Customer Satisfaction on e-SERVQUAL in Islamic Online Banking Services

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ABSTRACT

The recent development in the e-commerce services has shown a variety of established companies participating in the web business environment including Islamic banks. Business with the most experience and success in using e-commerce are beginning to realize that the indicator of success or failure of the e-commerce environment was included in the online services. Nowadays, the trend of a business is to serve the customer with best quality of services to enhance the consumer satisfaction and compete with the global competitors as online services enabled registered user to make products purchase transaction only through website such as check and manage financial standing, transfer funds, bill payment, prepaid reload and so forth. However, in recent times, Islamic banking users faced problems with the online system such as cannot log in to the system, payment failure and mostly security and privacy hindrance. Therefore, this study aimed to investigate the relationship between electronic service quality (e-SERVQUAL) and customer satisfaction towards Islamic Online Banking Services users. Based on the sample size, only 76 respondents were selected to participate in this study by using a convenience sampling. Further, Pearson correlation and multiple regression were reported to analyze the mentioned relationship. The findings have shown that there is a positive relationship between e-SERVQUAL and customer satisfaction in using Islamic online banking services. Based on the findings, Islamic online banking developer is recommended to improve more on their responsiveness in order to provide quick response to their customer's requirements. Moreover, they also should be more reliable in providing accurate information in performing the promised services. They must assure that all of their customers can quickly get responds and true feedback regarding their problems to ensure customer satisfy with service provided. Besides, the safety of the website and the protection of customer information also considered a vital action that should be concerned in order to increase the customers' satisfaction.

Keywords: *Customer satisfaction; e-SERVQUAL; Islamic Banking; Online Services*

INTRODUCTION

With the rapid global growth in electronic commerce (e-commerce), businesses are attempting to gain a competitive advantage by using e-commerce to interact with customers (Najib, 2006). The recent development in the e-commerce services has shown a variety of established companies participating in the web business environment (Hong-Youl Janda, 2008). Business with the most experience and success in using e-commerce are beginning to realize that the

indicator of success or failure of the e-commerce environment was included the online services (Yang, 2001; Zeithaml, 2002). In the recent situation, it is a business trends to serve the customer with best quality of services to ensure the consumer satisfaction and compete with the global competitors.

According to Intter and Larcker, (1998), service quality is the primary factor in affecting the customer satisfaction.

Customer satisfaction can be defined as a customer's overall assessment of the performance or experience that the company has offered to them (Catherine, Norazah, and Norbayah, 2012). Customer satisfaction is one of the very important criteria for a successful e-commerce. Customer is always right and they are also known as a king. High customer satisfaction will link to have a high customer retention and quality of service. In other words, the outcome of service quality influences customer satisfaction (Naeem and Saif, 2009).

In addition, Rowley (2006) stated that online services can be defined as efforts or performances whose delivery is mediated by information technology. Such e-service includes the service element of e-retailing, customer support, and service delivery. Online service constitutes the services provided by organization that available on the Internet, whereby a valid transaction of buying and selling is possible, as opposed to the traditional websites, whereby only descriptive information are available, and no online transaction is made possible (Jeong, 2007). Online services nowadays were important elements in business and consumers. Business need to provide the best quality of services to ensure the customer satisfaction towards business. This will lead to the consumer's satisfaction. This study will focus on the online services provided by banking.

e-SERVQUAL is the method that had been developed to indicate the customer satisfaction towards online services. Parasuraman and Zeithaml, (2000) has found that, there are eleven dimensions to measure customer's satisfaction towards online service. They are Reliability, Responsiveness, Access, Flexibility, Efficiency, Ease of Navigation, Assurance/ Trust, Site Aesthetic, Security, Customization, and Quality of Information. However, researcher has decided to select only five dimensions to conduct this study which are Reliability, Responsiveness, Access, ease of navigation, and Security or Privacy.

LITERATURE REVIEW

This study attempted to investigate the Customer Satisfaction on electronic service quality (e-SERVQUAL) in Islamic Online Banking Services.

Customer Satisfaction

Measure of how product and services supplied by a company meet or surpass customer expectation. According to Grace T.R. Lin and Chia-Chi Sun (2009), satisfaction is a post-activity measuring index that measures the interior state of the customer's feeling about previous purchases and experience of shopping. Oliver (1997) described customer satisfaction as the summary psychological state resulting when the emotions surrounding disconfirmed expectation is coupled with a customer's prior feeling about the customers experience.

