KOREA REVIEW OF INTERNATIONAL STUDIES A STUDY ON SERVICE QUALITY DIMENSIONS AND SERVICE GAP IN INFORMATION TECHNOLOGY WITH RESPECT TO CUSTOMER LOYALTY IN BANKING

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A STUDY ON SERVICE QUALITY DIMENSIONS AND SERVICE GAP IN INFORMATION TECHNOLOGY WITH RESPECT TO CUSTOMER LOYALTY IN BANKING

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Abstract
The main objective of this study are to analyze the demographic nature of the respondents in the study area and to study the Service Quality Dimensions and service Gap in information technology with respect to customer loyalty in banking and to identify the opinion towards the service quality of the banking services with regard to the information technology. An instrument for measuring service quality is proposed, and the link between customer satisfaction and several measures of

expected service quality. This is an empirical study carried out with 300 banking customers are selected as sample respondents using convenient sampling technique. The sample respondents are selected using survey method. The collected primary data have been analyzed using SPSS software. Customers of both public and private sector banks are included in the sample population. It is crucial to investigate the extent to which clients are satisfied with the banking services they receive from all banks, as well as the quality of those services, across the various stages of the banking, financial services, and financial inclusion processes.

Keywords: *Service Quality Dimensions, Service Gap, Information Technology, Customer loyalty and banking sector*

INTRODUCTION

Institutions in both rural and urban regions now provide a comprehensive suite of fundamental banking services in an effort to attract and keep consumers, highlighting the growing importance of both domestic and foreign banks in retail banking. However, there is proof that certain governmental, private, and multinational financial institutions do not prioritize the happiness of their retail customers. Two key categories, customer happiness and service quality, would be highlighted as the study's primary contributions. To aid future researchers in narrowing their emphasis and defining their research topics, this study provides a comprehensive literature review. **Tahir and Bakar (2007) [18].**Banks and other financial organizations do value information technology for the chances it provides to develop new products, enhance existing market structures, and implement efficient means of handling risks. Banks will see revolutionary growth if they can adapt to the constant and quick advancements in technology. The banking sector will benefit from the increased accessibility of preexisting markets, the development of brand-new ones, the emergence of novel products and services, and the creation of more efficient distribution channels made possible by technological advancements. The advent of IT will equip the banking industry to handle the challenges of the current economic climate. Over time, IT has evolved into a potent tool for fostering growth, stimulating innovation, and enhancing competitiveness in a variety of industries. **Abdul Kadir etal. (2011)[1]** .The emergence of cutting-edge IT has opened up new possibilities for developing nations to leapfrog ahead of the pack. Note that in today's increasingly borderless and instantaneous global environment, all countries must link and become part of the international network of communication. If not, the gap between them and the industrialized world might grow much wider. In order to remain competitive in the face of rising international rivalry and the widespread use of remote banking, financial institutions are progressively adopting technological transformation aimed at building e-banking services. As a result, it's crucial that banks learn what makes online banking appealing to their customers and work to promote its use. Access to new markets, new commodities, new services, and efficient delivery channels are just a few of the ways in which technological progress has benefitted the banking business. **Khalid etal. (2011)[10]**

IT has played a crucial role in recent financial sector reforms, which aim to strengthen the banking industry and increase the efficiency and dependability of financial operations. Global economic activity is predicted to rocket to unprecedented heights as a result of developments in information technology. Technology and the growth of global networks have greatly reduced the price of sending money across borders. Modern banking clients are more sophisticated and picky than their ancestors were because of the prevalence of online banking. **(Al-Hawari 2005)[3].** Extending the number of customers you have and the value of each relationship with them by securing a larger share of their spending are both desirable ends. More actionable data for better decision making is what banks would get from combining CRM with Business Intelligence, while operational CRM would help them optimize their delivery channels. Banks can improve their volume, quality, and bottom line with the help of IT by developing efficient Customer Relationship Management (CRM) strategies. **Naeem &Akram (2009)[12].**

