

EVALUATING EFFECT OF DEMONETIZATION ON QUALITY OF E- BANKING SERVICES USING SERVQUAL MODEL

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ABSTRACT: *Demonetization is a tool to battle Inflation, Black Money, Corruption and Crime, discourage a cash dependent economy and help trade. E-banking service is the centre for channelizing the legal tender money to all needs of the society. This study evaluates how demonetization affects quality of E- Banking services as well as the perception and satisfaction level of users towards E-banking services. The study is based on Primary data collected through a structured questionnaire. Quality of E-Banking services has been evaluated using seven dimensions of SERVQUAL MODEL. The effect of De-monetisation on satisfaction level of customers of E- banking services has been examined using Multiple Regression Analysis on seven dimensions of SERVQUAL MODEL. The major variables contributing to customer satisfaction during Pre and post Demonetization have been compared. The study concluded that the quality of E-banking services has improved trustworthiness and Reliability of E- banking services after Demonetization.*

Key Words: *Demonetization, E-banking, SERVQUAL, Customer Satisfaction*

INTRODUCTION:

E-banking is an automatic system to delivered different banking services directly to the customers through various communication channels, Customers access e-banking services using an intelligent electronic device, such as a Personal Computer (PC), Personal Digital Assistant (PDA), Automated Teller Machine (ATM), kiosk, or Touch Tone telephone. In simple word: "E-Banking is a combination of two, Electronic technology and Banking, it is a process by which customer enjoyed the banking facilities without visiting the branch. The payments eco-system in the country provides multiple options to different segments of users for funds transfer as well as for making payments in exchange of value for goods and services. With increasing adoption of electronic payments, particularly those driving E-Banking there is a growing demand for faster payment services which, in turn, facilitate ease in doing financial transactions.

Demonetization is a tool to battle Inflation, Black Money, Corruption and Crime, discourage a cash dependent economy and help trade. Demonetization is an act of stripping a currency unit of its status as a legal tender. It was 8th of November 2016 at 8p.m. where Honourable Prime Minister of India Mr. Narendrabhai Modi announced to demonetize 500 and 1000 Rupees currency from the economy and with the limit of withdrawal of rupees from bank account and rupees 2000/- from ATMs. After Demonetization, Online banking has made things much easier and has saved lot of time of bank employees as well as general public. The traditional way of waiting in a queue and filling up all the forms manually, is no hassle now for transacting with any bank. Banks in India are offering wide range of their services and their products through internet banking.

This study evaluates how demonetization affects quality of E- Banking services as well as the perception and satisfaction level of users towards E-banking services. Quality of E-Banking services has been evaluated using seven dimensions of SERVQUAL MODEL

Literature Review: Various studied have been conducted in the area of E-Banking services and effect of Demonetization on E-Banking services. Following are the review of related research papers:

Bader M Almohaimmed (2012) has undertaken study on identifying intensions of customer towards E-banking services, examining factors affecting intentions of customer's using E-banking services, examining how trust of customer's can be developed and examining how the dimensions of task-technology fit influence behavioural intention and perceived ease of use with regard to internet banking use. The study revealed that the more positive the perceptions of opportunities were (lower levels of perceived risk), the less the intention to use internet banking.

Unyathanakorn and Rompho (2014) have conducted the study focusing on factors affecting customer's satisfaction towards E-banking services. They collected data from primary survey. The study found that customer's expectation of quality and service value had significant effect. It was also found that by developing service model it become possible to use factors affecting development and improvement in E-banking services, from expectation factor it was suggested that by providing information and by developing awareness indirectly it will affect perceived quality and perceived value.

Mathivanan (2015) has conducted study to identify perception of customers towards E-banking services, problem during use and impact on various E-banking services and research also suggesting suitable measures for various problems faced by customers. Data was collected from structured questionnaire. The study found that there is significant relationship between the occupation and usage of electronic fund transfer.

K. Veerakumar (2017) has conducted the research describing the concept of demonetization in India and analyzing the demographic factors of responded. Data was collected from 100 responded by using well structured questionnaire. The study concluded that demographic factors mainly age, occupation, gender, income have significant effect of demonetization.

Meghani and Gokhru (2017) have conducted the research identifying the frequency of physical banking services before and after demonetization , the knowledge level of responded of Gujarat and the ratio of people associated with internet banking and effect of demonetization on the usage of E-banking users of different banks before and after demonetization. Study used primary survey for data collection. It was found that ultimately there was increase in the internet banking services and it has direct impact on demonetization.

Patnaik and Khandelwal (2017) have conducted the study on identifying factors affecting customers and problems faced by them while using E-banking services. The study found that male customers, Educated people, businessmen and service holder people using more internet banking , mostly used for cash deposit. Most of the respondents feel convenient, safe and secure while using e-banking transactions.

