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The Influence of Electronic Bank Services Quality On Bank Customers Satisfaction

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Abstract

The purpose of this research was to understand the influence of electronic banking services quality on customer satisfaction in Tanzania. The study was conducted in Iringa where a simple random sampling was used to draw a simple of 183 respondents. Questionnaire was used to collect data for hypothesis testing form National Microfinance Bank customers.

Results using multiple regression indicated that, electronic service quality is significant influencing bank customer satisfaction. In addition, security and tangible are only dimensions of electronic bank service quality which was found to be significant while empathy and responsiveness was found to be insignificant. It concludes that there is a relation between customer satisfaction and electronic banking service quality. The study further concluded that electronic bank security and tangibility when combined tend to increase the level of customer satisfaction in banking industry. The study recommended that, for bank to satisfy their customers who are using electronic banking services, the

bank should increase the level of electronic security and tangibility of electronic device. The bank further should develop strong security policies that address all customers need in relation to electronic services.

Key Word: Electronic Services Quality, Bank Customers Satisfaction, Services Quality Model

1.0 Introduction

In today business where the business environment is dynamic and competitive market is complex, no organization can be successful without regard to the needs and demands of its customers' satisfaction. The quality of products and services offered by the company enables organizations to distinguish themselves from other competitors. Due to the growth of technology and information technology, Ganjina, et al. (2013) has argued that banking has done significant activities associated with investment in electronics to meet customer needs and creation of satisfaction and loyalty in them. Aliyu and Tasmin (2012) also revealed that ICT development has a significant effect on development of more flexible and user friendly banking services to enhance customers satisfaction. Hence an electronic banking service is considered as variable tools for both developed and developing countries banking in improving service quality for customers' satisfactions.

Realizing the potential of electronic banking in Tanzania and the current competition in the banking sector , the government of Tanzania has put more effort to support electronic banking system policy implementation and guideline to enhance smooth adoption of electronic banking, For instance the government have enacted the National ICT policy of 2003 to encouraging beneficial ICT activities in all sectors through providing a conducive framework for investments in capacity building and in promoting multi-layered cooperation and knowledge sharing locally as well as globally(URT,2003). Further, the Bank of Tanzania has regulated the use of electronic banking in banking sectors and has enacted a

Electronic Payment Schemes Guidelines of 2007 to apply to all banks and financial institutions and to any other service providing institution or company that offers direct or indirect electronic payment schemes services (BOT, 2007). The central focus of this growth is on liberalisation of the telecommunications sector and Banking sector on which electronic practices and M-banking given priority by the Tanzanian government as one of the country's most competitive economic sector (Ally, 2014).

Despite of the initiative of the government of Tanzania on electronic banking and the contribution of electronic banking toward customers satisfaction in the banking sector Mobarek (2007) advocate that delivery channels of banking are lacking in meeting the demands of the customer by not making them aware of e-banking and using obsolete or not too up-to-date technology. This has also been found in a study done in Tanzania by Kevin, et al. (2013) who advocate that despite of the contribution of electronic banking, yet customers are not aware of the services and they further recommend that there is a need for bankers in Tanzania to educate public in the use of online banking products. Given this situation it is not clear whether bank customers are satisfied or not with the use of electronic banking. Following these findings this study fills the gap by assessing the influence of electronic bank services quality on customers' satisfaction.

1.1 Research Objective

To assess the influence of electronic bank services quality on bank customers satisfaction in Tanzania.

2. Literature Review

2.1. Review of the Relevant Theory

In this study the SERVQUAL instrument was used to study the electronic bank services quality and customers satisfaction. Parasuraman et al. (1990), relates to the customer's perceived measurement of service quality, where perceived service quality is defined as the degree and

direction of the discrepancy between a customer's perceptions and their expectations. The SERVQUAL model is based on measures of the Performance–Expectation (P–E) gap across the following 5 dimensions. The following dimensions of services quality that tend to influence customer satisfaction.

- 1 Tangibles: How physical facilities, equipment, personnel, and communication materials appear
- 2 Reliability: The extent to which the promised service can be performed accurately and reliably
- 3 Responsiveness: Willingness to provide a prompt and helpful service to customers
- 4 Assurance: Employees' knowledge, courtesy and ability to convey trust and confidence
- 5 Empathy: A company's caring, individualized attention to its customers

The suitability of using SERVQUAL model in studying the electronic banking services quality on customers satisfaction has been evidenced on the studies For example Sanjuq(2014) found and conclude that services quality has significant influence on customer satisfaction. On the other hand Ganjinia, et al.(2013) adopted the service quality mode to study the influence of online service quality on customer satisfaction in public banks of Guilan. Six factors including reliability, responsiveness, competence, ease of use, security and Product portfolio are identified as dimensions of online services quality. Given the suitability of service quality model in banking sector, in this study the service quality model was used to inform the researcher on the influence of service quality dimensions on bank customers satisfactions.