The determinant on measuring customer satisfaction is depending on the balance between customers' expectations and customer experience with the products and services that they get. When a company can boost a customer experience to suite their level of expectations and able to meet customer expectation, then the customer will be satisfied. The key aspect in customer satisfaction towards online

banking services is the way a customer can get satisfied or dissatisfied with the systems.

Customer satisfaction is defined as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product" (Tse, Wilton & Oliver, 1999). Customers satisfaction is established when the products and services was successful fulfils the needs and desired of customers. According to Kim, Park and Jeong (2004) customer satisfaction is the customers' reaction to the circumstances of satisfaction and judgement level.

To be globally competitive, service industries must achieve a good quality service that exceeds customer expectation. It is very important for product differentiation and developing strong relationship and trust with customer. For online banking services, it is very important to gain the trust of customers and ensure that all personal information is safe and can be trusted and the system reliable when it is needed to satisfy their customers.

Companies and organizations that mutually in every industry employ customer satisfaction measures for straightforward reasons that satisfied customer is essential for a successful business (Gupta, McLaughlin Gomez, 2007). In order to achieve a customer satisfaction, commitment from employees and support from all levels of management is necessary to make sure the system process can run smoothly. Some service quality attributes can significantly lead to dissatisfaction when they are performed poorly even it may not be critical for customer satisfaction. The causes of dissatisfaction and satisfaction are not necessarily the same (Johnston, 1995). Attentiveness, responsiveness, care, and friendliness as the main source of satisfaction in banking services, and integrity, reliability, responsiveness, availability, and functionality as the main source of dissatisfaction (Johnston ,1995).

Expectation are important but add that it is actually the difference between perceptions of a service and expectations for that service which should be used as the measure of service quality (Berry &Zeritaml, 1988). Customer perceived services quality can be defined as a global judgement or attitude relating to the superiority of a service relative to competing offering (Parasuraman et al, 1988). Defining service quality as a measure of excellence in terms of perceptions is not sufficient according to Langerin (1988). Company must implement the service quality indicator to measure their performance rather than their reliance on their perception and assume that customers will be happy and satisfied with waht they provide.

Expectation are important but add that it is actually the difference between perceptions if a service and expectations for that service which should be used as the measure of service quality (Berry &Zeithaml, 1988). The SERVQUAL instrument to measure perceived service quality in term of the gaps between customer expectations and actual judgment of performance along five dimensions of service quality. The five dimensions identified from empirical studies are: 1) Tangibles – physical facilities, equipment, and appearance of employees. 2) Reliability - ability to perform the required service dependably and accurately. 3) Responsiveness – willingness to help customers and provide prompt service. 4) Assurance – knowledge and courtesy of employee and their ability to inspire trust and confidence. 5) Empathy – caring and individual attention provided by the staff. Most of the definitions of service quality use the terms perceived service quality to emphasise that it is service quality from the customers perspective (Cuganesan, 1997). (Parasuraman et al., 1985) mention ten factors for evaluating service quality which are tangible, reliability, responsiveness, competence, courtesy, credibility, security, accessibility,

communication and understanding the customer. Then, these factors are simplified and revised into five factors which are tangible, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988). Customer satisfaction is determined by the degree of realization of product benefits that customer expect from product benefits that customers expect from product (Hempel, 1977). Consumers in Asia demand a superb quality, especially the availability of merchandise in store, much more than the western customers (Maisara Ismail, 2002).

e-Service Quality (e-SERVQUAL)

In Malaysia, many companies try to get profit from customers through providing online services (E-SERVQUAL) besides providing typical services. According to Hofacker et al. (2007), e-SERVQUAL embodies the need satisfaction of traditional services, however by using a new technology. e-SERVQUAL performance can be measured through the quality services. Acording to Colier and Bienstock (2006) e-services quality can be define as customer's perception of the outcome services along with recovery perception if the problem occur while Parasuraman et al.'s (2005) define e-SERVQUAL as buyer's assessment of the extent to which the auctioneer facilities efficient and effective purchasing and the seller facilities responsive prompt delivery and high quality services.

e-SERVQUAL can be measured through the level of satisfaction of customers, whether customer satisfied with the e-SERVQUAL provided by company or not.

