff of bank both written and verbal) and accessibility of the customers (capacity of the staff to serve the customers). Avkiran (1999), in the studies conducted later investigated the impact of three of above four dimensions. These three dimensions were customer access to teller, staff conduct and communication. He concluded that the staff conduct is the most important dimension of BANKSERV.

Aldlaigan and Buttle (2002) designed and developed a new measured and named it as SYSTRA-SQ. It was composed of four dimensions of service quality. These four dimensions of service quality were machine quality, system quality, service transactional accuracy and behavior quality. Machine quality takes into account the performance and reliability of the machines. System quality considers the organization as a system and is composed of the attributes such as speed of response, ease of availability, organizational appearance and attending the customers. Service transactional accuracy is concerned with the perception of the customers pertaining to the accuracy of transaction in contrast with employee output and service terms. Finally, the behavioral quality is concerned with the service performance and the perspective of the employees.

Tsoukatos and Mastroianni (2010) promulgated and propounded a 27 item index in connection to the Greek banking sector. It was a combination of SERVQUAL
(Parasuraman et al. 1988) and Bank Service Quality (BSQ) (Bahia and Nantel 2000). They termed it as BANQUAL-R measure. It was composed of five dimensions of service quality, namely, reliability, empathy, confidence, effectiveness and assurance. BANQUAL-R index consisted of four dimensions of SERVQUAL namely, responsiveness, empathy, reliability and assurance. It also included effectiveness and confidence from the BSQ model.

The Islamic banking industry is quite different from conventional banking industry. The reason behind it is that Islamic banking industry is founded and based on Islamic values, principles and priorities (Nazim and Ibrahim, 2012). Due to the difference in banking practices and culture a number of empirical studies have been conducted that measure the service quality that is exclusively related to Islamic banking services. Studies conducted by Othman and Owen (2001), Al-Tamimi and Al-Amiri (2003), Hossain and Leo (2009) are some of the examples. CARTER measure, promulgated by Othman and Owen (2001), that was designed for Kuwait Finance House is an alternative to the studies that have used SERVQUAL or SERVPERF (Taap et al., 201; Abedniya et al., 2011; Kumar et al., 2010; Haron and Azmi, 2008). CARTER model includes 34 items and six dimensions. These six dimensions are composed of reliability (ability of the bank to provide utmost performance as per the proposed standards), compliance (observance of the requirements of Sharia law), empathy (focus and attention on each individual customer), assurance (honesty and credibility of the employees), tangibility (quality of equipment’s and communication materials and responsiveness (ability and readiness to retort the inquiries of customers). BSQ index model developed by Abdullah et al. (2011), developed in context to Malaysian banking industry, comprised of 29 items and three dimensions. The three dimensions included responsiveness, reliable communication and systemization. A study conducted in context with Iranian banking industry prescribed reliability and assurance as the two most important dimensions of banking service quality (Ebrahimi and Moghadam, 2012).
3.7 Customer Satisfaction

CS has emerged as an important area of marketing during last two decades and has been regularly researched by the researchers. It has been acknowledged as an important constituent that compel customer’s loyalty, their retention as well as their post purchase behavior (Kotler & Keller, 2006; Reichheld, 1996; Rust et al., 1994; Heskett et al., 1994). A number of studies conducted by the researchers authenticate that measurement of CS with regard to the service quality is an important means by which the organizations investigate and research the minds of its customers and draw useful inferences and feedback to make their marketing strategy more efficient and effective (Zairi, 1994). As the organizations continue to satisfy their customers by fulfilling their needs and requirements, it is essential for banks to measure and gauge the level of satisfaction of their customers who use internet banking.

Various researchers have defined CS in different perspective. Some of the definitions of CS are given hereunder:

CS is a “psychological concept that involves the feeling of wellbeing and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service” (WTO, 1985). Youjae Yi (2007) suggested that CS “as an attitude-like judgment following a purchase act or a series of consumer product interactions.”;

CS is “a consumer’s post-purchase evaluation and affective response to the overall product or service experience.” (Oliver, 1992);

Besterfield, 1994, suggested that “Satisfaction is merely the result of things not going wrong; satisfying the needs and desires of consumers.” Kanji and Sa Moura, (2002) defines that satisfaction is a pleasure and delight. Bruhn (2003) explained that CS is “an experience-based assessment made by the customer of how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled.”
Hunt (1993) observed that from a transactional perspective CS is one time post purchase evaluative judgment. Whereas, Fornell (1992); Anderson et al. (1994) and Wang & Lo (2002) gave their views that CS is an overall evaluation by the customer of a service or product and is based on the consumption experiences of the consumers over a period of time.

CS is defined as an outcome or a procedure. One of the important area that has been thoroughly worked in CS is that how should it be defined. As a process or as an outcome? Earlier CS was treated as a process which is still a dominant view of most of the scholars (Parasuraman et al., 1988, Oliver, 1980).

Parasuraman et al. (1985) in their work that the two terms service quality and satisfaction are not same although they are considered as synonyms. Some researchers recognize CS as cumulative whereas some identify CS as transactional.

Khalifa & Liu, (2002) gave their arguments that taking CS as a process assumes that it is a feeling of satisfaction and it is a result of evaluation of customer’s expectations and perceived performance. Richard Oliver (Oliver, 1980) also supported this viewpoint in expectation disconfirmation theory. If the customer is satisfied from performance of the product or service or if the performance of product is equal to the expectations of the customer then he is a satisfied customer. If the performance of product or service is not in confirmation with the expectations of the customer then the customer is dissatisfied. In case if the performance is more or higher than the expectation of the customer then he is highly satisfied. These definitions do not define satisfaction in a proper manner as they consider satisfaction as a process. Rather they focus much on the things that cause satisfaction or the past history of satisfaction, which occur primarily during the process of service delivery (Vavra, 1997).

“Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s performance (outcome) in relation to his or her expectation.” (Kotler& Keller, 2006).
“The process of customer overall subjective evaluation of the product/service quality against his/her expectation or desires over a time period.” (Gyasi & Azumah, 2009).

Research and studies conducted during recent past have established that satisfaction is end result of the process of consumption of a service and it is taken as a post-purchase experience (Vavra, 1997). This view is related with the motivation theory which assumes that people have a desire to satisfy their needs. (Maslow, 1954). Vroom (1964) gave his views that the behavior of the individuals is concentrated on the fulfillment of relevant goals. Rust & Oliver (1994) suggested that the customers perceive satisfaction as a goal to be achieved and it could also be defined as response of the consumer after fulfillment of desire. For the purpose of this study, CS is taken as a process perspective. The reason is that in internet banking scenario the customer’s evaluate internet banking service quality at the time of when the service is delivered.