BACKGROUND OF THE STUDY

The computerization of financial services and the implementation of cutting-edge banking technologies have been rapidly adopted by India's retail banking sector. The vast efforts made by the banking sector to strengthen and expand its information technology infrastructure have directly resulted in the development of a large number of innovative new types of electronic banking. There is no question that in the modern financial sector, the ability of a bank to bring in new customers and keep existing ones is directly correlated to the level of service that it offers. It is now imperative that a greater focus be made on the retention of loyal clients. Everyone who is employed in the financial services industry has the responsibility of making the customer their first priority and adjusting their offerings accordingly. This will pave the way for a rise in the overall happiness of the clients. **Aghdaie and Faghani (2012),[2**].It is critical for anyone working in the financial industry to consistently monitor the same parameter. In this day and age of information and communications technology, the use of direct payment through online financial services is extremely desirable (Information and Communication Technology). Customers in the modern era expect businesses to be open and honest with them, to be available to them even at inconvenient times, and to be able to personalize their interactions with the company. **Lau (2013) [11].** The increasing levels of competition in the market have been cited as a contributing factor to the increase in the rates of client attrition. The authors of this study placed a significant amount of attention on the expanding

body of research examining the correlation between high levels of service quality and happy patrons. Every significant operator in the retail banking industry in India has acknowledged that expanding their online presence is one of their highest priorities. Customers' propensity to migrate to electronic banking is influenced by a variety of factors, including their individual preferences, the degree to which they are satisfied with the service they receive, and the quality of the service that they receive. According to the findings, banks are now in a position to create more income as a result of the broad adoption of electronic banking, which not only enables them to breakeven but also allows them to really profit. **Abdul Kadir etal. (2011)[1].** It has not been established that the inability of customers to read or write clearly constitutes a significant barrier to the provision of services to those customers. The primary motivation for banks to push electronic banking is to acquire and maintain clients. The transition from physical checks to digital transactions has resulted in higher profitability for financial institutions.
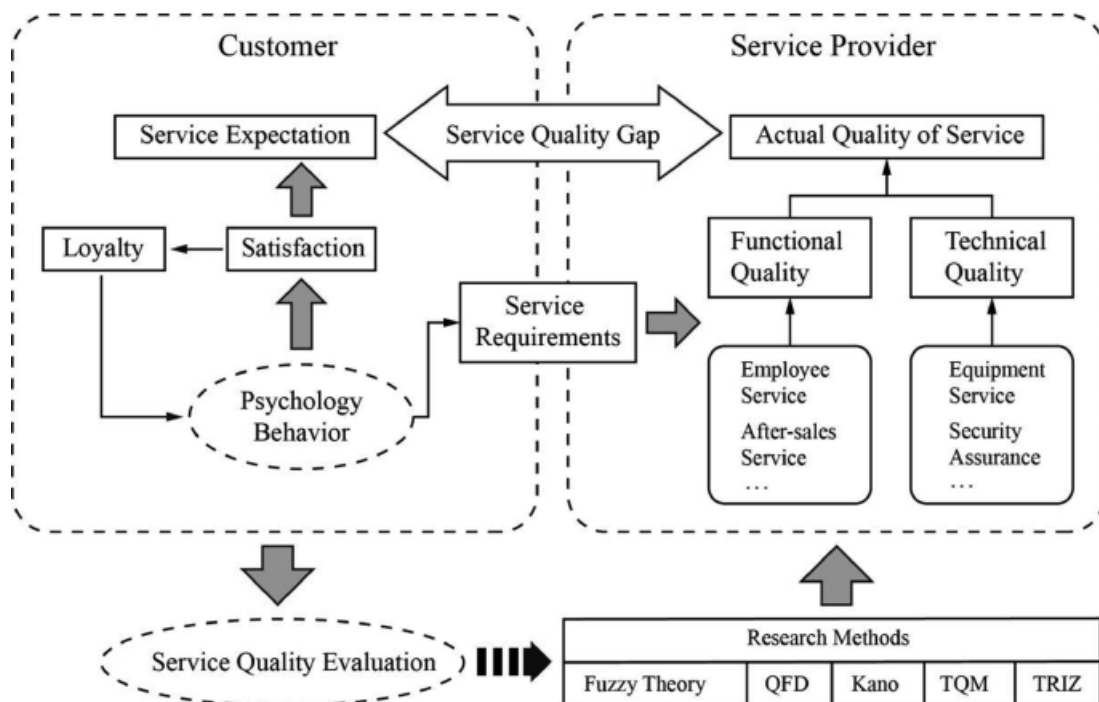
Service Quality with Bank an Overview

