SERVICE QUALITY PERCEPTION TOWARDS E-CRM PRACTICES IN BANKS- A LITERATURE REVIEW

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ABSTRACT

Banking sector playing an important role in the economic development of the nation. Customer and customer service are the main focus of banks. Banks are giving more priority to the service quality to satisfy their customers. For this, banks are now utilizing E-crm tools to carry out transactions and communicate with their customers. The purpose of this study is to review the literature survey on customer perception towards E-crm practices on service quality in banking sector. Service quality measure is based on modified version of SERVQUAL as proposed by (Parasuraman et al., 1985) which involve five dimensions of service quality namely Reliability, Responsiveness, Empathy, Assurance and Tangibles. It reviews the selected research works carried out during the period 2007 to 2017 to study the impact of different variables on this subject. This study reveals that customers are expecting high level quality services from the banks.

Keywords: Banking, Customers, E-CRM tools, Perception, Service quality
INTRODUCTION

Banking sector plays a vital role in the economic development of a country. Quality is being considered as the key factor in the growth of banking sector. Banks can gain competitive advantage through better service quality by offering quality service to their customers. Banks can achieve customer satisfaction by providing a better service quality. It's a well known fact that no business can exist without customers. Banks now converted themselves in to customer oriented service industry, therefore, the customer is the main focus for them and customer service is the differentiating factor. The reason behind this change is changing customer needs and expectations. Customers no longer want to wait in long queues and spend hours in banking transactions. So banks adopted E-crm tools which help banks in meeting the customer’s expectations according to their changing needs. E-CRM provides speed and real time response to customers or markets through the use of new tools such as e-mail, internet, mobile, ATMs, Data mining etc. which reduces the cost of customer contact. E-crm tools help the banks to maintain their existing customers, attract new customers, and provided value added services to satisfy their customers. Customers are now moving towards E-crm practices to order to save their time, money and efforts. Today, the bank who believes in providing value added services and satisfaction to their customers is surviving in the market. “In the literature on service marketing, perception is defined as the consumer’s belief concerning the service received or experienced. Customer perception has been regarded as an indicator of the marketing effectiveness of the firm. Many companies now concentrate on identification of customer’s expectation and actual delivery of services, which are essential elements of marketing strategy. The SERVQUAL model developed by Parasuraman, et al. (1985) is widely used to measure the quality of service by different service-providers like banks.

The five dimensions of service quality that customers distinguish among are:
Tangibles: Appearance of physical facilities, personnel, equipment and communications materials.
Reliability: Ability to perform the promised service accurately.
Responsiveness: Willingness to help customers and provide prompt service.
Assurance: knowledge and courtesy of E-crm employees and their ability to inspire trust and confidence.

Empathy: Making the effort to know customers and their needs.”

A number of studies had identified the dimensions of service quality as the antecedents of customer satisfaction. Customer satisfaction is as an overall customer evaluation of a product or service based on purchase and consumption experiences over a time period. Customer satisfaction is the most important forecaster of service quality in banking sector.” Over the years right from 2007 to 2017 many aspects of customer service quality have been studied and these findings have given major insights to build a sustainable effect on the entire fabric of Indian financial system.

**OBJECTIVES OF THE STUDY**

This paper aimed to review the literature on service quality perception of customers regarding E-crm practices. Service quality is measured on the five dimension of SERVQUAL model by Parasuraman, et al. (1985). Although banks emphasizes on providing better service quality with the use of E-crm tools but actually these E-crm practices really succeeded to make them satisfied. This study investigated various existing literature to identify the perception of customers regarding the quality of services on the dimensions tangibility, reliability, responsiveness, assurance, empathy which helps banks to identify the potential development in the field.

**REVIEW OF LITERATURE**

Sudesh (2007) revealed in his study that the reason behind of poor service quality in public sector banks was mainly due to deficiencies in tangibility, lack of responsiveness and empathy. Private sector banks, on the other hand, were found to be more reformed in the same perspective. Foreign banks were relatively close to the expectations of their customers with regard to various dimensions of service quality.
Srivastava et al. (2009) in their study revealed that the banks should pay attention to all the dimensions of service quality and pay more attention to the dimension of assurance-empathy to increase loyalty, willingness to pay, customer commitment and customer trust.