3.7.1 Service Quality

Disconfirmation theory describes and explains the satisfaction formation process. This theory was propounded by Oliver (1980). This theory believes that satisfaction is the result of and is formed by difference between the expectation of customers and their perceived performance. This theory further explains that the customers have some expectations when they visit the service provider. They consume or purchased the product after comparing their expectations with the performance they have perceived about the product. After purchasing or consuming the service they either disconfirm or confirm their expectation and the outcome is satisfaction or dissatisfaction. This process is displayed in the Figure 3.3.
Figure 3.3: Expectation Disconfirmation in Satisfaction Formation.

Classification provided by Jones and Sasser (1995), suggests that the customers can be segregated in four groups. These groups are “Apostles”, “Hostages”, “Mercenaries” and “Terrorists”. The customers that are highly satisfied and are highly loyal are “Apostles”. These customers, due to their loyalty and satisfaction, recommend the product or service to others. “Hostages” are the customers who are low on satisfaction but are high on loyalty because of the limited choice and alternatives. “Mercenaries” fall in that category of suppliers that are willing to change the supplier to get a low price irrespective of the fact that they are highly satisfied. These are the customers that are highly satisfied but they are not loyal to the service provider. “Terrorists” is the last category and those customers fall in this category those who are lowly satisfied and are lowly loyal. Such kind of customers use alternative supplier and show their dissatisfaction with the initial supplier. Lovelock and Wirtz (2007) is of the view that CS has been a field of interest by a number of scholars and practitioners due to the reason that its role is important for framing the strategies of the business in the prevailing cut throat competition and market. A number of researches have been conducted by various researchers on CS since 1960’s. It has always been a hot cake topic. A customer behavior model was framed by Sprowls and Asimow (1962) which pointed out that of the customer is making repeat purchasing it means that he is satisfied with
the product or service offered. Cardozo’s (1965), by the help of a laboratory experimental study cited CS with a particular product was determined by their indomitable attempt to obtain the product in question as well as the expectation of customers about the product. Olshavask and Miller (1972) and Anderson (1973) investigated CS on the basis of performance of the product and the expectations of the customer. Olive (1980) defined CS as “an evaluative judgement prior to making a choice, about any particular purchase decision”. Customer’s satisfaction is the ability of the company to accomplish the business, psychological and emotional needs of its customers (Pariot). He also recognized that the level of satisfaction of customers differs from one person to another as they differ in experience and attitude as the company has perceived. Churchill and Surprenant (1982), defined CS as a “disconfirmation paradigm”. It is so because CS is a result of confirmation/disconfirmation of expectation. The performance of the product is evaluated with the expectations and desire. Therefore CS is a ranking which is given by the consumers that they make after making a comparison between their pre-purchase expectation and their perceptions of actual performance of the product or service (Oliver, 1980). Kotler & Keller, 2006 says “Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s performance (outcome) in relation to his or her expectation”. Bloemer, Ruyter, and Peeters, (1998) gave their opinion that CS in banks is observed when the banks fully meet the expectations of their customers. Jamal and Naser (2002) formed the opinion that CS is a feeling formed by customers of bank after taking the service and it is connected to the purchasing behavior of the customer. CS is also regarded as a state of mind of the customers for the company when their expectations over the life time of the service or product have met or exceeded. Thus the CS is formed within a time period of product lifecycle. . Therefore the CS emerges among pre-exposure and post-exposure of attitudinal component (Oliver, 1980). Jamal and Nasser, (2002) found that it works as a link among different stages of buying behavior of the customer. Boulding et al. (1993) gave the concept that CS is specific for every transaction whereas Anderson, Fornell and Lehmann, (1994) were of the view that it is
cumulative consumption experience. Distinguishing the two views Hunt (1977) and Oliver (1977, 1980, 1993) observed that conceptualization acknowledges CS as evaluative judgment followed by a specific buying process whereas Johnson and Fornell, (1991) were of the view that cumulative CS puts more stress on the total evaluation based on total consumption of the goods or service over time. Lenka, Suar et al. (2009) took a different view and acknowledged CS as a mixture of their cognitive and affective response towards service. Johnson and Gustafsson (2000) specified that service features give customers benefits and the benefits develop satisfaction.

The above discussions suggest that if the customer derives higher benefits from a product then the level of satisfaction will also be higher. The measurement of CS differs from one situation to another and there is no scale that can be deemed fit in every situation. In words of Oliver (1997), “everyone knows what (satisfaction) is until asked to give a definition. Then it seems, nobody knows”.

CS has turned into a major area of marketing that has received sizeable publications from scholars and practitioners in the last two decades. Satisfaction is a person’s feeling of contentment or disappointment resulting from comparison of a product’s performance (outcome) with respect to his or her expectation (Kotler P. and Keller K., 2006). CS has been accepted as an important element that drives loyalty, customer retention and post-purchase behavior of customers (Heskett J. L., Sasser E. and Schlesinger L., 1997, Kotler P. and Keller K., 2006 and Rust R. T. and Oliver R. L., 1994). It is well recognized that the measurement of CS regarding the quality of service of firms is a necessary means by which organizations probe into the minds of its customers for vital feedback that could form the foundation for effective marketing strategy (Kotler P. and Keller K. 2006, Nimako S. G., 2012 and Shamdasani P., Mukherjee A. and Malhotra N., 2008). Since firms survive to satisfy customers by meeting their demands, it is crucial for banks that offer internet banking services to consistently and periodically measure the level of satisfaction of their customers. As customers use the Internet banking services, it might be that they are not contented, to
some extent, with certain measures of the service quality. While some authors perceive satisfaction as cumulative the others view it as transactional. In a transactional-specific perspective, CS is based on a one time, specific post-purchase evaluative judgment of a service meet (Oliver R. L., 1993). On the other hand, in the cumulative perspective, CS is conceptualized as an overall customer evaluation of a service or product based on purchase and consumption experiences over a period of time (Anderson E. W., Fornell C. and Lehmann D. R., 1997). It is argued that since cumulative satisfaction is based on a succession of purchase and consumption experiences, it is more reliable and useful as a predictive and diagnostic tool than the transactional perspective which is based on a one-time purchase and consumption experience.

Danaher and Haddrell (1996) studied a comparison of a number of scales simultaneously on the same respondents. They concluded that the disconfirmation scale is a preferred method to measure CS, and that a five-point disconfirmation scale would be an improvement over the three-point scale if high predictive validity is a must. They, however, noted that one setback of the five-point disconfirmation scale could be its use in telephonic surveys, where respondents might have to be continually reminded of five rather than three point scale. Therefore, overall CS with various dimensions of the quality of internet banking service should be measured using five-point disconfirmation scales.