The study is the result of a coordinated effort on the part of a number of the most accomplished scholars working on the topic of customer satisfaction and the level of service provided by public and private banks in India. Increasing the number of satisfied clients is essential to preserving that valued clientele. The research created a strong foundation for understanding what it is that makes customers happy and how to deliver that happiness to them. Government banks offer services of a higher level of reliability and certainty as compared to their competitors in the private sector. On the other hand, private banks claim a higher level of customer satisfaction compared to public ones. Concerns such as clear pricing, customer service, and convenience of access should be addressed by private and public banks in equal measure. Additionally, publicly-owned financial institutions have a responsibility to work toward improving the demeanour of their employees as well as the quality of their physical facilities. When a firm goes above and beyond to meet the expectations of its clients

in significant areas such as customer service, the usability of self-service technologies, and dependability, the company earns the loyalty of those customers. Customers' overall levels of contentment with online banking are significantly influenced by a variety of factors, including the dependability of the service, the speed with which they receive responses, the degree to which their requests are fulfilled, the privacy of their data, and the security of their data. It is possible to predict the overall level of satisfaction with a bank's service based on four of the five factors that were analysed, with responsiveness being the most important of them. **Sabir (2012) [16]**.The level of customer satisfaction with certain aspects of the service was high, while satisfaction with other aspects, such as account maintenance and enquiries, was low. The positive correlation between empathy and customer satisfaction with the service was the strongest, followed by the positive correlation between assurance and customer contentment. The "reliability" component is the most crucial of the five, and the bank must pay a great deal of attention to it. It was found that there was a favourable association between the five different measures of service quality and the overall level of satisfaction of the customer base. It has been demonstrated that levels of customer satisfaction are positively and highly correlated with all aspects of service quality; however, the highest levels of satisfaction are associated with a service's reliability, followed by responsiveness, empathy, and tangibility.
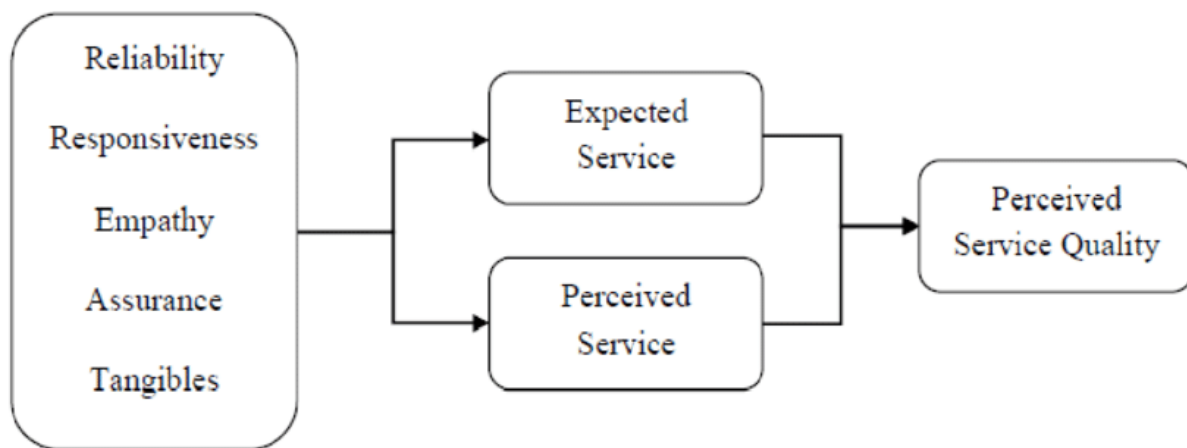

Dimensions of Service Quality

The dimensions include the five dimensions that are included in the SERVQUAL model, as well as three additional issues that have been added to cater to the specific requirements of Jordanian financial institutions. The literature was used as the primary resource in choosing the other three diminutions. The banking business in India has evolved into one that is now marked by intense competition. Not only does it place an emphasis on providing a large selection of items in order to generate competitive advantages, but it also places an emphasis on the significance of services, particularly to the upkeep of quality. As a result, it is abundantly clear that providing high-quality services is one way to achieve success among competing services. **Dean(2002), [21]**.This is especially true in the case of businesses that provide services that are nearly identical to one another, such as banks, where establishing high-quality services may be the only way to differentiate oneself from the competition. The level of customer happiness is highly impacted by service quality. Therefore, it is necessary for bankers to place an emphasis on both the quality of

their services and the contentment of their clients, as well as the retention of their most valuable customers. **Alkayed (2014) [4].** In addition, a satisfied customer is more likely to be dedicated and loyal to a bank, which means that they will provide the bank with further business.