Sr. Juli AD, Athira Nair TA et al (2017) have conducted this study to compare and measure the usage of E-banking services pre and post demonetization of rural areas. The data was collected from questionnaire and secondary data were also used. Study found that usage of E-wallet has increased after demonetization. Non availability of enough currency, compulsory situations to use, Liquidity at anytime or anywhere, time saving are the main persuasion influencing rural people and factors like Easy to operate, safest mode, avoid black money are the influential factors to use e-commerce facilities.

OBJECTIVES:

This study has been conducted for the following major Objectives:

- To evaluate the perception of Bank customers towards the quality of E-banking services using SERVQUAL model.
- To evaluate the effect of Demonetization on quality of E-banking services during pre and post Demonetization period.

RESEARCH METHODOLOGY:

Research Design: This study is based upon Exploratory and Descriptive research design.

Sampling Design: The study is based upon a primary survey of the users of e-banking services from Ahmadabad city, using a structured questionnaire. In all, 200 questionnaires were administered, out of which 166 questionnaires were found to be complete in all respect and hence the effective sample size for the analysis was 166 respondents who were the users of E-banking services. The respondents were selected using purposive sampling.

Tools and Techniques: The Multiple Regression Analysis is used to evaluate the effect of Demonetization on quality of E-Banking services by using SERVQUAL Model.

Data Processing: Since the data was collected in the form of a structured questionnaire from the users of E-Banking services, the data was coded, edited and transformed as per the requirement of the objectives of the study. The reliability of questionnaire was tested using Cronbach's Alpha which was found to be 0.905 and hence the questionnaire was found to be highly reliable. Since SERVQUAL Model of seven dimensions has been applied for assessing the service quality of E-Banking services, the dimensions of this model were measured on a Five point Likert's scale and the weighted Average scores for each dimension were obtained as under.

Table-1 Components of SERVQUAL Model

Dimensions	Number of Statements in each dimensions	Statements	Weighted Average	Overall Weighted Average
Competence	6	Transfer of fund is easier through E-banking	4.078313	3.672691
		I am able to get on the site quickly Service Performance	3.921687	
		Banks use advanced Computer/IT and modern looking equipments to serve clients	3.355422	
		E-Banking provides effective medium of promotion of various schemes	3.36747	
		It provides unlimited network to the banks to approach customers	3.421687	
		It helps in better customer relationship, attracting and retaining them	3.891566	
Credibility	6	E-banking increases the reputation of the banks.	3.843373	3.651807
		It increases the believability, honesty and trustworthiness of the customers in banks.	3.626506	
		It ensures the ability to fulfil the requirement	3.740964	
		Degree of reliability involved in interaction with customers is more in E- banking	3.283133	
		I have confidence in the banks service	3.76506	
		The bank quickly resolves problems I encounter online	3.427711	
Reliability	3	It provides accuracy in billing	3.855422	3.873494
		It helps in keeping records correctly	3.939759	
		It performs the service at designated time	3.825301	
Responsibility	9	It improves the quality of customer service	3.939759	3.777108
		Availability of service is faster in e-banking as compared to manual banking.	4.259036	
		The site is always available for business	3.759036	
		My online transactions are always Accurate	3.789157	
		The website design is attractive	3.463855	
		It is easy to find what I need on the website	3.831325	
		The website structure and information is easy to follow	3.939759	
		The website makes accurate promises about the services rendered	4.259036	
		E-banking learns the specific requirement of the customer	3.759036	
E-banking ensures physical safety of the transaction.	3.674699			

security	6	Password facility provides confidentiality to transaction.	4.150602	3.619277
		It also increases the financial security.	3.409639	
		Privacy can be easily maintained	3.313253	
		The bank does not misuse my personal information	3.548193	
		E-Banking Services are Trusted by Young Generation	3.795181	
Tangibility	6	Physical representation of service through plastic card, credit and debit card is easy.	3.975904	3.792169
		E-banking provides 24 hours, 365 days a year service to customers	4.385542	
		It helps in reducing the no. of queues in the bank branches	4.042169	
		E-banking provides more physical facilities to the customers	3.807229	
		The bank is easily accessible by telephone	3.566265	
		It provides convenient location of service facility	3.753012	
Efficiency	4	The site has a customer service representative available online	3.295181	2.921937
		The site is quick to complete a transaction online	3.945783	
		Services provided on the banks website are quick	3.813253	
		E-Banking is very necessary for the Development of new Economy of India	4.36747	

From the above table it is revealed that out of seven dimensions of SERVQUAL Model, an overall Weighted Average score of Reliability comprising of three statements is highest, which is 3.873494. Customers of E-Banking services are assigning highest importance to reliability component. They feel that E-Banking services are highly reliable because of their accurate record keeping system. They have accurate billing system and they are providing timely services. The next important component from customer's perception is Tangibility of services. E-Banking services are available round the clock and they can be used without any time constraints. They minimize the waiting time of the customers and can be used without personally visiting the Physical Bank. The Third important dimension of E-Banking services from customer's view point is Responsibility. Customers believe that E-Banking services are faster and more accurate; the websites provide perfect and updated information and are easy to excess. The consumers also feel that E-Banking services are less efficient than Physical Banking; they feel that even though E-Banking services are important for the growth of Indian economy, the current status of E-Banking services require lot of improvement as regard connectivity, speed, security and accuracy of online transaction.