The financial sector is an appropriate example of where the association between seller and buyer is complex because the services are heterogeneous (Eriksson & Mattson, 2002) and contain an all-embracing level of uncertainty (Eriksson & Sharma, 2003). Financial services, such as accounts, funds, placements and mortgages, are often perceived as intricate for consumers to understand, thus further complicating the consumers’ decision-making process and appending a high perceived risk to it. For the consumers who have wide-ranging knowledge of financial services, it is more likely that they use Internet-based financial services than consumers without the matching level of knowledge.
As per the statement of Pikkarainen et al (2004), “online banking acceptance has gained special attention in academic studies during the past five years”. Studies have observed that the banks are moving to an online mode for numerous reasons. The two major reasons, according to (ibid), are cost reserves flowing to banks that offer online rather than physical services and the move to a more self-service mode because local office banking took more time and effort.

The acceptance of IT, for example internet banking, has been studied using various models. Recently, the Traditional Technology Acceptance Model (TAM) was applied by (ibid) in Finland and it was found that main factors influencing customers’ acceptance to online banking were their perceived usefulness of information on the same.

With the model, it is advocated that system use (i.e. actual behavior) is evaluated by perceived ease of use and perceived usefulness, which are related to outlook and thereby to actual use. Also recently, Shih and Fang (2004) tested the usefulness of numerous IT adoption models to Internet banking adoption in Taiwan. These fifteen models were the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB), both in decomposed and pure form. They concluded that both TRA and TPB produce a good fit to the data although “the decomposed TPB model has better explanatory power for behavioral intention, attitude and subjective norm than the TRA and pure TPB models” (p. 220).

3.7.2 Web quality

The quality of a web site reflects overall perceptions of consumers as to how well they think a web site looks and works and, particularly in comparison to that of others (McKnight et al. 2002). Web site quality has been inspected by a number of studies within the information systems literature (Kettinger and Lee 1997; Huarng 2011) and the literature pertaining to marketing (Zeithaml et al. 2002). Most of the studies have conceptualized web site quality as a decisive construct composed of numerous sub constructs, although there is no apparent consensus
about which sub construct to use (Wolfinbarger and Gilly 2003). Field et al. (2004) have recognized at least 30 different sub constructs of web site quality. Accordingly, distinctive components of conceptualizations of web site quality include graphical style (Montoya-Weiss et al. 2003), navigability (Loiacono et al. 2000) and functionality (Zeithaml et al. 1996). In general, the quality of a web site is defined by the user’s general perception of aesthetics, navigability and functionality of the web site (McKnight et al. 2002).

3.7.3 Trust

In line with many preceding studies in the marketing literature (Doney and Joseph 1997; Geyskens et al. 1998; Ganesan 1994), trust is generally defined as a belief that an exchange partner is honest and benevolent. Based on the expectations of its customers, a company does not intend to break promises, lie or take advantage of the customers’ vulnerability (Jeffries and Reed 2000). Furthermore, trust is a feeling of security apprehended by the consumer that his/her consumption expectations will be met with (Atuahene-Gima and Li 2002; Chaudhuri and Morris 2001). Several studies have revealed that trust can have a positive influence on the attitudes and behaviors of a company’s customers and channel partners. A number of researchers have suggested that trust promotes higher customer loyalty (Agustin and Singh 2005), more collaborative and cooperative exchange relationships (Cannon et al. 1999; Hibbard et al. 2001) and more service usage (Maltz and Kohli 1996). Several studies have also revealed specific actions that companies may undertake to build customer trust (Anderson and Weitz 1989; Doney and Joseph 1997; Kumar et al. 1995). The concept of trust has become a popular concern in the marketing literature, because of the relational orientation in marketing research. Analysts of internet have observed that low trust in the web domain dampens customer response to online advertising (Huarng et al. 2011). Third-party guarantors of trust, for example web site verifiers, can help in building a context in which customers feel more at ease while responding to specific company promotions (Shankar et al. 2003).
3.7.4 Merchandising

Merchandising is defined here, as dynamics associated with selling offerings online other than site design and shopping handiness including product information and product offerings available online (Szymanski and Hise 2000). Superior product collection results in positive perceptions of CS, especially when the customer wants an item that is broadly available. The features of the merchandising attribute to be evaluated are offering extensive product assortment variety, offering seasonal products and offering exclusive and specialty products (Szymanski and Hise 2000). When consumers wish for items that are not widely distributed (for example specialty goods), unavailable at brick-and-mortar stores, produced in limited quantities or shelf space is limited (Degeratu et al. 2000; Bart et al. 2005), it appears reasonable for people to rather buy products through the Internet.

Customers choose between contending products, depending upon the perception of which choice offers the best value (Schaupp and Belanger 2005). The wider variety of products can include items of superior quality that may be attractive to consumers. The lower costs of search traditionally linked with online shopping are deliberated to result in consumers buying superior quality items (Bakos 1997).

3.7.5 Customer service

Customer service refers to the deliverance of a product or service and payment procedures, and it is an essential feature of web sites with transactional ability (Pan et al. 2002, 2003; Bart et al. 2005). The significance of customer service as a builder of online trust is liable to vary across products. When consumers care intensely about the products they buy online and are not sure about trusting that web site, they may rely on the site’s customer service track record (Fornell and Westbrook 1987; Singh 1988). Research into customer complaints, recovery, service failure and dynamics has flourished with the augmentation in size and economic importance of the service sector (Singh 1988; Smith et al. 1997). Indeed, marketing and services scholars have the impact of online CS dedicated
considerable attention to conceptualizing and modeling service dynamics including dealing with complaints, delivery, service, and payment procedures in a diverse range of contexts (Valerie et al. 1996; Peterson et al. 1997; Fornell and Westbrook 1984; Singh 1988).

3.7.6 Online satisfaction

The concept of services ‘marketing’ is primarily concerned with satisfying customers’ wants and needs when CS can be regarded as the core of all marketing activities (Machleit and Mantel 2001). CS has been defined as a cognitive or affective feedback that surfaces in response to a single or protracted set of service encounters. CS is a multifaceted construct. Cronin and Taylor (1992) measured and defined CS as a single-item scale that asks for the customer’s overall perception toward an organization.

Bitner and Hubbert (1994) used four items to measure customers’ overall satisfaction with the service provider, introducing the concept of satisfaction and devising a nine-item scale to measure it. Price et al. (1995) measured service satisfaction by applying a six-item scale while studying the structural model of the relationships among service provider performance, service satisfaction and affective response. Machleit and Mantel (2001) and Westbrook (1987) also accentuated the emotional nature of CS in the context of service industry. Oliver (1981) argued that satisfaction is the emotional reaction to a specific product/service experience. These emotional reactions arise from disconfirmation of a consumer’s perceived performance of service or product and his or her pre-purchase expectations of performance (Swan and Oliver 1989; Tse and Wilton 1988).

3.8 Online Customer Service Quality

Online customer service quality is a dimension of overall internet banking service quality. It suggests a gap theory between expectations of customers pertaining to the performance of service providers and their assessments of the actual
performance that drive their perception of service quality. The perceptions of service quality are influenced by both the interpersonal and non-human interactions with service providers. It evaluates the difference between customer’s expectations and management’s perception about the satisfaction of the customers. It emphasizes on variation between service delivery and service quality specifications and checks the disparity between perceived service by the customers and their expectation of service.