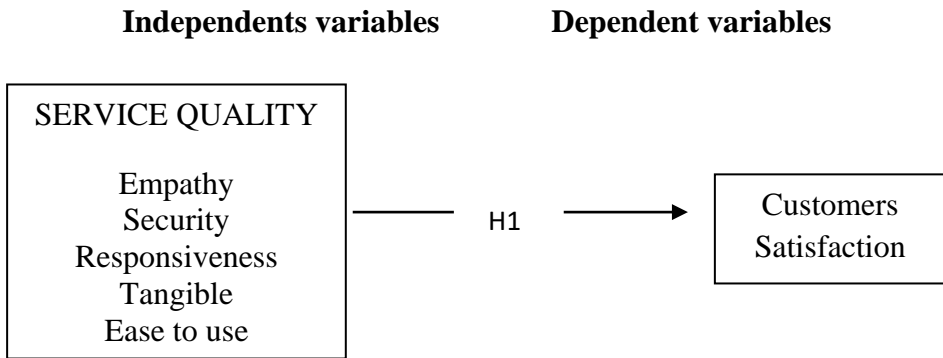
2.2 Empirical Literature Review

Ganjinia, et al. (2013) investigated the impact of online service quality on customer satisfaction in banks of Guilan using multiple and linear regression analysis, findings revealed reliability, responsiveness, competence, ease of use, security and Product portfolio are identified dimensions of online services quality and had effect on customer satisfaction of public banks of Guilan. On the other hand, Mohammadi and Taleghani (2015) on their study of the evaluation of electronic service quality's impact on customer satisfaction among 171 customers of Saderat Bank in Rasht City, Iran, result obtained through questionnaires was analyzed linear regression model indicate that five subsidiary hypotheses, which are based on independent variables including efficiency, reliability, responsiveness, fulfillment and privacy are influential on customer satisfaction. These findings mean that, general dimensions of electronic quality service influences customer satisfaction. In related perspective, Hanzaee and Sadeghi (2010) on their study of measuring banks' automated service quality in re-examination and extension in an Islamic country, results found that factors on the following dimensions: convenience, accessibility, accuracy, security, usefulness, bank image and web site design in which these dimensions are determinants of customer 's quality perception in e-banking services. This finding has posit a hypothesis which state that: *Electronic Banking Quality Services has a significant influence on customer satisfaction.*

2.3 Conceptual framework

This conceptual framework depicts the relationship between services quality and customer satisfaction. The services quality is a independent variables with indicator variables empathy, security, responsiveness, tangible and ease to use while customer satisfaction is dependent variables.

Figure 2 The Influence of Service quality on bank customers satisfaction



Source: Research Developed by Researcher based on literature review (2018)

3.Methodology

3.1 Research approach

Quantitative approach was used. As argued by that quantitative approach most often uses deductive logic, in which researchers start with hypotheses and then collect data which can be used to determine whether empirical evidence to support that hypothesis exists. As in this study quantitative approach was used to analyze the hypothesis on the influence of service quality on customer satisfaction in banking sector. This idea is supported by who advocate that quantitative approach is based on the assumption that the researchers produce knowledge and understand realities through theory and empirical testing.

3.2 Study Area

The study was conducted in Iringa region of Tanzania specifically in Municipal. The area was selected because of higher statistics of banking services and the needs of customer satisfaction due to high competition in banking sector. NMB bank was selected due to the fact that the bank has been in operation for long time serving customer from rural area to urban and customers from private sector and public sector. Therefore, collecting data from this area helped to provide adequate information to better understand the influence of service quality on customer satisfaction in banking sector.

3.3 Study Population

The study targeted bank customers more particularly those who have been receiving banking services from NMB bank. This population was selected because these customers are the ones who are affected by service quality offered by bank. On the other hand, the targeted population has experienced attractive package from other banks, hence they served as information sources in the current research.

3.4 Sampling Procedure

To ensure that researcher has picked reliable sample, a simple random sampling was used to pick respondents for quantitative research. In this regard each respondent had an equal chance of been selected during data collection. Hence this approach served the purpose of this study in sampling.

3.5 Data Collection Techniques

During data collection questionnaire and documentary review method was used as data collection techniques in this study.

Questionnaire was used to help to collect measurable data for hypothesis testing. As argued in literature, that questionnaire is mostly used to capture measurable data suitable for statistical analysis of the hypothesis

of the study. This means that a questionnaire was suitable as it offers a standardized system of question to collect measurable and factual data to analyze the influence of service quality on customer satisfaction in statistical characterization.

