

INTERNET BANKING SERVICE QUALITY IN INDONESIA AND ITS IMPACT ON E-CUSTOMER SATISFACTION AND E-CUSTOMER LOYALTY

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ABSTRACT

This study proposes a model of the effect of internet banking service quality on e customer satisfaction and e customer satisfaction on e customer loyalty in the banking industry in Indonesia. Based on the technology acceptance model, this study aims to expand the model to better understand why consumers are willing or hesitant to adopt internet banking as a means of financial transactions. The researcher proposes a framework that integrates the factors that affect service quality, customer satisfaction, and customer loyalty. Some important implications are also discussed and the proposed model will form the basis of empirical studies.

Keywords: internet banking quality service, e customer satisfaction, e customer loyalty

Introduction

This research discusses management science, especially in the banking industry in Indonesia. The implication of this research refers to banking practices that focus on customers in adopting internet banking technology as the unit of analysis. The content in this study refers to the variables of service quality (e service quality), customer satisfaction (e satisfaction), and customer loyalty (e loyalty) in the use of internet banking.

This study is based on a grand theory, namely Theory of Reasoned Action (TRA), which was chosen based on the reason that the user behavior variable (use behavior). This influence comes from perspective, attention and memory that simulate user interest (behavior intention) (Fishbein, 1967).

Some of the basic theories used are behavior intention to use, which is presented in theory, namely: 1. technology acceptance model (TAM / TAM2) (Davis, 1989; Venkatesh & Davis, 2000), 2. the innovation diffusion theory (IDT) (Moore & Benbasat, 1991), 3. the motivational model (MM) (Davis, Bagozzi, & Warshaw, 1992), 4. a model of combining TAM and TPB (c-TAM-TPB) (Taylor & Todd, 1995), 5. the model of PC utilization (MPCU) (Thompson, Higgins, & Howell, 1991) and 6. the social cognitive theory (SCT) (Compeau, Higgins, & Huff, 1999). Coupled with the theory of the Unified Theory of Acceptance and Use of Technology (UTAUT). UTAUT is a technology acceptance model proposed by Viswanath Venkatesh in 2003 (Venkatesh et al., 2003).

The development of technology has now entered into revolution 4.0 where all use high technology and everything is digital. One technology that is increasingly being enjoyed by the public is the use of the internet. In the current era of information and communication technology development, the use of the internet in many countries continues to increase. In the first quarter of 2020, there were 4,574,150,134 internet users recorded worldwide. Indonesia itself occupies the 4th position with around 171,260,000 internet users in the Asian region after China and India (Internet World Stats, 2020). The success of the company (banking) in Revoluti 4.0 cannot be separated from the technology used which is supported by internet banking.

The concept of customer satisfaction has grown in popularity in the last two decades in the banking and marketing management literature, the concept has been tested empirically as a consequence and antecedent of other variables related to marketing (Deraz, 2019) As an antecedent, customer satisfaction has been used to predict customer loyalty, customer retention and attitudes in the internet banking literature

If the customer feels that the quality of the service is good / good, the customer will feel satisfied. Customers feel satisfied that they will become loyal by continuing to use the bank as a facility for their financial transactions. Service quality is not a monolithic concept so it relies on several dimensions, each of which has different interests related to overall service quality, and its impact on satisfaction (Meesala & Paul, 2016). Electronic banking is the optimal integration of all bank activities through the use of modern IT so that all necessary services can be provided to customers (Journal et al., 2019). Internet Banking has customers who interact via network technology, while traditional banking interacts with customers on a non-website-based setting (Amin, 2016). However, internet banking services have unique characteristics that traditional banking services do not have. For example, internet banking makes it easy for customers to carry out various banking activities electronically at any time and place with low handling costs. Electronic Customer Loyalty (ECL). The importance of the internet in banking is increasing as more and more people use the internet as the main channel to connect with their bank. Consumer loyalty is primarily concerned with keeping consumers online by answering their questions and problems with online banking (Raza et al., 2020)