3.8.1 Service quality

Service quality does not have any specific definition. The reason is that the dimensions of service quality are different in service industry. Various researchers have developed a number of models to explain the framework of service quality. Suuroja (2003) explains that the concept of service quality is based on the theory of disconfirmation which states that the perceived quality of the customer is result of comparing specific performance with standards. This concept implies that there is difference in performance of service quality. Gronroos (1984) defined service quality as “the outcome of an evaluation of process where the consumer compare their expectations with the service they are received”. Gronros hypothesized that perceived service quality, by the customer, is a sub set of image quality, expected service and perceived service. Technical quality and functional quality are functions of image quality. Gronroos’s service quality model is demonstrated in figure 3.4 below:
Parasuraman et al. (1985) designed “expectation performance” gap model which was based on definition of service quality of Olive (1980) and the model of Gronroos (1984). This model described that the gaps are difference between expected performance and perceived performance so the mode is named as gap model. Parasuraman and Zeithaml (1988) reviewed the model of 1985 and redesigned the model as extended gap model. The extended gap model is shown in the figure 3.5.
Figure 3.5: The Extended Gap Model of Service Quality (Source: Zeithaml et al (1988))

This model provided five major sources of gaps of service quality that are discussed below:

- Difference among expectation of the consumer and perception of management about satisfaction of customer.
- Variation among service delivery and service quality specification.
- Discrepancies among the perception made by management about the expectations of consumer and service quality specification.
- Disparity between service perceived by the consumer and his expectation of service.
- Disagreement between communicated service delivery and communicated service delivery.

The gap model states that the extent of gap decides the level of service quality. The gap model of stating service quality as a gap among perceived performance and expectations of performance are quiet inductive, but it is also criticized by the researchers. A number of authors and researchers have criticized expectation performance gap model. Researchers argue that theoretically it is not likely that the customer will be able to decide what ideal performance is and what is above ideal performance and hence will not be able to give suitable values (Teas 1993). It means that the customer may not be able to weigh up above ideal performance with high values in comparison to the value they will assign to ideal performance. The customers are not able to make a difference between above ideal performance and ideal performance in the process of service quality evaluation. Therefore, the distinction between perceived performance and expectations of customers cannot be taken as a healthy measure of service quality. It may be worth noting that the gap model will be a suitable measure in case where the performance is below expectation. It will not be a suitable service quality measure, in case, where performance exceeds expectations of the customers.
Although service quality is gap among performance and expectation then also the quality of the service should be visualized as attitude of customer towards the service.1

The quality of service shall be taken as the attitude of the customer towards the service even if it is a difference between performance and expectation. (Cronin and Taylor, 1992). They were of the view that “conceptualizing service quality as an attitude makes it practicable for service quality to be measured by evaluating the importance of the specific aspects of a service that are relevant to customers’ perception of service quality or by evaluating customers perceived performance about specific facet of a service.

Study conducted by Cronin and Taylor (1992) on the measurement of service quality stated that determining service quality to evaluate perceived performance of the customers is a good indicator of measuring service quality as compared to determining service quality as a space between the performance that is expected and the performance that is perceived. The work of Cronin and Taylor (1992) helped them to develop a new measurement instrument and they named it as SERVPERF which was in contradiction with SERVQUAL which propounds performance and expectation gap theory.

3.8.2 Service Quality and Its Dimensions

Different scholars have viewed service quality in different manner with regard to its dimensions as service quality is generally regarded as multidimensional construct. Parasuraman et. Al (1984) stated that service quality is composed of the attributes that are explicit and implicit. Suuroja (2003) suggested that it will be more appropriate to view service quality as a function of various components instead of considering it as a mono construct.

However the contents of the dimensions have always been a debatable topic with respect to their number and nature. But the substance proposed by researchers in
various dimensions does not differ so much. Higher variation is observed in the number of components and the form of the components as well.

Some of the researchers have used wide terminologies to portray the service quality and its dimensions whereas some other researchers have provided much detailed and specific explanation with respect the difference in the number of dimensions and their forms.

In one of the earliest research Gronroos (1984), summarized and conceptualized that service quality is a bi-dimensional construct. In views of Gronroos (1984) “Customer’s perceptions of service process are divided into two dimensions”. Gronroos classified and named these dimensions as:

- Technical quality dimensions, and
- Functional quality dimensions.

Technical quality dimensions are the result of service process. To illustrate, in a bank the withdrawal service results in accessing and taking out your money when one needs it. On the other hand the functional quality dimension signifies the quality provided by the service process. To illustrate, in a bank withdrawal process the procedure of withdrawing money, formalities involved and experiences in accessing the money, such as filling withdrawal form or cheque, waiting in queue, etc. all involve function quality. In common parlance the technical dimension is known as outcome dimension whereas the functional dimension is generally known as process dimension. Suuroja (2003) focused that the construct of service quality prescribed by Gronroos are based on “what” customers obtain and “how” they obtain it. However during 1984, Gronroos propounded that the image of the firm influences and affects the perception of customers with respect to service quality, distant from “what” and “how” dimensions.

The views of Lawis (1993) with respect to the dimensions of service quality were almost same as of Gronroos (1984). He propounded the third dimension of service
quality is corporate image. In his justification he explained that the technology and system should be included as a dimension as it provides the outcome. To illustrate the technical dimension in banking sector take into consideration the quality of banking services, debit cards, credit cards, deposit kiosks, speed and upkeep of ATM machines etc. Gronroos (1984) stated that “functional quality consists of interpersonal relations and interactions between employees and customers, appearance, personality and approachability of service personal, and all that affects the way a service is delivered.” Lawis opined that functional quality dimension as well as technical quality dimension is important to build corporate dimension.

Lehtinen and Lehtinen (1991) prescribed three-dimensional construct of service quality. They suggested that the concept of service quality is three dimensional and is composed of corporate quality, physical quality and interactive quality. Lehtinen and Lehtinen (1991) suggested that the physical quality is composed of the perseverence of the customers about the physical environment within which the customer acquire the service. He illustrated tableware in a restaurant as an example of physical environment. Looking from perspective of banking the example of the physical quality can be the instruments that are used by bank’s staff in the process of providing service. They suggested that interactive quality is the manner of interaction of the staff of bank that convenes the participation style of customers. They explained evaluation of corporate image of the bank or service provider by its customers as corporate quality.