Level of customer satisfaction towards e-SERVQUAL recently become important to organization to determine whether they have provided a quality and effective services to their customers. According to Sahadev and Purani (2008) greater penetration of the internet and the

invention of new process to services consumers through the electronic media, consumers rely increasingly on online sellers and services providers for even the most basic task and services. Rapp, Rapp and Schillewaaert (2008) have stated that many firms have initiated the use of e-business to provide e-services to their buyers and business counterparts. Demand from customers towards efficient and faster services has made the company encourage providing e-SERVQUAL to its customers.

McQuitty et al., 2000 considered that customer satisfaction has been one of the most important construct and one of the main goals in marketing (Erevellers& Leavitt, 1992). Accordingly, the following hypotheses were proposed:

H1: Efficiency has a significant relationship with customer satisfaction.

H2: Reliability has a significant relationship with customer satisfaction.

H3: Responsiveness has a significant relationship with customer satisfaction.

H4: Security has a significant relationship with customer satisfaction.

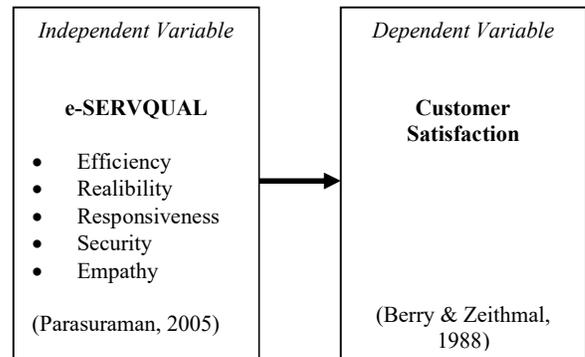H5: Empathy has a significant relationship with customer satisfaction.

Independent Variable	Dependent Variable
e-SERVQUAL • Efficiency • Realibility • Responsiveness • Security • Empathy (Parasuraman, 2005)	**Customer Satisfaction** (Berry & Zeithmal, 1988)

Figure 1: Conceptual Framework

METHODOLOGY

This study was conducted by using correlational research technique which describes the relationship among variables (Salkind, 2009). This research is designed to investigate the relationship between e-SERVQUAL and customer satisfaction. The sample was drawn from the local online Islamic banking users in Klang Valley, Malaysia. From the accessible of 100 samples, only 76 participated in this study using convenient sampling technique. This technique is used as it provides fast, inexpensive and easier for researcher to obtain the data. The required data for this study were collected by using survey instrument which consists of a set of structured questions on e-SERVQUAL and customer satisfaction. These data were coded and analyzed using SPSS Version 20.0.

Demographic Profile of Respondents

Table 1. Respondent's Profile.

		Frequency	Percentage
Gender	Male	19	25.0
	Female	57	75.0
Marital Status	Single	75	98.7
	Married	1	1.3
Age	<20 years old	10	13.2
	>21 years old	66	86.8
Income level	<RM2,000	61	80.3
	RM 2,001 – RM 3,000	13	17.1
	>RM 3,001	2	2.6

The above table shows that the data for the study were collected from 76 sets of questionnaire which responded by 57 female and remaining 19 were answered by male. The majority of the respondents are single which comprise of 98.7 percent out of total sample. For the age distribution of the respondents, most of them aged more than 21 years old which indicates 86.8 percent while remaining 13.2 percent was below 20 years old. Besides, for the income level, majority of the respondents (61) earned less than RM2,000 per month

for their job, followed by those with income range between RM2,001 – RM3,000 (13) and only 2 respondents earned more than RM3,001.

Reliability Analysis

The reliability analysis facilitates the goodness of a measure for each variable by computing the Cronbach's alpha score. Based on the table 2, the Cronbach's alphas for all the variables are in the range of 0.844 to 0.898 which indicates that the items measured were well understood by the targeted respondents. In addition, results of correlation analysis have shown that all variables are moderately correlated with each other. All variables are significantly correlated with each other with the lowest correlation is between efficiency and responsiveness ($r = .380$, $p<0.01$) and the highest correlation is between empathy and responsiveness ($r = .787$, $p<0.01$). Hence, it has been proven that the measures used for this study are highly reliable and ready for further analyses.