Literature review

Internet banking service quality

Quality is an important aspect in the business world because it is able to maintain satisfaction and loyalty and minimize risk (Asnawi et al., 2019). Perceptions of quality can be interpreted as consumer perceptions of the overall quality or superiority of a product or service relative to alternatives that are relevant and in accordance with the objectives to be achieved (Octabriyantiningtyas et al., 2019). The quality of electronic services is considered an interactive information facility and plays a very important role in every culture, as it has become the basis for how customers perceive online banking and, ultimately, how to interact and behave with online services (Raza et al., 2020). Electronic banking services are the provision of various electronic networks for carrying out bank transactions such as internet, cellular, television and telephone (Raza et al., 2020). In the context of the internet, the quality of electronic services is defined as the overall evaluation and assessment of consumers of the quality of services provided via the internet (Amin, 2016). Quality of electronic services is

considered an interactive information facility. In another study, researchers showed that the quality of service perceived by consumers is a more determinant of customer satisfaction than the value they feel (Lu & Seock, 2008). Service quality as "the overall evaluation of a particular service company resulting from comparing that company's performance with the general expectations of customers about how companies in that industry should perform (Shafei & Tabaa, 2016).

Service quality remains a topic of interest to academics and practitioners. In the service industry, the definition tends to focus on how well a service provider meets or exceeds the expectations of its customers. Service quality is defined as "a global assessment or attitude related to overall service excellence or excellence" (Mohsin Butt & Aftab, 2013)

e-Customer satisfaction

Customer satisfaction is one of the ultimate goals that service organizations seek, due to the long-term benefits of customer satisfaction such as positive word of mouth, customer loyalty, and sustained profitability. (El-Adly, 2019). Customer satisfaction initiates repeat purchases, creates intimacy and trust between customers and online businesses. (Tzavlopoulos et al., 2019). Customer satisfaction or dissatisfaction is the customer's response to the perceived mismatch between previous expectations and the actual service performance after using it (El-Adly, 2019). The quality of banking services, e-satisfaction is user satisfaction with previous transactions or experiences dealing with certain banks (Raza et al., 2020). Customer satisfaction is the key factor that drives the performance of the product or service to exceed expectations. Satisfaction is a post-purchase consumer mind state that reflects how much consumers like or dislike the service after experiencing it (Meesala & Paul, 2016). Customer satisfaction is about meeting individual expectations, and is needed along with trust (Tzavlopoulos et al., 2019). Customer satisfaction is also evidently represented in customer loyalty behavior because satisfaction indicates a notion of increased customer engagement (Latif et al., 2020). Customer satisfaction in general means customer reaction to the status of fulfillment, and customer assessment of the status is fulfilled (Shafei & Tabaa, 2016). Customer satisfaction or dissatisfaction is thus an expression of the ability or inability of service providers to meet consumer norms and expectations (Gürbüz, 2008). Satisfaction can also be defined from expectations of disconfirmation or perception alone (Mohsin Butt & Aftab, 2013)

e-Customer loyalty

Customer-employee relationships can contribute to the development of customer loyalty (Pekovic & Rolland, 2020). The concept of consumer loyalty in the service industry is considered an important point in the marketing literature (Asnawi et al., 2019). Customer loyalty has received real attention in the service marketing literature, because of its contribution to creating a sustainable competitive advantage for service organizations (El-Adly, 2019). In the internet banking industry (Amin, 2016) defines e-customer loyalty as the tendency for customers to continue to use certain sites, visit them frequently, and show high site engagement with high holding times. E-loyalty is defined as an attitude that benefits consumers towards e-retail services and results in positive repetitive behavior in visiting websites and making purchases (Rodríguez et al., 2020). Loyalty has been identified as one of the main goals of the company which ultimately results in business growth and helps to create a stable customer base to enhance a sustainable competitive advantage (Latif et al., 2020). Behavioral loyalty exists when consumers repeatedly buy a product or service, but do not always have a favorable attitude towards the brand (Shafei & Tabaa, 2016). Loyalty is defined as "a firmly held customer commitment to a product / service that is reflected in

repeated purchases of the same brand while ignoring other influences to leave the brand. (Mohsin Butt & Aftab, 2013)

Operationalization of Variables

Service quality is defined as a customer assessment of the superiority or privilege of a product or service as a whole (Yang, et. Al 2004) identifies that there are 5 dimensions of online service quality which include reliability, responsiveness, ease of use, access, and security, where the five dimensions used to evaluate service quality and customer satisfaction. (Khan, et. Al 2009). In the online banking industry, Herington and Weaven (2009) found four dimensions of e-ServQual: personal needs, site organization, user friendliness, and efficiency; and all factors are assessed as important factors to determine the quality of electronic services