Parasuraman et al (1988), suggested service quality as the simple or weighted average of the space among expectation of customers and the performance perceived by them along with the five dimensions of service quality. These five dimensions were the basis of the SERVQUAL which is a common and most widely used measure of service quality. The five dimensions are shown in the table below:

**Table 3.2: Five Broad Dimensions of Service Quality**
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>This dimension of service quality refers to the appearance of physical facilities, the quality of written material, the equipment used and the behavior of personnel.</td>
</tr>
<tr>
<td>Reliability</td>
<td>It is the ability of the bank to execute the services accurately and reliably.</td>
</tr>
<tr>
<td>Responsive</td>
<td>It refers to the preparedness of the bank to help the customers and deliver quick services.</td>
</tr>
<tr>
<td>Assurance</td>
<td>It refers to the knowledge and courtesy of the employee about the service and his skill to arouse trust and confidence in customer.</td>
</tr>
<tr>
<td>Empathy</td>
<td>It refers to caring attitude, good and soft communication, understanding the needs of the customer, giving individual attention to the customer and providing him an easy access to service.</td>
</tr>
</tbody>
</table>

Source: Zeithaml et al. (1990)

Zeithaml and Bitner (1996) examined and observed the five dimensions of Parasuraman et al (1988) opined that these dimensions are relevant for all the firms that provide service but specifically they are more pertinent to banking sector firms. In view of Levesque and McDougall, (1996) “For instance, reliability pertains to good reputation of the bank; safety and assurance are relevant for customers’ trust and use ATM and credit card; communication ensures that customer complaints and banks efforts to address them is exchanged between management and customer; and Empathy is crucial in facilitating customers access and dealing with the bank”. Jamal and Naser (2002), in their work suggested tangibility as one of the significant dimension of the quality of service of the banks.
SERVQUAL model of Parasuraman et al (1988) was amended by Kumar, Kee and Manshor (2009) and they added one more dimension to it making it overall six dimensions. This dimension was “convenience”. They named it as modified “SERVQUAL” model. In their words “An additional dimension, convenience (additional four statements), is added, as it is one of major concern for the bank customers particularly in Malaysia. The perception of service “convenience” may affect customers’ overall evaluation of the service, including, satisfaction with the service and perceived service quality and fairness (Berry et al., 2002). Therefore, this study is based on the modified SERVQUAL model, which is assumed to contain six dimensions with 26 statements”. Figure 3.6 below shows the modified SERVQUAL model.

They conducted a factor analysis of the six dimensions and categorized the four vital factors from the six. The four vital factors categorized by them were Tangibility, Competence, Reliability and Convenience. They concluded that in Malaysian banking context these four factors are most important and act as driver of the perception of service quality.

**Figure 3.6: The Modified SERVQUAL Model**

*Source: Kumar, Kee and Manshor (2009).*
Avkiran (1994), studied the factors affecting the service quality in context to banking sector. He recognized four diverse factors that are responsible for influencing service quality in banks. The factors listed and their constituents are shown below in precise in table 3.3.

Table 3.3: Four Distinct Factors That Influence Service Quality

<table>
<thead>
<tr>
<th>Staff Conduct</th>
<th>Responsiveness, civilized conduct and presentation of branch staff that will project a professional image.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>Maintaining bank staff-customer trust by rectifying mistakes and keeping customers informed.</td>
</tr>
<tr>
<td>Communication</td>
<td>Fulfilling bank needs to customers by successfully communicating financial advice and serving notices timely.</td>
</tr>
<tr>
<td>Access to Teller Services</td>
<td>The adequacy of number of branch staff serving customers throughout business hours and in peak hours.</td>
</tr>
</tbody>
</table>

Source: Avkiran (1999)

Sureshchander et al (2002) performed a study on the factors that are significant for the evaluation of service quality. He opined that from the perspective of customers of the bank there are five factors that influence the service quality in bank service process. These five factors are:

- The core services or the products of the bank.
- The involvement of human element in delivering the service.
- The involvement of system in delivering the service, i.e., non-human element.
- The service capes, i.e., the environment in which the service is delivered.
- The social responsibilities of the banks for its customers.

The definitions of all of these factors identified by Sureshchander et al (2002) are shown in table 3.4.
Table 3.4: Factors Significant for Evaluation of Service Quality

<table>
<thead>
<tr>
<th>Core service or service product</th>
<th>Core services of the bank are comprised of receiving deposits from customers, ATM facilities, home loans, car loans, telephonic banking, issuing traveler’s cheques, providing lockers for safe custody of valuables, retirement accounts, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human element of service delivery</td>
<td>The human element of service delivery is comprised of delivering banking services according to the promise of the bank employees, the efficiency of the bank employees and their capability to take action if any critical event happens. It also covers the readiness of the bank employees to assist customers and their enthusiasm to retort the request of customer. It is an act of making the customer realizes that he is safe and protected in making any transaction with the bank. It is an act of providing personal care to the customers and giving individual attention to the customer with his best interests at heart.</td>
</tr>
<tr>
<td>Systematization of service delivery-non-human element</td>
<td>In banking sector perspective it is composed of having a high standard and simple process of delivery. It will help the banking services to be delivered within minimum time that also without any high bureaucracy troubles, increase in the capacity with respect to technology, for example, wireless banking, telephone banking, mobile banking, internet banking, etc. It aims at providing effectively a high quality services to the degree to which the processes and procedures of the bank are full proof. It also includes suitable and essential facilities to perform good customer service.</td>
</tr>
<tr>
<td>Service capes (the tangibles)</td>
<td>It includes the surrounding conditions of the banking sector such as ventilation, noise and odour in the branch.</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>It refers to the belief of the bank staff that each customer should be treated alike. The location of branch should be such that it is conveniently accessible to all the sections of society, e.g., villages, downtown areas, etc. It refers to the social responsibility of the banks by providing deserving service to all the strata of society and the bank’s staff should feel itself responsible in terms of sincerity, punctuality and regularity and should maintain ethics while performing their duties.</td>
</tr>
</tbody>
</table>

Source: Sureshchander et al. (2002)

Brandy and Cronin (2001), stated that the service quality is multi-dimensional and hierarchical in nature. They prescribed a hierarchical and multi-dimensional model. In this model they promulgated a three order and three level factor model. The service quality in this model is taken as three dimensional. The three dimensional of the service quality are the quality of interaction, quality of physical environment and the quality of outcome. Each of the dimension is further divided into “three corresponding sub-dimensions: attitude, behavior and experience (interaction quality); ambient conditions, design and social factors (physical environment quality); waiting time, tangibles and valence (outcome quality)” (Hui, Chern, and Othman, 2011).
Gronroos (1984), in his earlier research proposed two dimensions of service quality. Brady and Cronin (2001) added one more new dimension to the work of Gronroos. The construct added by them also regards service quality as assessment of three dimensions. These three dimensions are appraised under three sub component levels. Hierarchical and multidimensional model prescribed by Brady and Cronin (2001) is shown below in figure 3.7.

