Abstract

Keeping in mind the dynamic changes that have been taking place in the Indian banking scenario, since the introduction of technology and the advancement of the internet even into the remote regions of the country, the proposed study is designed to determine the impact of e-service quality on the retention of banking customers in the city of Bangalore. Most of the existing studies are based on conceptual understanding and are not based on model testing. The proposed study is relevant to Bangalore as it is a tier one city with a dynamic and fast-paced lifestyle having the best technological facilities among the tier one cities in India.

The literature review initiates an exhaustive discussion of various constructs that are outcomes of e-service quality and determinants of customer retention. Based on references from the literature review, constructs identified for e-service quality are customer satisfaction, customer commitment and customer retention. The constructs that are outcomes of customer satisfaction were identified as customer trust, commitment and loyalty, which in turn influences customer retention. Thus, commitment, loyalty, commitment and e-service quality were concluded to be influencers of customer retention, with commitment being a construct that mediates the relationship between e-service quality and customer retention. Through extensive literature review, hypotheses were derived and the proposed conceptual model is developed.

Objectives of the proposed study are to empirically validate a model to establish the relationship between e-service quality and customer retention, linking customer satisfaction, commitment, trust and loyalty with select antecedents. Research methodology gives an explanation of the population from which the samples are collected, the justification for using the
particular sampling technique and also the tool employed for data collection. Detailed explanations have also been given for checking the reliability and validity of the tool and pilot data. A structured questionnaire using a seven-point Likert scale was used for data collection. The pilot sample data consisted of 165 respondents. The questionnaires were analyzed using SPSS (v.20) software for Cronbach’s Alpha.

Data collected from 385 respondents in Bangalore city was used for the full-fledged study. The statistical techniques used for data analysis were as follows – descriptive statistics, correlation analysis, structural equation modelling, regression and inferential statistics. All the statistical analysis were operated using SPSS (v.20) and AMOS (v.20).

The research findings were discussed in comparison with the earlier research studies taking into consideration the managerial implications for future decision making. The analysis of data concluded that e-service quality has a direct and positive influence on customer retention and that e-commitment mediates the relationship between e-service quality and customer retention. E-trust was found to be a key driver of e-loyalty and commitment. The e-service quality-customer retention model was considered a good fit model and was statistically validated. It was also noted that notwithstanding the fact that there are a large number of competitive banks offering online banking facilities 65.2% of the respondents have been banking with their banks for more than 3 years. Commitment was found to be a key element in customer relationship marketing.

The time period available and the geographical area of the proposed study were limited. For further research, a qualitative analysis has good scope for research to get banking customer’s feedback using in-depth analysis.
Moreover, there is good scope for further research to find out various retention strategies and the impact of loyalty programmes on customer retention.

Keywords: E-service quality, e-satisfaction, e-trust, e-commitment, e-loyalty and customer retention.