The Five Key Service Dimensions of the Servqual model
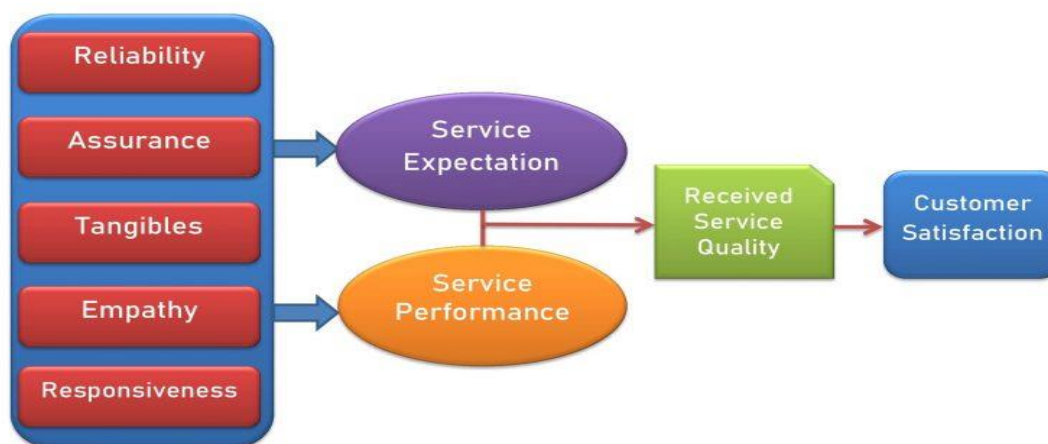
Information technology with respect to customer loyalty in banking

When managing an account, one way to increase customer loyalty is to provide service that consistently exceeds expectations and satisfies the client's demands. To develop effective marketing strategies geared toward relationship building and client maintenance, banks need a firm grasp of customer behaviour. Following the foundational principles of relational marketing, which prioritizes client loyalty, the traditionally product-focused bank is shifting its focus to the customer. **David (2011) [20].**In order to measure client loyalty, it is necessary to monitor their accounts throughout predetermined time periods and take note of the percentage of consistent business. Many financial institutions have developed new products and services in an effort to increase customer loyalty. Population growth and the need for more financial services mean that banks in every country will need to focus increasingly on service quality and customer happiness to stand out in the market. The study's overarching objective was to investigate the extent to which banking customers are loyal to their preferred institutions. The goal was set in motion because of the detrimental impact client defection has had on the profitability of numerous European and Romanian banks over the past few years. Even among those who remain with their existing financial institution, a growing percentage is exploring alternative options. **Yarimoglu (2014) [24].**There is doubt raised by these issues for banks to consider when planning their future market strategies and client relationship management tactics. The current study can serve as a jumping off point for answering these questions. This is accomplished by identifying the extent to which customers are loyal to financial institutions and by identifying the elements that contribute to the growth of customer loyalty. A customer's loyalty or disloyalty in the banking services industry may be the result of a number of factors. Customer loyalty is affected by a number of factors, some of which are within the banking organization's or the parties' or the core service's control, while others are external to the banking organization or the customer's life situation and can only be studied to predict the relationship's longevity.

