

An Assessment of the Impact that Service Quality and Customer Satisfaction Possess on Customer Loyalty in Internet Banking

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ABSTRACT

The purpose of this study was to explore the effect of service quality (SQ) and customer satisfaction (CS) on consumer loyalty (CL) in internet banking in the case of the KSA. The basis of this study was set upon the e-SERVQUAL model and its dimensions: include efficacy, consistency, privacy, fulfilment, and website design. The study was aimed to recognize the elements influencing service quality (SQ) along with the concept and significance of SQ in online banking in particular. The study was based on the quantitative research design and the participants for this study were the bank customers who are using internet services. The sample size of this study was kept to 150 participants. A close-ended 5 point Likert scale questionnaire was formulated in order to assess the phenomenon of the research. In addition, the SPSS software along with Smart PLS was utilized to examine the data collected from 150 customers of the banks. The SEM and correlation test were applied for assessing the association between SQ and CL along with CS and CL. The findings of this study indicated that there is a significant positive impact of service quality and customer satisfaction on the customer loyalty of internet banking users in KSA. Hence, the banking industry of KSA has been recommended to pay specific heed to all the dimensions of e-SQ and customer satisfaction.

KEYWORDS

Consistency, Customer Loyalty, Customer Satisfaction, Efficiency, e-SERVQUAL Model, Fulfilment, Privacy, Service Quality, Website Design

1. INTRODUCTION

The internet banking industry is considered as the major business that has been trailing towards the constant boom and development in its current trends as stated by the research of Skvarciany & Jurevičienė (2018). However, the establishment of electronic credibility and loyalty in the internet banking is highly significant for the banks in order to ensure customer retention which will save recruiting cost of fresh consumers that leads towards long-standing success (Dalir et al., 2017). The increasing and rapid growth of the internet businesses has increased the overall competition in the e-business world while organisations and banks operating in this highly competitive environment have been using different strategies in order to increase the overall sustainability in the market (Saeed et al., 2016).

Nevertheless, the research in the context of internet banking, CS and CL are in abundance in the present time period. For instance, the research carried out by Chima & Chikasanda (2013) on Malawi, the study of Hammoud et al., (2018) was conducted on Lebanese banks, the research of Mahfooz et al. (2013) conducted in India and similar other researches. In this concern, the noticeable fact is

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that KSA has limited researches where the research of Amin (2016) is prominent. This shows that concerning KSA's banks, the number of researches is insufficient and the mentioned study is also conducted during the emergence of e-banking while in the present time period, the development of technology has driven the e-banking's growth. Hence, it has become inevitable to address this gap study how the perception of people in KSA are changed within the time span and what improvements in future can be brought. This research therefore attempts to fill the void with the following aim and objectives which would be significant to guide the banking system prevailing in KSA towards enhancement and betterment.

The present research is aimed towards assessing the impact of service quality (SQ) on customer satisfaction (CS) levels within the case of internet banking in KSA. Following are the objectives developed for this study:

- To study the concept and significance of service quality
- To identify the factors affecting service quality in the case of KSA's internet banking
- To study the impact of e-SERVQUAL and customer satisfaction on customer loyalty in internet banking in the case of KSA

In addition, the e-service quality helps the customers to make an overall assessment and judgement of electronic services' quality that is being offered in the marketplace (virtual market). Considering this discussion, the research will be aimed to assess the association between SQ and CS.

2. LITERATURE REVIEW

Internet banking can be regarded as one of the products of technological advancements leading to increased customer satisfaction and loyalty (Amin, 2016). In this aspect, service quality contributes significantly as stated by the research of Shankar and Jebarajakirthy (2019). Fundamentally, it is a set of services provided from a business to its customers, whereas perceived SQ is the comparison between what the consumers expected and what was delivered after the practical experience (Ganguly and Roy, 2011). Several types of research in the past have shown that service quality has a positive impact on the overall performance of the firm and it is also found out that SQ leads to CS and eventually that results in customer loyalty (Ariff et al., 2013; Hsu and Nguyen, 2016). There are five popular dimensions of e-SQ known as an e-SERVQUAL model; efficiency, consistency, privacy, fulfilment and website design (Hsu and Nguyen, 2016). These five dimensions if achieved effectively can help a business in gaining customer satisfaction as the research of Kheng et al. (2010) stated. In the context of e-SQ, the research of Zaverah et al. (2012) explained certain dimensions that are reliability, efficiency and privacy.

In the case of customer satisfaction, the research of Arif et al. (2013) stated that e-SQ has a positive impact on CS of the e-banking users online. The study of Alkhoul (2017) also found empirically that e-SQ affects customer satisfaction in the case of Sweden positively. Customers are the most important stakeholders of any business therefore almost all business in order to gain sustainable advantage look to satisfy their customers through several means and providing quality service is an important part to achieve customer satisfaction (Ganguly and Roy, 2011; Askari, 2016). Consumer satisfaction is derived from quality service which leads to earning the long-term loyalty of the customers (Kheng, 2010). The research of Amin (2016) also stated the same in the case of KSA's internet banking and SQ to gain the loyalty of the customers.

Another concept that this study underpins is customer loyalty which can be regarded as a concept that occurs when consumers buy repeatedly from a particular brand or business which can be due to several reasons such as price, quality of the product/services, quality of the service, post buying behaviour of the brand, etc. (Hsu and Nguyen, 2016; Ting et al., 2016). It has an adverse relationship

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