Authors	Year	E-service quality dimensions relating to E-banking services
Joseph et al	1999	Convenience / accuracy, feedback/complaint management, efficiency, queue management, accessibility and customization
Jun & Cai	2001	Customer service quality includes 10 dimensions as reliability, responsiveness, competence, courtesy, and credibility, and access, communication, understanding the customer, collaboration and continuous improvement. Online system quality includes 6 dimensions as content, accuracy, ease of use, timeliness, aesthetics, and security. Banking service product quality includes product variety / diverse features.
Yang et al.	2004	Responsiveness, reliability, competence, access and security
Jayawardhena	2004	Access, website interface, trust, attention and credibility.
Ibrahim and Joseph Ibeh	2006	Convenient/accurate operations, accessibility & reliability, good que management, service personalization, friendly and responsive customer service provision, and target customer service provision.
Bauer et al	2006	Security/ trust worthiness, basic services (core service category), cross- buying services, added value (additional service category) transaction support, and responsiveness (problem – solving service category).
Sohail and Shaikh (Saudi Arabia)	2007	Efficiency and fulfillment security.
Loonam & O'Loughlin Wong, Rexha & Phau, Ganguli & Kumar Roy	2008 2008 2010 2011	Reliability, responsiveness, web usability, security, trust, information quality, access, service recovery, flexibility and customization / personalization

Khan and Jham (India)	2008	Reliability, accessibility, privacy/security, responsiveness and fulfillment, but least satisfied with the –user-friendliness”
Herington and Weaven	2009	Personal needs, site organization, user friendliness, and efficiency
Ho and Lin (Taiwan)	2010	Customer service, web design, assurance, preferential treatment, and information provision.
Hassan et al	2012	web design, security, trust, product diversification,credibility, collaboration, access and communication.
Zavareh et al.	2013	Assurance-fulfillment, efficiency- system availability, privacy, contact-responsiveness, and website aesthetics and guide.
Ismail and Abd El.Aziz (Egypt)	2013, 2014	Usability, Reliability , Responsiveness, Privacy, fulfillment, Efficiency, and Assurance
Thaichon et al. (Thailand)	2014	Network quality, customer service, information support, privacy and security.
Shahrzad Shahriari	2014	Reliability, responsiveness, security, ease of use, access
Mohammad et al.,	2016	Privacy/security

(Journal et al., 2019)

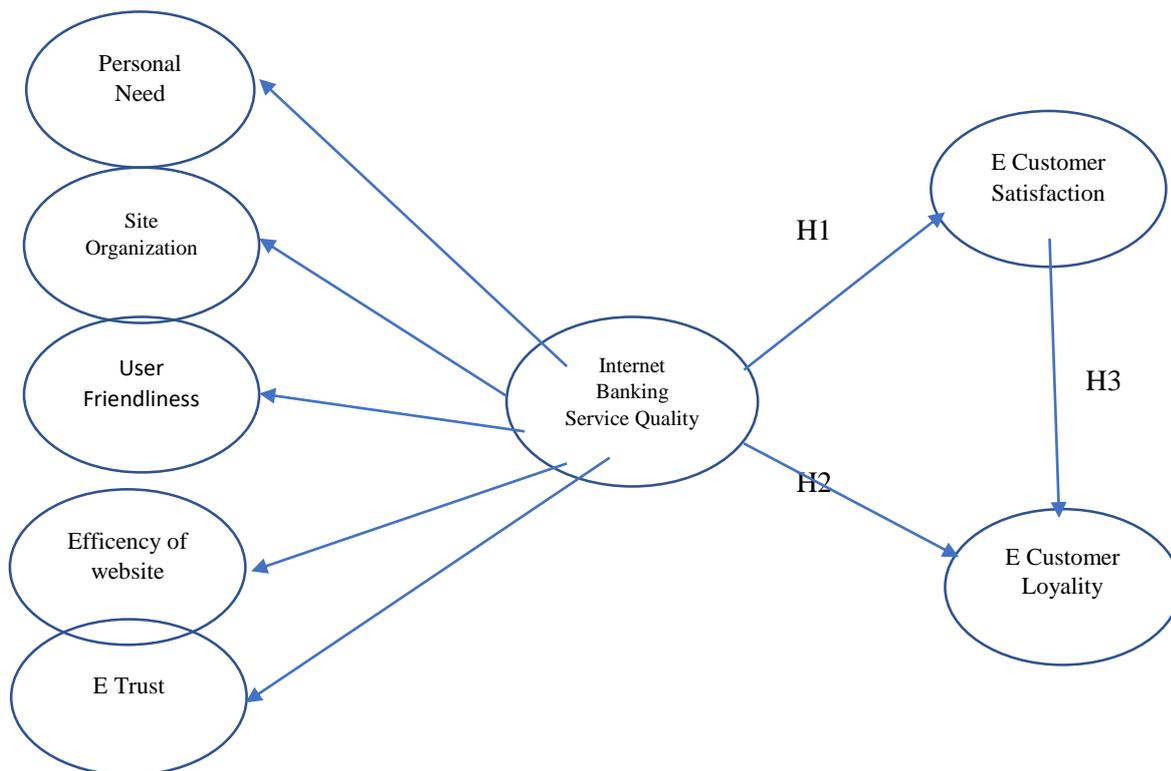
The main e-service quality factors that influence the success of e-banking (Journal et al., 2019): Website design, Content, E-trust, E-convenience, E-cost effectiveness, E-response / support. The standard multi-item instrument is named service quality with five service quality dimensions that measure the perceived service quality of consumers: "reliability", "responsiveness", "intangibility", "assurance", and "empathy". (Lu & Seock, 2008)

