IMPACT OF SERVICE QUALITY OF THE SELF- SERVICE BANKING UNITS ON CUSTOMER SATISFACTION OF PUBLIC BANKS IN KANDY DISTRICT

Kekulandara K.M.H.G.C.K.*, Kappagoda U.W.M.R.S.

Faculty of Management Studies, Rajarata University of Sri Lanka, Mihintale, Sri Lanka

*ruslchathu84@gmail.com**

ABSTRACT

The purpose of this study was to investigate the impact of service quality of self-banking service units on customer satisfaction in Public banks in Kandy district. This is a basic, quantitative, cross sectional study. Service quality of SBSU is the independent variable and customer satisfaction is the dependent variable. A questionnaire was used to collect the data. The sample of 120 self-service banking units' users was selected using convenience sampling. The collected data was analyzed using descriptive and inferential analysis. The results revealed that responsiveness, ease of use, and security and privacy of SSBUs were positively and significantly correlated with customer satisfaction. Introducing SSBUs in Public banks facilitate to improve the effectiveness and efficiency of Public sector banking operations and it can be used as a major competing strategy against the private banks. The study enables to understand the attitudes of the customers on service quality of the Self- Service Banking Units and managers to make important decisions on the findings of this research. Continuous maintenance and effective communication, develop technologies, enhancing the technical functionalities of the systems, establishing more machines different locations help to improve SSBUs service quality.

Keywords: *Customer Satisfaction, Self-Service Banking Units, Service Quality*

1 INTRODUCTION

This study attempts to investigate impact of Service quality of the Self-Service Banking Units (SBU) on customer satisfaction of public banks in Kandy district. In here researcher expect to find the critical factors affecting to customer satisfaction of self service banking users and other related factors on usage and what kind of relationship that has. In this chapter has included background of the research, problem statement, research questions, research objectives,

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

73

hypothesis, research methodology, significant of the study and limitations of the research study.

Banking industry is the most critically important industry in today's globalized and competitive world. In every country banks play major role in social, economic and financial aspects. As we know, banks are providing numerous services to their customers such as receiving deposits, settlement of payments, providing facilities for withdrawals, providing loans, issue of bank notes like promissory note, issuing cheque, lending money by the way of over draft, providing documentary and standby letters of credits, safe keeping of documents and other items in safe deposits boxes, currency exchange and adversary services in customer's businesses and their day to day life.

However, with the increasing of the usage of ATMs and CDMs, it is becoming increasing challenging to satisfy the customers on all possible service dimensions expected to be delivered in an effective manner by the banking sector. This study is trying to explore and find out the level of the customer satisfaction on select service dimensions with reference to the facilities of self-banking servicers among customers in public banks of Kandy city area.

2 LITRETURE REVIEW

2.1 Customer Satisfaction

Banking institution should be 'customer driven' in order to gain competitive advantage which in turn is possible through exceeding the customer expectations (Matzler, Wurtele, & Renzl, 2006).Customer satisfaction represents a modern approach for quality in enterprises and organizations and serves the development of a truly customer-focused management and culture. Measuring customer satisfaction offers an immediate, meaningful and objective feedback about clients' preferences and expectations (Mihelis, Grigoroudis, Siskos, Politis, & Malandrakis, 2017) .

2.2 Service Quality

E-Service quality of self-banking units, ATMs and CDMs enables customers to either deposit or withdraw cash at more convenient time and places than during banking hours at branch (Muhammad, 2010).As ATMs started to gain popularity due to their ease of operations, banks increasingly started to pay more importance to this service and laid more and more stress on the service quality of Automatic Teller Machines as they become an instrument of strategic competitiveness in a dynamic business environment (Khan & Syed Ahsan, 2016)Narteh(2015) Investigate the dimensions of self-service unit's service quality and their relationship with customer satisfaction in the retail banking sector. The study found convenience, reliability, ease of use, privacy and

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

74

security, responsiveness and fulfillment to be the major dimensions of SSU's service quality. Service quality dimensions found in this study have enriched knowledge in electronic banking usage in developing countries. In addition, the study also provides bank managers with insights into how to improve customer satisfaction in retail banking through the usage of SSUs. Gunawardana, Kulathunga, & Perea (2015) in this study examine about the rapid technological advancement in the banking environment drives Sri Lankan banks to adopt self-service technologies to deliver services via SMS banking, Internet banking and telephone banking facilities, Automated Teller Machines. The results of this research revealed that reliability and convenience have positive impacts on customer satisfaction but efficiency has a negative effect.