Multiple Regression Analysis:

In order to analyse the effect of Demonetization on E-Banking services, the customer's opinion regarding the quality of E-Banking services and satisfaction level obtained there from before and after Demonetization, were revealed in Five Point Liker's scale. The satisfaction scores were obtained using weighted average of the respondent's responses on the Likert's scale. In order to establish the relationship between the various components of SERVQUAL Model and Satisfaction level of the customers, Pre and Post Demonetization, Multiple regression Analysis has been carried out for the following models:

$$\text{Satisfaction Before} = \alpha + \beta_1 * \text{Competanace} + \beta_2 * \text{Credibility} + \beta_3 * \text{Reliability} + \beta_4 * \text{Responsibility} + \beta_5 * \text{Security} + \beta_6 * \text{Tangibility} + \beta_7 * \text{Efficiency} + \epsilon_{it}$$

and

$$\text{Satisfaction After} = \alpha + \beta_1 * \text{Competanace} + \beta_2 * \text{Credibility} + \beta_3 * \text{Reliability} + \beta_4 * \text{Responsibility} + \beta_5 * \text{Security} + \beta_6 * \text{Tangibility} + \beta_7 * \text{Efficiency} + \epsilon_{it}$$

WHERE,

α : constant,

Dependent variables: Satisfaction Before and Satisfaction After

Independent variables: Competence, Credibility, Reliability, Responsibility

Security, Tangibility, Efficiency

ϵ : an error term

Table-2 Multiple Regression Analysis

Variables	Satisfaction Before	Satisfaction After
(Constant)	2.167 (0.000)	2.350 (0.000)
COMPETENCE	0.330* (0.000)	0.285* (0.005)
CREDIBILITY	0.146 (0.078)	0.150 (0.179)
RELIABILITY	-0.016 (0.888)	0.058 (0.709)
RESPONSIBILITY	-0.186 (0.082)	0.045 (0.756)
SECURITY	0.072 (0.297)	-0.096 (0.309)
TANGIBILITY	-0.042 (0.830)	-0.138 (0.598)
EFFICIENCY	0.110 (0.503)	0.086 (0.697)
R ²	0.2439	0.173
F-CHANGE	7.258	4.726
SIG F CHANGE	0.000	0.000

Note: Figures in the bracket indicates P values of the corresponding estimated Co-Efficient.

INTERPRETATION:

Estimated model is:

Satisfaction Before = 2.167 + 0.330 Competence + 0.146 Credibility -0.016 Reliability -0.186 Responsibility + 0.072 Security -0.042 Tangibility +0.110 Efficiency and

Satisfaction After =2.350 + 0.285 Competence + 0.150 Credibility + 0.058 Reliability + 0.045 Responsibility - 0.096 Security -0.138 Tangibility + 0.086 Efficiency

The results of Multiple Regression Analysis indicate that competence dimension is having positive significant impact on customer’s satisfaction pre and post Demonetization period, which indicate that customers prefer to perform E-Banking transactions with banks having higher competence level. After Demonetization the customers feel that reliability of E-Banking services have improved and banks have become more responsible towards customers using E-Banking services. Customers feel that after Demonetization online transactions are not much secured as compared to pre Demonetization period. Tangibility dimension have negative insignificant impact on customers satisfaction. Customers feel that there is no improvement in the physical services provided by Banks. Credibility and Efficiency dimension do not have significance improvement due to Demonetization. Thus, there is still great scope of improvement as regards the credibility and Efficiency of E-Banking services.

FINDINGS:

- After Demonetization, Reliability of banking services towards E-Banking Services has improved.
- Due to time less Transaction and Accuracy, the numbers of users have also increased.
- Mostly, educated people, people rendering services and Business men are more comfortable to deal with the E-Banking services.
- After Demonetization the service quality of E-Banking has remarkably improved, Websites provide perfect and updated information and are easy to excess.

- E-Banking service providing Banks become more Responsible toward its users to serve and to improve according to their requirement.
- Tangibility dimension has negative insignificant impact on customer's satisfaction.
- The consumers also feel that E-Banking services are less efficient than Physical Banking.
- Credibility and Efficiency dimension do not have significance improvement due to Demonetization.
- Customers feel unsecured in dealing with Online Transactions.

Conclusion:

Demonetization has changed the Economy drastically; E-Banking is highly affected by this decision. On the other side it was the challenge of E-Banking to serve the users with high satisfaction. After Demonetization the usage of E-Banking or Online transactions has significantly improved. Speedy services and accurate information are the most attractive factors for its adoption. It is worth to say that customers feel free to deal with online transactions because of friendly technology and easy to Operate. Reliability and Responsibility are the factors responsible for adoption of E-Banking services. But on the other side, the security aspect, Efficiency of E-Banking services providers can pull down the decision to adopt E-banking services. There is still great scope of improvement as regards the credibility, Security and Efficiency of E-Banking services.

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