Choudhury in his study (2010) on “Service Quality: Insights from the Indian Banking Scenario” revealed that the Indian banking industry was facing tough time. The objective of the study was to explore the dimensions of customer perceived service quality in the context of the Indian retail banking industry. He suggested in his study that customers could be distinguished on the basis of four dimensions of service quality namely, attitude, competence, tangibles and convenience.

Kavitha et al. (2011) analyzed customers’ perception related to E-CRM practices in Indian banks and its impact on customer satisfaction and its relevance with demographic variables. Their study revealed that demographic factors like age, income, education, computer knowledge etc., had a positive relationship with customer perception and level of satisfaction. They suggested that the banks should identify right strategies to attract customers with different demographic profile and should offer them right E-CRM practices.

Gazor et al. (2012) in their study titled “Analyzing effects of service encounter quality on customer satisfaction in banking industry” found the relationship between customer perceptions and loyalty of customers to organization and to employees. They used SERVQUAL components for one of Iranian banks named Maskan. They considered SERVQUAL components like “service encounter quality, service quality, customer satisfaction and customer loyalty.” Their study revealed that most desirable factors chosen by customers were service quality systems, customer satisfaction and most undesirable factor was loyalty to organization.

Dhingra et al. (2013) determined the benefits of E-CRM to the customers and to the organizations of the banking sector of India. They took feedback of customers of SBI and HDFC bank and compared their services on the basis of variables like “customer interaction and satisfaction, convenience, speed of processing, service quality and trust”. They found in their
study that the banks got almost same description about the advantages of E-CRM from their customers and suggested that banks should ensure for secure online transactions.

Kalyanaraman et al. (2013) have studied the customers’ perception related to service quality offered in the private sector banks of Chennai city and they also identified the areas where banks need to improve their quality of services. They employed convenience sampling technique to collect the data from 100 respondents of selected 4 branches of HDFC bank. They found that the customers’ perception related to service quality of the HDFC Bank was satisfactory and customers’ perception was highly affected by demographic factors like age, gender, occupation, monthly income etc. They suggested that banks should improve their credit card information to customers.

Albarq (2013) has performed “an analytical study to measure the impact of service quality on customer loyalty with customer satisfaction mediating these variables by using SERVQUAL model”. They distributed questionnaires to 422 individuals selected from five local banks in Riyadh, Saudi Arabia. The results indicated that “improving service quality can help to enhance customer loyalty”. He suggested that bank managers should work on improvement of customer satisfaction related to service quality in order to improve customer loyalty.

Saravanan et al. (2013) determined the key service quality dimensions of private sector banks of Tripur, India with the help of SERVQUAL model. Stratified random sampling was used and structured questionnaire was distributed to 120 customers of selected private banks of Tripur. The collected data was analyzed with the help of “Henry Garrett Ranking Technique and Multiple Regression Method”. They found in their study that customers of private sector banks of Tripur were not satisfied with the reliability and responsiveness dimensions of service quality.

Okoe et al. (2014) investigated the service quality dimensions in the foreign sector banks of Ghana and its impact on service delivery. They used SERVQUAL model to find the gap between customer perception and expectation of customers. They used purposive sampling technique to collect the data from 400 customers of foreign sector banks of Ghana. They found that there was
a gap existed between customers’ expectations and perceptions of service delivery in all the foreign sector banks. They also found that customers were only satisfied with tangibility dimension of service quality.

Deveshwar et al. (2014) in their research article “To Identify Service Quality Gaps in Banking Sector: A Study of Private Banks, have used 22 items SERVQUAL scale to identify the gaps between customer expectation and their perception of service quality provided by private banks of NCR.” A structured questionnaire was distributed to 100 customers of banks of NCR region. “Their study also provided an insight into which attributes of service quality in private banks were most important in providing satisfaction to customers and areas where significant gaps existed. They found that highest gaps existed in the dimensions of reliability and empathy. They suggested that banks should reduce the gap by giving individual personal attention to their customer’s specific needs.