3 METHODOLOGY

3.1 Conceptual Framework

Conceptual framework emphasizes the relationship between independent variable and dependent variable. This research model is prepaid to make an insight in to impact of service quality of the self-banking units on customer satisfaction of public banks in Kandy district.

The most widely used model to measure perceived service quality was developed by (Parasuraman, 1988). This conceptual model indicated that customers' perception of service quality was influenced by a series of gaps that hinder the delivery of high service quality.

According to the model accessibility, reliability responsiveness, flexibility and efficiency is independent variable and, Customer Service is the dependent variable.

3.2 Research Approach

Researcher expects to create logical generalization about impact of SSUs on customer satisfaction. Hence, deduction is the process by which arrive at a reasoned conclusion by logical generalization of a known fact (Sekaran, 2013). Deductive approach is highly structured one. It's necessary to select sample of sufficient size in order to generalize conclusions. In this study researcher is applied deductive approach.

This research study is a basic research that identifying impact of service quality of SSUs on customer satisfaction

This study is a cross sectional study due to data collected from bank customers to test the research variables within a particular period of time. In this study researcher administered questionnaires personally.

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

75

After developing questionnaires researcher distributed them randomly among customers of public bank and private bank. Then some customers did not have filled questionnaires correctly. Researcher had to go for the collecting data again.

Data collected from customers of banks within Kandy district. Therefore, the unit of analysis of this research is "individual bank customer". Customers are main sub section in the banking sector. Whole customers who are doing transactions using SSUs in public and private bank in Kandy district are considered as the population of the research.

The sample of this study has comprised 120 customers who are selected randomly from four leading banks using SSB units to conduct their day to day transactions; Peoples Bank, Bank of Ceylon, Sampath Bank and Commercial Bank and HNB in main town in Kandy district that are successfully using SSUs for conducting their banking services. Kandy district would be covered Kandy town, Gampola, Peradeniya, Nawalapitiya and Katugasthota geographical locations that are mostly situated SSB units and near to SSUs that are mostly located SSUs and near to SSUs((ATM Locator, 2019), (combank ATM network, 2019), (Bank of Ceylon ATM Loctions, 2017), (self banking units, 2018))

A structured questionnaire was used to collect data from customers and was conducted to investigate relationship and strength E-service quality of SSUs and customer satisfaction.

Secondary data refer to information gathered from sources already existing secondary data was collected through previous research studies, organizational records, books, documents paper articles, media, government publications magazines and Internet.

4 DATA ANALYSIS

The data was processed using the SPSS-21(Statistical Package for the Social Sciences) software analyze the data collected. Microsoft Excel Spreadsheets also used to evaluate data. The present study was utilized both descriptive and inferential statistical techniques for data analysis. The following statistical techniques were used to analyze the study.

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

76

Table 1: Reliability

Variable	No of item	Cronbach's Alpha
Efficiency	04	0.829
Reliability	04	0.749
Responsibility	04	0.722
Convenience	05	0.709
Ease of use	05	0.750
Security and privacy	04	0.724
Customer Satisfaction	06	0.851

Table 2: Regression Analysis (Coefficient Table)

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.529	.314		-1.684	.095
E	-.170	.079	-.163	-2.148	.034
R	.017	.139	.014	.126	.900
RES	.369	.141	.281	2.615	.010
C	.090	.073	.076	1.238	.219
EU	.157	.074	.152	2.134	.035
S	.677	.079	.636	8.562	.000

In the research sample it established a combination of all gender, that is, male and female in the responses that filled questionnaire. Out of the total respondents (N=1112), 66 respondents (59%) are male and 46 respondents (41%) are female. Researcher expected to collect data from 120 respondents of sample for analysis but 8 were eliminated. All the age groups in population were represented in the sample questionnaire. Majority of respondents belongs to age group 18-30 years and minority belongs to age group above 50 years.