SERVQUAL MODEL

The Five Key Service Dimensions of the Servqual Model
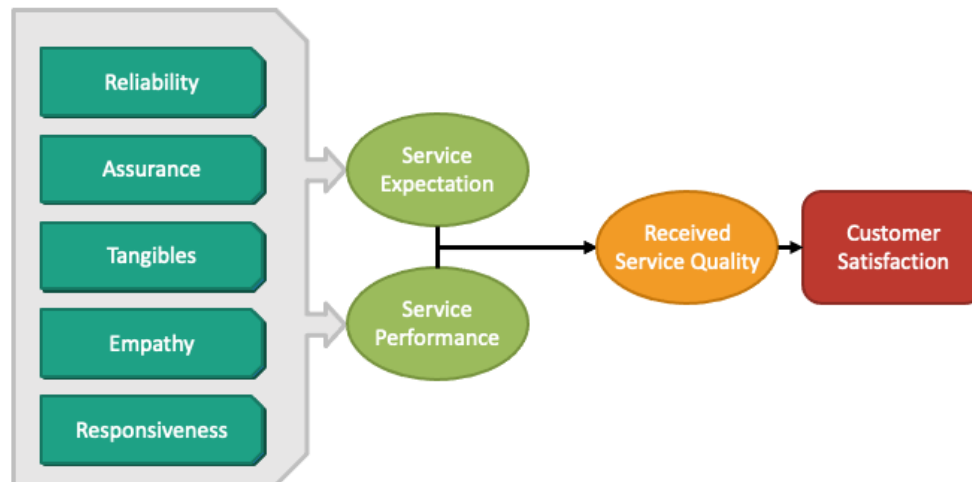
NEED FOR THE STUDY

The study examined the effectiveness of internet-based service delivery technologies. The research also examines the strengths and weaknesses of several banking channels, such as ATMs, the telephone, and the internet. **Ben (2010)[5].**This study is important because it will provide light on the factors that influence customer loyalty in the context of technology-based banking, independent of the exact technology used, by identifying the components of service quality (as experienced by customers).

RESEARCH OBJECTIVES

The study has been carried out with objectives

1. To analyze the demographic nature of the respondents in the study area
2. To study the Service Quality Dimensions and service Gap in Information technology with respect to customer loyalty in banking.
3. To categorize the opinion towards the service quality of the banking services with regard to the information technology

RESEARCH METHODOLOGY

This is an empirical study carried out with 300 banking customers are selected as sample respondents using convenient sampling technique. The sample respondents are selected using survey method. The collected primary data have been analyzed using SPSS software. Customers of both public and private sector banks are included in the sample population. Individuals of either gender, working in any occupation (service, business, professional, or homemaker), and educated to any extent but still over of the sampling unit. **Parasuraman Berry (1985) [22]**

FINDINGS AND RESULTS

1. Nature of the respondents

The nature of the sample respondents are studied as age, gender, marital status and educational qualification, occupation and income level of their family. The result is given below.

Table 1: Demographic nature of the respondents

Nature		Respondents	Percentage
Age	Below 25 years	18	6.00
	25 – 40 years	118	39.33
	41-55 years	128	42.67
	More than 55 years	36	12.00
Gender	Male	197	65.67
	Female	103	34.33
Marital status	Unmarried	105	35.00
	Married	195	65.00
Educational status	School level	13	4.33
	UG	187	62.33
	PG	76	25.33
	Others	24	8.00
Occupation	Private employee	135	45.00
	Govt employee	75	25.00
	Business	42	14.00
	House wife	11	3.67
	Agriculture	7	2.33
	Professionals	24	8.00
	Others	6	2.00
Income level	Less	67	22.33
	Middle	176	58.67
	High	57	19.00
Total		300	100.00

The table shows that the respondents are grouped based on the age as blow 25 years, 25 to 40 years 41 to 55 years and more than 55 years old. Distribution shows that 18 (6.0%) are from the young age group. 118 (39.33%) respondents are aged between 25 and 40 years. 128 (4.67%) are between 40 and 55 and 36 (12.0%) respondents are aged more than 55 years. 197 (65.67%) are male and 103 (34.33%) are female. 105 (35.0%) are unmarried and 195 (65.0%) are married.

The educational status shows that 13 (4.33%) respondents have studied upto school level, 187 (62.33%) are graduates, 76 (25.33%) are post graduates and 24 (8.00%) have other qualification like diploma and professional courses. The occupational status in dicates that 135 (45.0%) respondents are working private organizations, 75 (25.0%) are government employees, 42 (14.0%) are self-employed, 11 (3.67%) are house wife, 7 (2.33%) are agriculturists, 24 (8.0%) are professionals. The income status shows that 67 (22.33%) are from low income group (less than Rs. 5 lakhs pa), 176 (58.67%) are from middle income group (Rs. 5 lakhs to Rs. 10 lakhs pa) and 57 (19.0%) belong to high income group (more than Rs. 10 lkahs pa).