On the other hand, documentation was used in providing data interpretation, support and give evidence of field data. As it is evidenced that, social scientists use documentary research methods to supplement and confirm on the information collected through social surveys and in-depth interviews. In this study, the documentary review served the same purpose.

3.6 Data Analysis Technique

In this study, multiple regression analysis was used to provide an analysis of the hypothesis. Multiple regression analysis is a method of statistical used to test significant relationship between dependent variable and two or more independent variables. In this study, regression analysis was used as analysis that measures the relationship between service quality and customer satisfaction in banking sector.

4. Findings

The significant relationship between electronic services quality and bank customer satisfaction was analyzed using multiple regression are presented below on three tables

Table 4. 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 ^a	.525	.515	.689

a. Predictors: (Constant), easy to use, Tangibles, Responsiveness, Security, Empathy

The results provided in table 4.1 above showed that dependent variable “customer satisfaction” is explained well by independent variable service quality which has four indicators “easy to use, Tangibles, Responsiveness, Security and Empathy” to an extent as demonstrated by R2 of 52%. Further analysis of the relationship between services quality and customer satisfaction is presented in table 4.2 below.

Table 4.2 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	118.264	5	23.653	49.778	.000 ^b
Residual	106.913	225	.475		
Total	225.177	230			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), easy to use, Tangibles, Responsiveness , Security, Empathy

The results provided in table 4.2 ANOVA^a above showed that overall, the model applied in this study statistically significantly predict the outcome variable of relationship between dependent variable” customer satisfaction” and independent variable ” service quality” to a large extent as demonstrated by p-value less than 0.05 in a ANOVA table above. This indicate that the overall hypothesis which state that service quality is significant influencing customer satisfaction in banking sector is accepted. Further analysis of the individual indicators on predicting relationship between services quality and customer satisfaction is described in the table 4.3 below:

Table 4.3 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.962	.263		3.658	.000
1 Security	.642	.070	.599	9.173	.000
Tangibles	.142	.071	.127	1.996	.047
Empathy	.040	.076	.035	.526	.599
Responsiveness	.011	.016	.032	.679	.498
easy to use	-.030	.016	-.085	-1.830	.069

a. Dependent Variable: customer satisfaction

The results provided in table 4.3 Coefficients above showed that out of five indicators only two indicator known as security and tangibles were accepted as a significant to a large extent as demonstrated by p-value (Sig) less than 0.05 in a table 4.3 above .

5. Discussion of the findings

From the findings it is well evidence that service quality has significant influence on customers' satisfaction in banking sector. These findings are supporting SERVQUAL model which arset the significant influence of service quality and customers satisfactions. On the other hand the findings are in line with Getnet and Nano(2018) who found a strong and significant relationship between Service quality and customer satisfaction of a banking sector in Ethiopia. The possible explanation of the significant of this relationship was explained by three service quality dimensions: reliability, assurance, and empathy influenced customer satisfaction at the bank positively and significantly. The study findings also collaborate with the findings of Asadpoorand Abolfazli(2017) who found and concluded that Electronic Service Quality has positive and direct effect on customer satisfaction. This relationship was due to the significant level of the service quality; Availability, Security, Reliability and Fulfillment are direct impact on customer satisfaction in Urmiaand

Salmas cities of west Azerbaijan. These findings imply that despite of the context different exist but service quality is still potential to be considered in explaining customers satisfaction in banking sectors. Furthermore the finding implies that contextual issue still matters when explaining service quality in banking sector .For example Asadpoorand Abolfazli (2017) found service quality dimension such as Availability, Security, Reliability and Fulfillment are direct impact on customer satisfaction in Urmiaand Salmas cities of west Azerbaijan while Getnet and Nano(2018) found service quality dimensions: reliability, assurance, and empathy influenced customer satisfaction at the bank sector in Ethiopia. In the current study the influence of service quality was explained by security and tangibles on influencing customers satisfaction in banking sector.

6. Conclusion

From the statistical analysis and discussion, it can be concluded that service quality has significant influence on customers satisfaction in banking sector. Furthermore, this study conclude that security and tangibles are the main dimension of service quality which are used to explain the relationship between service quality and customer satisfactions. These findings are supporting SERVQUAL model which my help to conclude that the SERVQUAL model is also applicable in studying the link of customer satisfaction and electronic banking services quality in Banking sector in Tanzania.

7 Recommendations for the Study

In the light of the major findings of this study and the above conclusion, the following rrecommendations for improving bank e-service quality are as follows:

- Banks should make sure about the security of technical infrastructure of banking services
- Maintain e-services' variety and e- advertise on organizational potentials in task accomplishment of tangibles services
- Employ competent experts in research groups and take research findings on organizational performance seriously.

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