According to the Table 1, its Cronbach's alpha values of all variables were ranged from 0.709 to 0.851, it fulfills the relevant accepted level of the reliability. Generally, values should be located in between 0.7-1.0. If the alpha value lies between that range it concludes that high reliable variables. Reliability of the dependent variable (Customer satisfaction) was 0.851.

The Pearson's Correlation Coefficient was computed for the purpose of determining the relationship between E-Service quality of self-service banking units and customer satisfaction in banking sector in Kandy District, Sri Lanka. All six independence variables are significant with the Customer Satisfaction variable at the 0.05 level.

Table 2 shows the regression results of the study. R Square for this model is 0.754. The adjusted R square value indicates how much of the total variation in

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

77

the dependent variable can be explained by the independent variables. This means that 75.1% of the variation dependent variable (customer satisfaction) can be explained by the six independent variables that related to E-service quality.

5 DISSCUSION OF THE FINDINGS

The predictor, efficiency dimension was having a negative (b= -0.170) significant (P<0.05, t = -2.148) effect on customer satisfaction. Therefore researcher rejected the first hypothesis. It indicates fact that there is a significant negative relation between efficiency of SSUs on customer satisfaction.

Therefore, there is a positive relationship between efficiency of SSUs and customer satisfaction of Kandy district, so that hypothesis (H1) is rejected.

Reliability (b=0.017) was not significant (P>0.05, t= 0.126).that indicate fact that there is a negative impact on reliability of SSUs and customer satisfaction. This has rejected the second hypothesis (H2) formulated by the researcher.

Yet, responsiveness (b= 0 369) had a significant (P<.005, t= 2.369) positive effect on customer satisfaction. It was the second major contributing E- service quality dimension that influenced customer satisfaction in self-service banking. This persuaded the researchers to accept the third hypothesis (H3).

According to the correlation sig value of convenience of SSU is 0.000. It is less than 0.01 according to the correlation sig (p<0.01). But Sig value of the Regression is 0.219 (p>.05). It indicates that there is no positive relationship with convenience of SSUs and customer satisfaction. That means convinces of SSUs brings out negative impact on customer satisfaction of SSSU users.

The results of correlation analysis imply that correlation sig value of ease of use of SSUs on customer's satisfaction as 0.000. So that is less than 0.01 (p<0.01) which means there is a positive relationship between those two variable. Sig value of the Regression is 0.035 (p<0.05). It indicates another important fact that there is a significant positive relation between ease of use of SSUs on customer satisfaction The predictor, security and privacy dimension was having a positive (b= 0.677) significant (P<0.05) effect on customer satisfaction. Therefore researcher accepts the final hypothesis. It indicates fact that there is a significant strong positive relationship between security and privacy of SSUs on customer satisfaction

In this study reilability dimention was not much signifiacantly effect and responcivness deiemnitons was reveled a positive imapect on customer satisfaction.But the result of survey conducted on customer satisfaction on reliability and responsiveness of self-service technology for retail banking services convey the relationships of service quality dimensions

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

78

(responsiveness and reliability) are important to maximizing customer satisfaction (Iberahim, Mohd Taufik, & Mohd Adzmir, 2016).

Accroding to the study couduct on self - service technology and customer satisfaction in commercial banks in kenya self service channels enhances reliability, responsiveness, ensures security of customer transactions (Masabo , 2013).

Gunawardana, Kulathunga, & Perea (2015)study on impact of self service technology qualityon customer satisfaction , revealed that reliability and convenience have positive impacts on customer satisfaction but efficiency has a negative effect in this study also efficiency dimension revealed negative impact due to regression analysis convey negative impact but according to correlation analysis attribute in significant.