Table 2. The results of a reliability and correlation analysis for e-SERVQUAL and Customer Satisfaction

No	Variables	Mean	SD	1	2	3	4	5	6
1	Efficiency	3.90	.619	(.898)					
2	Responsiven ess	3.47	.654	.392**	(.878)				
3	Reliability	3.59	.633	.593**	.676**	(.851)			
4	Security	3.50	.746	.380**	.615**	.580**	(.885)		
5	Empathy	3.64	.633	.486**	.787**	.745**	.684**	(.844)	
6	Customer Satisfaction	3.56	.688	.488**	.660**	.656**	.687**	.781**	(.890)

FINDINGS AND DISCUSSION

The hypotheses designed in this study are tested by examining the influence of the elements of e-SERVQUAL namely efficiency, responsiveness, reliability, security and empathy towards customer satisfaction

among Islamic online banking users. The multiple regression result indicates that a strong relationship existed among some variables as hypothesized. The results of the regression analyses have shown that there was no serious violation of the assumption of independent observations which stipulated no multicollienarity issue. Besides, R value pointed out that some strong association between the independent variables and dependent variables existed.

Multiple Regression Analysis for Independent Variables and Dependent Variable

The purpose of this paper is to investigate the relationship between e-SERVQUAL (efficiency, responsiveness, reliability, security and empathy) and customer satisfaction. Further, findings indicate that there is a positive relationship between overall e-SERVQUAL and customer satisfaction. The specific results are shown in table 3.

Table 3. The Regression Coefficients for e-SERVQUAL and Customer Satisfaction

Variables	Standardized Beta
Efficiency	.107
Responsiveness	.050
Reliability	.059
Security	.263**
Empathy	.466**
R^2	.669
Adjusted R^2	.645
F Value	28.280
Significance F Value	.000
Durbin-Watson	2.027

The result on table 3 above shown that only two variables of e-SERVQUAL namely security and empathy showed significant relationship with customer satisfaction with the values of ($\beta= 0.263$, $p<0.05$) and ($\beta=.466$, $p<0.05$) respectively which indicates that these variables significantly influence the customer satisfaction. Conversely, efficiency, responsiveness and reliability showed non-significant values of ($\beta=0.107$, $p>0.05$),

($\beta=0.050$, $p>0.05$) and ($\beta=0.059$, $p>0.05$) respectively which connoted that those variables seems do not influence the customer satisfaction in using Islamic online banking services. Table 4 summarize the result of hypothesis testing in the study.

Table 4. The Result of Hypothesis Testing

H	Relationship	Std. Beta	p-value	Decisison
H1	Efficiency => Customer Satisfaction	0.107	>0.05	Not Supported
H2	Responsiveness => Customer Satisfaction	0.050	>0.05	Not Supported
H3	Reliability => Customer Satisfaction	0.059	>0.05	Not Supported
H4	**Security => Customer Satisfaction**	.263	<0.05	**Supported**
H5	**Empathy => Customer Satisfaction**	.466	<0.05	**Supported**

This finding supported by Culnan (1999) which stated that privacy and security are the key evaluative criteria to satisfy the users in online services. Besides, security involves protecting users from the risk of fraud and financial loss from the use of their credit card or other financial information. Moreover, security risk perceptions have been shown to have a strong impact on attitude toward the use of online financial services (Montoya-Weiss et. al., 2000).

Besides, Lai (2004) supported that empathy is the vital factor related to customer satisfaction which if the bank provider provide special attention to their customers, the level of the customer satisfaction will be increased (Beatty, Mayer, Coleman, Reynolds & Lee, 1996). Furthermore, in the virtual environment of service, empathy seems significant in customer's perception towards service quality as the users do not interact the service provider physically.

CONCLUSION

This study examines the relationship between e-SERVQUAL and customer satisfaction in banking industries which focused on customers who are using Islamic online banking services. Based on the result, it can be concluded that there was a strong correlation and positive relationship between e-SERVQUAL dimensions and customer satisfaction with (r=0.799, p<0.01). It is recommended that Islamic banks should be more reliable in providing accurate information and to perform the promised services. Organizations must make sure their website are always avalaible and working correctly. Reliability represents the customer getting what they feel that they have paid for. It is the level of the service delivered by banks towards the standard of expectation and promised to customers dependably and accurately. Besides, organization who provided online banking services should strengthen their security and privacy to ensure the safety of the website and the protection of customer information as security risk perceptions have been shown to have a strong impact on attitude towards the use of online financial services. On the other hand, future researchers should diversify research methods to gather information and a decision which can use sufficient material to assist and facilitate the researcher to conduct the study by expanding the scope and the sample of the study.

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