Muthiah et al. (2014) investigated the modern service quality dimensions which affected the customer satisfaction. Sample size included 120 customers of Thirunelveli city, who were using the internet banking services of State Bank of India. They found in their study that most of the respondents were preferred to use ATM facility, Credit Card facility, and fund transfer and bill payment facility mostly. They found that old employees of State bank of India still not changed their old mentality. They suggested that the bank staff must continuously upgrade their skills with the help of training programs and banks should continuously organized seminars and conference to educate their customers, how online banking should be used.

Pillai et al. (2014) performed a comparative analysis to examine the effect of service quality on the satisfaction level of customers related to electronic banking services using SERVQUAL model. Data was collected from the selected customers of State Bank of India, a public sector bank and South Indian Bank, a private sector bank of Thiruvananthapuram district. Their study proved that customer satisfaction had strongly affected by all the service quality dimensions. They found that customers of public sector banks were more satisfied than private sector banks.
Sharifi et al. (2015) compared the services quality offered to the customers of public and private banks of Qom Province. They found that both banks had similar service standards except the physical environment which was better in private banks than public banks. Azzam (2015) in his study titled “The Impact of Service Quality Dimensions on Customer Satisfaction: A Field Study of Arab Bank in Irbid City, Jordan” found that the service quality proved to be a best tool to measure the service quality in the banking sector in the Arab bank. So they suggested that banking sector practitioners should consider these dimensions as an important tool to evaluate, support, and for the improvement of service quality of banks.

Gharebagh et al. (2015) used SERVQUAL model to evaluate the service quality offered in all branches of the Saderat bank of Urmia City. They stated with this model that “service quality comes from the gap between customers' expectations and perceptions of service received.” They collected the data from 228 customers of randomly selected branches of Saderat bank. Their study revealed that customers’ expectation was higher than their perceptions of the quality of services offered. They suggested that banks should evaluate their quality of services periodically which helps them to get better idea of processes of service quality improvements.

Quyet et al. (2015) in their study titled “service quality effects on customer satisfaction in banking industry examined the relationships between the five factors in the SERVQUAL model and customer satisfaction with deposit services of Vietnamese commercial banks.” This empirical analysis employed data from 150 customers who used deposit service of VCBs. The study showed that all the five factors “tangibility, assurance, responsiveness, reliability, and empathy” were positively related to customer satisfaction. They found that female customers demanded higher service standards in the banking industry than their male customers. They also found that age and experience of customers have no relation with the satisfaction level.

Sandhu et al. (2015) determined customer’s perception related to the service quality of public and private sector banks of Lahore, Pakistan. Convenience sampling technique was used and 500 questionnaires prepared on the basis of SERVQUAL instruments were distributed to the customers of these banks. Their study revealed that customer’s perception related to the service
quality in private banks was more satisfactory than public banks of Pakistan. They suggested that public banks should work on improving their service quality, to retain their customers and to ensure smooth processes.

Agnihotri et al. (2015) investigated the role of CRM practices on the basis of profitability index of these selected public and private sector banks of UAE. A structured questionnaire was distributed to the staff and customers of Emirates NBD and Mashreq bank of UAE. They found in their study that these selected banks have successfully followed the CRM practices and got highest revenues in the last five year i.e. from 2009 to 2014. They also revealed in this study that CRM practices followed by these selected banks of UAE were playing a major role in retaining their customers.

Aljasser et al. (2016) in their study titled “Bank customers’ perception of service quality and customer satisfaction in Saudi Arabia” identified and measured the relevant determinants of service quality and overall customer satisfaction levels of Saudi bank customers. They adopted both the descriptive and explanatory survey design. Faculty and management students were invited for focused group discussions to describe the characteristics contributing to the SERVQUAL and their satisfaction with bank services. They found that customer satisfaction in the Saudi bank services is significantly related to the six determinants of SERVQUAL, viz., access, communication, competence, tangibility, empathy, reliability.