**Figure 3.7: The Hierarchical and Multidimensional Model of Brady and Cronin**

**Source: Brady and Cronin (2001)**

Most of the literatures reviewed with respect to the perceived service quality argue service quality as the total of perception of customers for the performance of service under a given set of dimensions. The set of dimensions may be between two to five. Ten dimensions prescribed by Parasuraman et al. (1985) are the exception to it.

The studies conducted recently define the service quality as assessment of overall service quality by the customers. According to this concept the service quality is treated as something more than the sum of perception of customers of the service
quality performance and attributes pertaining to the service quality. The factors pertinent to service quality are not the constituents of service quality rather they are antecedents of service quality. Dabholkar and Thorpe (2000) are some of the scholars having this view. The basis on which the service quality is viewed as a construct should not be measured together with its determinants rather should be measured separately. The reason is that the evaluation of service quality is composite and is complex in nature and is not a submission of perception of the customers with respect to service quality. Suuroja (2003) suggested that “it is believed that direct measures of overall service quality produce better results instruments that measure service quality as sum of component”.

The study conducted by Dabholkar et al. (2000) on the retail service quality suggested service quality as a multilevel construct not as a multi-dimensional construct. Considering multilevel model it is supposed that the customers not only assess the factors that have impact on service quality, they also distinctly evaluate service quality which is not a submission of evaluation of factors influencing service quality.

Multi-level model proposed by (Dabholkar et al, 2000) is shown in the figure 3.8 below.

![Figure 3.8: The Multilevel Model of Retail Service Quality](image-url)
Suuroja (2000) compared various concepts of service quality and suggested a “General framework of perceived service quality”. The model proposed by Suuroja (2003) indicated that the expectation of the customers can influence their perception about the quality of service. But it should be taken care that service quality is not the gap among customer’s expectation and their perceived performance.

Suuroja (2000) opined that the measurement of customer’s expectations of service possesses a diagnostic value but it cannot be taken as a standard for measurement of the overall service quality. In 2003, Suuroja, in his model, argued that overall service quality is not the sum of the evaluation of service quality dimensions done by customers. Suuroja opined and supported the idea that it is not necessary for the overall service quality to be the total of evaluation of dimensions of service quality. He added that it is rather evaluations on its own. Suuroja (2003) in his own words stated that “the concept of service quality cannot be viewed merely as a sum of dimensions but as a hierarchy in which the dimensions are not components but antecedents to overall evaluation of service quality”. Model introduced by Suuroja (2003) is shown below in figure 3.9.
Banking service product quality is associated with the variety and assortment of the product’s features. It is intangible in nature but has a high contribution to attain competitive advantage in banking sector. It is the crucial element of pulling the customers to use online services of the bank. The various functions that the customers perform using website of bank are ease in making financial transactions, extracting monthly bank statements, purchasing shares, availing home loans and viewing their account balances.

The studies conducted earlier have established that service product quality of the banks play a crucial role in the perception of the customers about the overall internet banking service quality. Strieter et al. (1999) were of the view that the
marketing strategy of banks with prominence on offerings of a variety of financial services is the most crucial development in the banking industry. The product quality of the banks is mainly related with the diversity and variability of the product’s features. Dixon (1999) opined that the primary reason of attaining more customers through online banking is not only the fascination of the customers towards internet banking, the online products offered to the customers also play a significant role. A study conducted in Europe concluded that more than eighty seven percent of the internet banking customers feel convenient to make various financial transactions on one banking site (one-stop shopping) that includes payment of phone, internet, electricity and other bills electronically, viewing and downloading their bank statements, making transactions in the stock or commodity market and purchasing and paying their insurance premiums.

It becomes important to note that with the introduction of internet technology the bank customers have a variety of choices to affect their financial transactions or to extract financial information and use internet banking to select the competitive products and financial institutions and also the information pertaining to them. Mols (2000) suggested that “the bank products and their timely introduction on the marketplace have become a key driving force in attracting new customers and enhancing customers' satisfaction”.

The product quality of the banks is mainly related to the multiplicity of products that possess varied features. The BSPQ has an important role in defining the perception of the customers towards the overall banking service quality. It is worth noting that the banks have enhanced the stress on marketing a variety of financial services looking into the prevailing cut throat competition in the market and to survive in it (Strieter et al. 1999). Dixon (1999) also argued that “the key of getting more customers for the banks through the online service is not the attraction of the internet itself but the product offered to the customers. Bank customers want variety of functions at one site and with ease like financial transactions, paying bills electronically and automatically, viewing their balance, monthly bank statements, purchasing shares and insurance, home loans with
minimum rate of interest, purchasing cars and lands.” BSPQ is intangible in nature but it contributes a lot towards for the competitive advantage in the banking sector. So it is worth noting that regular innovation in the multiplicity of BSPQ for the current internet banking users can lead to their access of unlimited financial information and to work on a vast range of alternatives in making selection of competitive products.

3.10 Online Information System Quality

Online information system quality is focused on computer and networking-based non-personal interactions, having a specific stress on end-user computing satisfaction. It mainly includes access to website, reliability, security, ease of navigation, security, personalization, etc.

Many earlier studies have designed various models for Getting to know relevant e-service quality measures relevant to internet banking. Joseph et al. [1999] proposed six dimensions of online banking service quality comprising: efficiency, convenience/accuracy, queue management, feedback/complaint management, accessibility and customization. Zeithaml et al. [2001] argue that traits of internet service quality include: flexibility, access, reliability, ease of navigation, security, efficiency, personalization, assurance, responsiveness, site aesthetics and price knowledge. Jun and Cai [2001], found in a study of online banking, that web site design, ease of use, information, access, reliability, courtesy and responsiveness are significant measures that determine service quality. Yoo and Donthu [2001] propose four dimensions, to which they termed SITEQUAL, that include ease of use, security, aesthetics design and processing speed. The empirical work of Ho C. B. and Lin W. (2010), was carried out in an emerging economy of Taiwan Internet banking sector, they engineered and validated a model with five dimension internet banking service quality that has 17-item measurement scale for the want of measuring the service quality in internet banking. The dimensions were based on e-service quality model of
Cristobal E., Flavia C. and Guinali M. (2007). The surfaced dimensions for the internet banking service quality contexts are as follows:

- customer service,
- web design,
- preferential treatment,
- assurance and
- information provision.

### 3.10.1 Customer Service

Customer service has been recognized as the most important element for enhancing service quality in online banking and shopping (Zeithaml V. A., Parasuraman A. and Malhotra A.). Elements in customer service dimension have been observed in many previous studies (Madu C. N. and Madu A. A., 2002 and wolfinbarger M. and Gilly M. C., 2003). This dimension has to do with service customer sensitivity, reliability, fast response to complaints and personalized service that have been portrayed as responsiveness to customer needs and grievances (Parasuraman A., Zeithaml V. A. and Berry L. L., 1988).