6 CONCLUSION AND CONTRIBUTION

The results of this research support the identification of the impacts on customer satisfaction through the services quality According to the Regression analysis, customer satisfaction is influenced by service quality by 75.1% (.751*100). Second objective was identify that the relationship between E-service quality dimensions and customer satisfaction of SSU users. According to the result of study E- Service quality related factors responsiveness and security and privacy have a strong positive relationship on customer satisfaction of SSUs in Public banks in Kandy district. But, there is a moderate positive relationship between ease of use and customer satisfaction on SSUs in Public banks .Hence, most important dimensions of service quality that influence on customer satisfaction was further studied that reliability, responsiveness and ease of use, security and privacy highly expected change on customer satisfaction.it may course mostly public banks gain repondents satisfaction due to information not share with third party,. The researcher has found that bank type is also effect for uasege SSUs.Public banks are prefered than private bank by customers.It may courese other factors such as public banks serve to pepole with out concern thier social status or income level.As result,customers tend to use SSUs .Resracher include efficiancy as an important attribute for evaluating the SSU usage, though other studies have not much taken it into consider, based on the research finding researcher conveys that if SSUs of Public banks operates with easy metal effort, clear instructions, user friendly, provide more secure transaction directions for use, prompt service tend to increase customer satisfaction and respondents not much consider save time, quick service, consistence service, availability of 24*7 because these are most commonly expected attributes from SSUs of all banks. Hence, it is not much strongly affect to Customer satisfaction of SSUs users in Public banks in Kandy district.

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

79

According to the research findings there is a significant and positive relationship between responsiveness of SSUs on customer satisfaction of public banks. When it reconsiders continuous maintenance and effective communication should be there to maintain prompt service, direction to new users and guide to solve problems to enhance responsibility.

To enhance the positive impact of ease of use on SSUs and customer satisfactions of public banks management should consider into develop technologies that currently used to improve reduce metal effort to use SSUs, to provide clear instructions, to enhance user friendliness. Also implications from managerial perspectives, this study provides banking marketing managers and supportive IT managers a theoretical insight into the quality levels of SST banking activities. This ultimately helps them to reconsider their approaches.

Public banks should also be aware about security and privacy that binges significant impact on customer satisfaction considering recent past incidents happened mostly in private banks SSUs.(siber attacks and hacking)the effect of those acts reduced in public banks because most public bank's now use chip cards. In additions to that they should consider about providing more secure transaction options, information protection procedures for secure from misuse information and third party usage of information.

Reliability of the service can be enhanced through providing accurate presentations of figures and facts through enhancing the technical functionalities of the systems. Convenience can be enhanced by establishing more ATM machines and Kiosks in different locations in the country as well as by providing common ATM platforms to users by merging system of different banks.

REFERENCES

Matzler, K., Wurtele, A., & Renzl, B. (2006). Dimensions of price satisfaction: a study in the retail banking industry. *International Journal of Bank Marketing*, 216-231.

Mihelis, G., Grigoroudis, E., Siskos, Y., Politis, Y., & Malandrakis, Y. (2017). CUSTOMER SATISFACTION MEASUREMENT IN THE PRIVATE BANK SECTOR. *Sofokleous 11, 10235 Athens, GREECE. Technical University of Crete Decision Support Systems Laboratory University Campus, 73100 Chania, GREECE* .

ATM Locator. (2019). Retrieved from sampath bank: http://www.sampath.lk

Bank of Ceylon ATM Loctions. (2017). Retrieved from Bank of Ceylon: web.boc.lk

combank   ATM   network.   (2019).   Retrieved   from   combank: http://www.combank.net

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

80

Iberahim, H., Mohd Taufik, N., & Mohd Adzmir. (2016). Customer Satisfaction on Reliability and Responsiveness of Self Service Technology for Retail Banking Services . *FIFTH INTERNATIONAL CONFERENCE ON MARKETING AND RETAILING* .

Khan, & Syed Ahsan, J. K. (2016). A study of customer satisfaction on select service dimensions with reference to ATMs and CDMs services in Oman. *Journal of Business and Retail Management Research (JBRMR*.

Muhammad, A. K. (2010). An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks. *Muhammad, A. K. (2010). An Empirical Study of Automated Teller MEuropean Journal of Social Sciences*.

Sekaran, U. (2013). Research methods for business. Research methods for business .

Self Banking Units. (2018). Retrieved from peoples bank: http//www.peoplesbank.lk

4th Interdisciplinary Conference of Management Researchers
Sabaragamuwa University of Sri Lanka
29th – 30th October 2019

81