This study considers the two most studied relational variables and proven to be the most important factors in e-loyalty, namely e-satisfaction, e-trust, website quality and switching barriers (East & Kong, 2017).

Research Framework

Based on the theories and previous research described above, the researcher makes the research framework as follows:

Research Framework



Source: processed by researchers

Conclusion

From the framework above, the research draws the following conclusions:

Service quality will have a significant effect on having a high level of electronic customer satisfaction (Amin, 2016). Not all dimensions of service quality have the same impact on satisfaction (Meesala & Paul, 2016). Customers in the New Zealand banking industry show that the quality of service both offline and online affects satisfaction with e-banking services (Kingshott et al., 2018). The results show that for fashion e-retailers in Spain, electronic service quality is positively related to electronic satisfaction (Rodríguez et al., 2020). The main service quality that affects customer satisfaction, shows how customers are more interested in core services in addition to other benefits and value-added services (Shafei & Tabaa, 2016). The perceived quality of online services increases customer satisfaction (Mohsin Butt & Aftab, 2013). Quality and satisfaction affect loyalty through perceived value, image and reputation (Özkan et al., 2019). From several previous studies, the researchers tried to make tentative conclusions:

H1. The quality of internet banking services has a positive influence on e-customer satisfaction.

The quality of internet banking services is positively related to e-customer loyalty (Amin, 2016). Service that meets the requirements of O2O MSA positively affects privacy protection and customer satisfaction, which ultimately leads to customer loyalty through the information system success model lens (Wang, Q et al, 2020). It was found a direct relationship between service quality and loyalty, improving service quality in a way that means increasing customer loyalty (Kim & Kim, 2016). The perceived quality of online services increases their electronic loyalty to banks (Mohsin Butt & Aftab, 2013). From some of the previous studies, researchers tried to make tentative conclusions

H2. The quality of internet banking services has a positive influence on e-customer loyalty

e-customer satisfaction is positively related to e-customer loyalty (Amin, 2016). (Kingshott et al., 2018). There is a positive effect of consumer satisfaction on the services they receive and their perceived value on their level of loyalty (Tzavlopoulos et al., 2019). The results show that for fashion e-retailers in Spain, electronic satisfaction is positively related to electronic loyalty (Rodríguez et al., 2020)

From several previous studies, the researchers tried to make tentative conclusions:

H3. E-customer satisfaction has a positive influence on e-customer loyalty

Implications and Future Research Directions

We make a theoretical study and propose a conceptual model that can help further understand and analyze the relationship between internet banking service quality and customer satisfaction and loyalty, especially the banking industry in Indonesia. Another thing that needs to be studied or investigated further is an empirical study based on this conceptual model. Thus it can be statistically tested the relationship between existing variables. One of the challenges is finding or selecting a valid calculation scale for the Indonesian context. Finally, this conceptual model still needs development. For example, it is necessary to study and examine whether the quality of internet banking services is short term or long term. Thus, this conceptual model can be expanded with constructs related to Theory Planned Behaviour.

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