### 3.10.2 Web design

This dimension encompasses the blueprint of the web site and includes items such as web content layout, navigability, content updating and user-friendliness. These are consistent with conclusions of previous studies (Aladwani A. M. and Palvia P. C., 2002, Yang Z. and Fang X., 2004 and Yang Z., Jun M. and Peterson R. T., 2004).

### 3.10.3 Preferential treatment

This is related to the value added to using internet banking services where customers perceive that the enticement of online banking is attractive, as
compared to the conventional banking, then they would be more enthusiastic to use internet banking.

3.10.4 Assurance

Many previous studies have demonstrated that assurance is one of the most critical elements of online banking service quality (Yoo B. and Donthu N, 2001, Wolfinbarger M. and Gilly M. C., 2003). The assurance aspect describes impressions by the service providers that pass on a sense of security and trustworthiness (Parasuraman A., Zeithaml V. A. and Berry L. L., 1988). Privacy and Security are related items that have an effect on the confidence to adopt online banking services (Wolfinbarger M. and Gilly M. C., 2003).

3.10.5 Information provision

Information provision has turned out to be one of the major elements of online service quality as customers would need the right kind of information that enables them complete online banking transactions successfully (Li H. and Suomi R., 2009).

This points the relationship between quality of service and satisfactions. In literature regarding consumer satisfaction and, contrarily, dissatisfaction, expectation and disconfirmation has been paid attention where disconfirmation shows the difference between pre purchase expectations and that of post purchase perceptions (Peter and Olson, 1990). There are two categories of disconfirmation: negative and positive disconfirmation. Negative disconfirmation arises when product performance is overestimated, consequently consumers are more prone to be dissatisfied, and positive disconfirmation appears when product performance is beyond expectations, thereby resulting in satisfaction. Especially, consumer satisfaction is the outcome of an analytical process which compares pre purchase expectations with the perceptions of performance during and after having availed the services (Mc Quitty et al., 2000). In spite of the cognitive processes, some of
the researchers opine that affections (Homburg and Giering, 2001) and collective experience (Anderson et al., 1994) could result in consumer satisfaction.

In the environment of internet banking, there is a mounting body of research which has looked into the impacts on CS. Jayawardhena and Foley (2000) demonstrated that such web features as web site content and design, speed, interactivity, navigation and security all influence CS while Broderick and Vachirapornpuk (2002) observed that the level and nature of customer involvement had the utmost impact on the service quality, know-how and concerns such as customers’ precinct of tolerance, the grade of role understanding by consumers and emotional reaction potentially determined, perceived and expected service quality.

Similarly, Lassar et al. (2000) established that a functional-quality oriented model did a better job of forecasting CS as compared to a SERVQUAL tool for those customers keenly involved or highly fascinated in service delivery. Research that explores the criterion used by the customers in evaluating i-banking service quality and their contentment with the bank overall seems to be still a relatively up-to-the-minute area (Jayawardhena, 2004; Sohail and Shaikh, 2008). Han and Baek’s (2004) gave an empirical study aimed at online banking in Korea established strong relationships among online banking service, yielded CS and subsequent customer retention.

Yang and Fang (2004) found that ease of use and efficacy are important factors in estimating online service quality. Doll and Torkzadeh (1988) figured out five quality measures that have significant impact on “end-user” contentment in an online working environment: accuracy, content, format, timeliness and ease of use. The validity and reliability of these measures were confirmed by Doll et al. (1994) and Hendrickson and Collins (1996).

Zeithaml et al. (2001) came up with e-SERVQUAL for evaluating e-service quality, by way of identifying 11 dimensions viz a viz ease of navigation; access; flexibility; efficiency; individualization; reliability; responsiveness; security; site
aesthetics; assurance and price awareness. On the lines of a suitable online retailing trade experience, Wolfinbarger and Gilly (2002) unearthed four dimensions: reliability, web site design, customer service and privacy/security. With respect to the success of a sound web site, Lin and Arnett (2000) recommended four factors viz a viz system design quality, system use, playfulness and information quality. Exploratory research carried out by Jun et al. (2004), in the framework of online retailing, revealed attentiveness, reliable/prompt responses and ease of use had substantial impacts on both customers’ supposed overall service quality and their satisfaction. It also pointed out that there is a remarkable positive relationship between both the aforesaid factors. Thus, from the literature on e-banking it appears that the key drivers are reliability and ease of use. Nevertheless, other factors like responsiveness, accuracy and web site design are equally important.

3.10.6 E-service quality

E-service quality includes all the points of the interaction of customers with a website. Parasuraman et al. (1988) analyzed the degree to which a website helps in effective and efficient shopping, delivery and purchasing. Santos (2003) views e-service quality as an overall assessment of customer and judgment of e-service delivery in the virtual marketplace. Delivery of services online is highly recognized by the world. The reason for the increased importance of e-service quality is that the customers find it much easy to evaluate the various services online than evaluating through traditional channels. Although there is a high awareness of online services, but there remains the problem that how the quality of online services can be defined, what are the determinants of defining it and what is the method of measuring it (Kenova and Jonasson, 2006). The e-service quality is an important issue to build up a valid scale. The development in e-commerce around the world makes it interesting to measure the quality of e-service as well as it creates interest in examination of dimensions of e-service (Mekovec et al., 2007). A number of studies have been executed that focus evaluation as well as measurement of online service quality.
3.10.7 E-banking Service

E-banking has emerged as a new channel for the disbursement of financial services and has gained a high importance for the banking companies to sustain in the competitive market. Pikkarainen et al., (2004) observed that e-banking service is the use of internet portal, by the help of which the clients and customers get enabled to enjoy various kinds of services offered by banks that range from payment of bills to making investment. E-banking services is helpful in making a varied number of transactions such as purchasing insurance, accepting payment from the customers, making payment to vendors and dealing in securities etc.

3.10.8 Customer Satisfaction and Service Quality

(Spreng and Mackoy, 1996) cited that the crux of marketing theory and practice lies in the two core concepts that are service quality and CS. “CS is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service” (Yi, 1999). Yang (2001) is of the view that the satisfaction decision is attained by customers after making a comparison of their expectations and product’s performance. If the performance of product or service is more than expectation a positive disconfirmation is the outcome which helps increasing the satisfaction. Contrary to it if the performance is less than expected a negative disconfirmation takes place which results in decreasing satisfaction.

For the past several decades, several empirical and conceptual studies have endeavored to address the major attributes of quality of service, directly or indirectly, allied to online banking service and, SERVQUAL has been broadly accepted and exercised in measuring the service quality of information systems (van Dyke et al., 1997). Yang and Jun (2002) redefined the conventional service quality dimensions regarding online services, and recommended an instrument comprising of seven online service measures (access, reliability, personalization, ease of use, credibility, security and responsiveness). Joseph et al. (1999) measured banking service quality with regard to technology used, such as telephone, ATMs, and the authors’ key aspects discussed Doll and Torkzadeh

3.11 Overall Internet Banking Service Quality

Overall Internet Banking Service Quality is the complete evaluation of the services provided by a firm using which the performance of the firm can be compared with the general expectations of the customers. It is the difference between the expectations of the customers before receiving the service and their perception about the service after the service is received.