2. Reliability of data

The respondents' opinion towards the service quality of the banking services with regard to the information technology is observed with the help of 5 point likert scale. The expected and perceived service quality of the customers is tested with the help of reliability test.

Table 2: Reliability of Data

S.No	Items measuring	Perceived		Expected	
		Item to Total Correlation	Alpha if Deleted	Item to Total Correlation	Alpha if Deleted
1	Responsiveness	0.912	0.815	0.811	0.872
2	Assurance	0.857	0.872	0.834	0.863
3	Tangibles	0.813	0.891	0.915	0.847
4	Empathy	0.786	0.812	0.827	0.846
5	Access to Service	0.832	0.824	0.813	0.872
6	Employee Competences	0.801	0.897	0.833	0.841
Cronbach's Alpha Reliability Coefficient		0.924		0.884	

The Reliability test shows that the 6 dimensions of perceived and expected service quality of the banking services are significantly reliable. The Cronbach's Alpha values of all the dimensions are more than 0.800. The overall value of perceived service quality is 0.924 and expected service quality is 0.884. The deleted values of the dimensions are less than the overall values of the perceived and expected service quality. Hence, it is concluded that the observed data are reliable and used for further analysis.

3. Service quality of banking

The service quality dimensions are responsiveness, assurance, tangible, empathy, access services and employee competences. As per the SERVQUAL model, the gap between the expected and perceived service quality is considered as the quality of the service.

Table 3: Service quality of banking

Dimension	Perceived (P)		Expected (E)		Gap (P-E)	t value
	Mean	SD	Mean	SD		
Responsiveness	4.11	1.150	4.22	1.175	-0.11	-0.897
Assurance	3.55	0.938	3.70	0.775	-0.15	-1.740
Tangibles	3.31	0.723	3.23	0.778	0.08	1.022
Empathy	3.20	1.135	2.92	1.065	0.28	2.528
Access to Service	2.78	1.423	2.59	1.376	0.19	1.303
Employee Competences	2.85	1.167	3.03	1.206	-0.18	-1.625

The expected service quality shows that responsiveness is found (4.22) higher than other dimensions. The responsiveness is also found high in perceived service quality (4.11). Among the service gap, tangibility (0.08), empathy (0.28) and access to service (0.28) are positive. It means that these dimensions are good as the perceived service quality is better than the expected service quality. The responsiveness, assurance and the employee competencies are not up to the expected level of the service quality. The t value shows that empathy is only the significant (2.528>1.96).

Hence it is concluded that the empathy of the banking services based on the expectation of the customers is good.

DISCUSSION AND CONCLUSION

Global banking services benefited from the tool of improved service quality and client happiness. Potential applications of this study's results to rural and urban consumers, bankers, policymakers, and researchers are numerous. The findings also provide guidance to bank managers on how to provide excellent service to all clients, regardless of their age, neighbourhood, location, or the specific characteristics of their financial situations. **Caceres & Paparoidamis, (2007). [6]**. The study be useful to re-examine the conclusions of the paper using a bigger sample over a longer time period, which has three major consequences for academic practitioners, bank managers, and researchers. Banks' service quality and customers' happiness may differ depending on the type of banking service being provided. This might be the case with technological banking services, mobile banking services, electronic banking services, digital divide banking services, and so on. Additionally, it is crucial to investigate the extent to which clients are satisfied with the banking services they receive from all banks, as well as the quality of those services, across the various stages of the banking, financial services, and financial inclusion processes. **Ibrahim et al. [8].** The methodology used in this research may be utilized with any type of banking technology to determine which aspects of service quality are most important to customers. This research pinpointed the following factors: simplicity, confidence, security, adaptability, thoroughness, convenience, support services, and staff expertise. **Sharmin (2016) [23].** Managers of banking services can use these guidelines as a reference point for learning more about the factors customers take into account when rating banks on the basis of the technology they employ to provide customer service. There are many different aspects of service quality that customers evaluate, and our research has uncovered them all. However, the goals of the banks determine how much weight is given to each of these factors. **Ganguli et al.92010)[7].** The three dimensions of reality, concreteness, and responsiveness have been called the service quality dimensions by **Al-Hawari et al.[3].**The study found that the most common dimensions used to evaluate service quality are perceived ease of responsiveness, assurance, tangibles , empathy and access to service of the service providers themselves.

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