Rostami et al. (2016) have focused on the assessment of Electronic customer relationship management readiness and its impact on service quality of Saderat bank branches of west Tehran. Descriptive data analysis was used as research methodology. Questionnaire was distributed to the employees and customers of west branches of Saderat bank of Tehran. Their findings revealed that use of technology, organizational culture; corporate strategy and employee perceptions affected E-crm readiness.

Chandran et al. (2016) analyzed customer perceptions about service quality in the selected commercial banks of Uganda and rank the perceptions. They found that Ugandan banks should try their best to improve on reliability dimension by providing training to the frontline employees who deals directly with the customers.
Krishnamurthy et al. (2016) examined the various dimensions of ATM service quality and its impact on customer satisfaction. They performed their study in Tirupur district of Tamilnadu. Convenience sampling was used. Questionnaire was distributed to 270 ATM users of Tirupur district of Tamilnadu. They included eight dimensions of ATM service quality: Trust, Ease of use, Appearance, Security, Accuracy, Grievance handling, fulfillment and Responsiveness. Among the identified dimensions Fulfillment and Responsiveness was regarded as most important dimensions by the customers and both dimensions had a positive impact on customers satisfaction.

Toor et al. (2016) in their study titled “The impact of E-Banking on customer satisfaction: evidence of banking sector of Pakistan” investigated the impact of E-Banking variables on customer satisfaction in Pakistan. Research design was quantitative in nature. Data was collected through 264 bank customers of different cities of Pakistan. They revealed in their study that customers in Pakistan evaluated e-banking service quality majorly on three key dimensions out of the five SERVQUAL model: Responsiveness, Reliability and Assurance. They found that service quality in E-banking leads to satisfied customers in Pakistan.

Umer (2016) in his study titled “Customer’s Perception on Service Quality Dimensions in Banking Sector of Pakistan” evaluated the service quality dimensions with respect to perception and expectation in banking sector of Pakistan and identified the impact of customer perception/expectation on Perceived service quality. The study had individual unit of analysis as all data was collected using questionnaire from bank individual customers. It was a cross sectional study as data is collected once and from variety of customers. He applied Paired sample T test, correlation and regression analysis for empirical purposes. He found that there was significant difference between all the dimensions in customer perceptions and expectations. All dimensions showed the negative difference which means customer expectations are higher than perception in every dimension.

Dalayeen (2017) in his study titled “Impact of Customer Relationship Management Practices on Customer’s Satisfaction in Jordan Ahli Bank and Bank Al-Etihad” found the variations in level of CRM among the customers of Jordan Ahli Bank and Bank Al Etihad. A sample size included 119 respondents. A well designed questionnaire was distributed to collect the data from selected
cities in Jordan. Independent sample t-test was used as the statistical tool to measure the variation in CRM on the five variables namely reliability, responsiveness, assurance, empathy, and customer relation. He found that there was no significant variation in the perception of customers on the variable reliability between these banks except other variables.

Pira et al. (2017) in their study titled “The Evolution of service quality in the growing banking sector in Kosovo” found the most important service quality dimensions for one of the commercial banks in Kosovo from the customer perspective. They also examined the service quality gaps for the bank. Judgment sampling technique was used in this research to target the sample population who possess at least some experience in conducting banking transactions with the Bank. The service quality questionnaire used in this research included a section that asked respondents to divide 100 points among all the five dimensions. They were asked respondents to assign more points to most important dimensions and less point to least important dimensions. They found responsiveness as the most important service quality dimension for customers of the bank. They suggested that the expectations of the bank customers exceed than their perceptions in all the dimensions.

**CONCLUSION**

In all the above review of various studies as quoted in the literature by various researchers, customer’s service quality perception towards E-crm practices in banks has been analyzed and found that most desirable factors chosen by customers were service quality systems, customer satisfaction. It is found that banks should concentrate on improving their quality of goods and services to achieve customer satisfaction. Banks should offer their customers right E-crm practices and banks should ensure them secure online transactions. After this review of literature it is found that customers are expecting high level quality services from the banks. Thus, this literature review has motivated the authors to conduct a research based study in this perspective and accordingly it was carried out.
REFERENCES