Quality of service has been adjudged as a critical success element for business entities to build their gung ho advantage and increase their competence.

Parasuraman et al. (1988), as cited in Santos, (2003) defined service quality as “The overall evaluation of a specific service firm that results from comparing that firm’s performance with the customer’s general expectations of how firms in that industry should perform”. Asubonteng et al. (1996) (as cited in Saha and Zhao, 2007) defined it as “The difference between customers’ expectations for service performance prior to the service encounter and their perceptions of the service received”. Bitner et al. (1990), (as cited in Hank and Beak, 2004) define service quality as “the consumers’ overall impression of the relative inferiority/superiority of the organization and its services.” However various
Researchers have given various definitions of service quality which vary from person to person but the real meaning of all the definitions is same. Service quality requires finding out that the service delivery meets customer expectations or is more than or less than their expectations.

Revolutionary work by Parasuraman et al. (1985) augmented ten determinant (responsiveness; reliability; competence; access; communication; courtesy; security; tangibles; credibility; and understanding the customer) of service quality as a consequence of their focus cluster studies with customers and service providers which afterward resulted in the development of the SERVQUAL tool with these ten elements distilled into five overall measures of service quality. These five measures of SERVQUAL are (Parasuraman et al., 1988, 1991):

3.11.1 **Tangibles:** These are those measures of service quality which could be seen and which relates to the equipment, communication materials, physical facilities and personnel.

3.11.2 **Responsiveness:** Responsiveness means the quality of reacting quickly. It points to the readiness of service providers to provide prompt service and to aid customers.

3.11.3 **Reliability:** Reliability refers to the ability to be relied on or depended on, as for accuracy, honesty, or achievement. It pertains to the ability to carry out the promised services accurately and dependably.

3.11.4 **Assurance:** It is an indication that arouses confidence among the customers. It refers to the civility and knowledge of employees and their capability to convey confidence and trust.

3.11.5 **Empathy:** Empathy means 'the ability to understand and share the feelings of other persons from their perspective. It relates to the provision of compassionate and personalized attention to customers.
Table 3.1: Dimensions of Service Quality

<table>
<thead>
<tr>
<th>Service Quality Dimension</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Reliability</td>
<td>Requires consistent performance and dependability of the service.</td>
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<tr>
<td>Access</td>
<td>The service can be easily approached and contracted.</td>
</tr>
<tr>
<td>Credibility</td>
<td>Trustworthy, believable and having customer’s best interest at heart.</td>
</tr>
<tr>
<td>Security</td>
<td>It should not carry any kind of doubt, risk and danger.</td>
</tr>
<tr>
<td>Competence</td>
<td>To perform the service the service provider should possess necessary skill and knowledge.</td>
</tr>
<tr>
<td>Understanding/Knowing the Customer</td>
<td>Efforts should be made to understand the needs of customers.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Willingness or readiness of employees to provide service promptly and timely.</td>
</tr>
<tr>
<td>Courtesy</td>
<td>Politeness, friendliness and respect of contract personnel.</td>
</tr>
<tr>
<td>Communication</td>
<td>Providing information to the customers in the language they can understand.</td>
</tr>
<tr>
<td>Tangibles</td>
<td>Physical evidence of services.</td>
</tr>
</tbody>
</table>

Source: Quality online banking services, 2006, p. 9

If one views the literature on conventional banking and its service quality, work by Johnston (1995) exposed that there are some determinants of service quality that are chiefly satisfiers and others that are chiefly dissatisfiers with the main basis of satisfaction being responsiveness, care, attentiveness and friendliness.

The main sources of discontent are reliability, availability, integrity, responsiveness and functionality. Further work by Johnston (1997) suggests that
certain activities, such as escalating the speed of data processing and customer handling, are likely to have an enormous impact in terms of satisfying customers; however, other activities, such as improving upon the reliability of equipment, will decrease dissatisfaction and argues that it is more imperative to ensure that the dissatisfiers are dealt with earlier than the satisfiers. Johnson et al. (2008) also demonstrates that the impact of various dissatisfiers such as chaos, inefficiency, incompetence and remoteness of online banking customers, satisfaction is arbitrated by consumer performance indistinctness and consumer conviction in the technology.

Therefore, in order to uphold and enlarge their customer base, it is vital for banks to comprehend the criteria customers use to assess internet banking services and, also, how these affect their insight towards the quality of overall internet banking services, and satisfaction level with e-service and banking on the whole.

It is possible to conceptualize Internet banking within the context of electronic banking. Though it has been variously defined, electronic banking is the transfer of bank’s information and services by banks to customers, and vice versa, via different delivery platforms that can be employed with different terminal devices such as mobile phones and personal computers, telephones or digital televisions and with browser or desktop software.

Therefore, Electronic banking could be categorized into PC banking, TV-based banking, Telephone-based banking and Internet banking. It is a platform that consists of numerous distribution channels. Internet banking is the phenomena wherein customers can access their bank accounts via the internet using a mobile phone and web-browser or a personal computer (Zeithaml V. A., Parsuraman A. and Malhotra A., 2001).

A conceptual framework developed on the basis of stimulus-organism-response (S-O-R) is exhibited in Figure 3.1 below (Eroglu et al. 2001, 2003). In the said framework, stimulus is characterized as an impact affecting internal, organismic states of an individual. The organism is symbolized by the processes that interact
between the stimulus and the response of an individual. The response signifies the end result viz. CS or avoidance/approach behaviour. Barnes and Vidgen (2001) argue that the quality of a website can only be measured from the point of view of the customer. DeLone and McLean (2003) gave an information system success model which conforms to this idea by separating information quality, system quality and service quality. Hence this study suggests that from the point of view of the customer the website quality can be adjudged in terms of the above three fundamental factors. In an online travelling agency context the stimulus is quality of the website as it affects a customer’s internal state. Researchers have shown that the quality of a website includes the prompts used to design a website considering information quality, system and service quality (Ahn et al. 2007; Delone and McLean 2003; Shih 2004). In addition to this Webster et al. (1993) observed that perceived flow and perceived playfulness are human psychological states which varies with contexts of situations and may be persuaded by the interaction of an individual with the particular situation. Thus this study treats perceived flow and perceived playfulness as organism valuables that are changed by various stimuli. Consequently, this study conceived that stimulus such as website quality does influence a customer’s perceived flow and perceived playfulness positively; this in turn may affect a customer’s purchasing intentions and satisfaction level towards an online travel agency (response). Besides as per the study by Woszczyński et al. (2002) the relationship between perceived flow and perceived playfulness are hypothesized to be bidirectional or non-recursive.
Figure 3.1: Stimulus-organism-response Framework