

Determinant Service Quality Online Banking Towards Young Users in Melaka

Nursahada Misdan^a, Siti Norbaya Yahaya^{a,*}, Mariam Miri Abdullah^a,
Mohd Hafiz Bakar^b

^b *Universiti Teknikal Malaysia Melaka, Malaysia*

^a *Universiti Teknologi MARA, Malaysia*

Abstract

Online banking is becoming a new focus as the number internet users is increasing globally and its benefits. This study aimed to determine the quality service on online banking towards young users in Melaka. The important of this research was to ensure that bank institutions provide the best services to their customers. By late October 2018, total online banking subscribers totalled 29.0 million representing 90.5% of Malaysia's total population using online banking services offered by 32 local and international banks. The research carried out to get the view what are the services that needed by the online banking user to be implement by the bank institutions. Furthermore, delivering high quality services is a way bank institution manage to improve their customer relationships. In this research, data was collected through questionnaire, research strategy was survey with total 384 respondents and the analysis is carrying out using Statistical Package for Social Sciences (SPSS) and Microsoft Excel. In addition, the result of this research showed of security and privacy service quality is the most significant relevance that affects young user perception in Melaka. From the results, it was proved that bank institutions provide good services to their customers. Data about consumers help bank institutions to define the need and identify the opportunities and threats for a service. Customer response was ultimate test of whether a service strategy will succeed.

© 2012 Published by Penerbit UTeM and/or peer-review under responsibility of Journal of Technology Management and Technopreneurship

Keywords :Credit Card; Consumer Spending

1. Introduction

By the end of August 2018, the totalled number of online banking subscribers was 28.3 million are representing 89.4% of Malaysia total population that using online banking services offered by bank institutions. The development of information technology has recently contributed to the major changes in the way that services are delivered to consumers. Hence, the presence and use of online banking have greatly changed the daily activities of most people, such as shopping and banking.

* Corresponding author.

E-mail address: sitinorbaya@utem.edu.my

Therefore, providing high-quality services to the consumer is the way companies manage to enhance their customer relationships. From the mentioned above, it becomes apparent that the delivery of high-quality services to consumers is essential to survive in a highly competitive banking environment (Wang, Lo & Hui, 2003). According to Sethi & Bhatia (2008), online banking means the consumer uses technology to perform banking transactions at any place without going to the banking institutions.

As the world of the technology arise nowadays, the consumer prefers to use online banking instead of the traditional method due to the following aspects such as accessibility of the services anywhere and anytime, transactions services can perform 24 hours a day, avoid spending time in queuing up ,it is quick and cheap (Mattila et al,2002). Online banking refers to banking services where consumers can manage of their accounts bank such as checks, transfers and bill payments via the Internet, rather than going the bank branch physically. Online banking typically consists of a secure connection to banking information via a depository's home computer or other devices.

The problem statement for this study is the lack of anxiety in the rate of usage of the online banking system among consumers. This issue affects consumers to continue using the online banking system and cause banks to improve their services. Online banking is still in the stage of growth and development research found that there was a low rate of consumption of online banking users in Malaysia (Ang et al, 2013). There are many users who have not adopted online banking services even though the online banking system provides many features and functions that enable users to conduct banking transactions through banking services.

According to Maghoub Elradi et.al (2017), service quality dimensions are still inadequate in terms of service quality and user experience in confirming user satisfaction, user-friendly interface, and loyalty caused by lack of human relationships. Low levels of communication and acceptable Internet technology continue to cause banks unable to achieve customer satisfaction factors in an online environment. Therefore, both domestic and international banking institutions should have awareness of the quality of online banking services that influence the use of consumers that are essential for the success of banks to maintain a competitive advantage.

Nowadays with the globalization trends worldwide in terms of using the online banking system is it difficult for the consumer whether matured or young to deny from what happening around. Therefore, online banking can take some time for beginners. Moreover, some people find it difficult to believe in a fully mechanical system to carry out their financial transactions (Ernst & Young, 2014). In many cases, simple errors such as clicking the wrong button can trigger a big problem. Therefore, many individuals are constantly worried and wondering if they have done the transaction accordingly while leveraging the convenience of online banking. The various technology platforms used by banks to perform their day to day operations such as registration form, transactions and checking affected operations have evolved considerably in recent years. These developments are changing the way utilities and consumers interact and are considering a number of research questions and practices relating to the provision of electronic services.

2. Literature Review

The service quality on online banking has been widely used to approach the performance of various service organizations including banks. According to Parasuraman et.al (1988), intangible results that do not have physical characteristics are services. Instead, performances and benefits provided to users who pay money for services are determined by their function. According to Gefan (2002), a comparison made by users between the quality of service they wish to receive and the quality of service they actually receive is the quality of service. Service quality is a critical success factor that affects competitiveness among service organizations, according to Auka, Bosire, and Matern (2013). Kashif et al. (2015) claim a cultural phenomenon is a measure of the quality of services produced and marketing strategies.

According to Parasuraman et al. research (1985) focus group has identified ten detailed dimensions about the quality of service, access, credibility, responsiveness, credibility, communication, efficiency, courtesy, security, understanding and customer knowledge. These ten dimensions have been described further and developed into the SERVQUAL model. The SERVQUAL model consists of five dimensions such as tangibles, reliability, responsiveness, guarantees, and empathy used to measure service quality (Parasuraman et al., 1985).

Yang et al (2004) attempt to create a credible and legitimate way of measuring the quality of online service based on a broad conceptual framework that incorporates theory and conceptualization in the quality of customer service, the quality of information systems and the management of product portfolios into online banking service quality. The use of information technology has been taken into account in improving the quality of customer service and enhancing customer satisfaction in past studies.

Service quality has now become one of the key determinants in measuring the industry's success. Service quality really gives customers superb influence to distinguish competing organizations and effectively contribute to customer satisfaction that the marketer agrees with. The key factor in the success of any business is the quality of service that has been recognized by marketers. Hence, the delivery of superior service values to their customers, especially those active in the banking sector was ascertained by marketers in advance (Parasuraman, Zeithaml, and Berry 1985, 1988).

As mentioned earlier, marketers are faced with diverse customer views on service quality dimensions (Parasuraman, Zeithaml, and Berry, 1985). Where service organization marketers like banks are trying to determine the expected customers about the quality of the service and extract their previous experience to improve the quality dimensions of their services to imply their production to meet their customers' expectations. However, after a systematic review of relevant literature specifically studies developed the dimensions of the quality of Internet banking services.

Leong, Srikanthan, and Hura (1998) conclude that the quality of services should have a successful online banking website, should be user-friendly, accessible and available to many users, and should ensure the accuracy of the data entered. According to Jayawardhena (2004), the measurement of the quality of online banking service services of research and financial services managers has been keen on because of the increasing importance of information and communications technology (ICT). According Verma (2012), state that customer satisfaction is the outcome of the purchase and use of products and services, as a result of the comparison of customers to rewards and the cost of purchasing in relation to the expected results. "In other words, customer satisfaction is a percentage of the number of customers reporting that their experience with their company or product exceeds certain satisfaction goals (Farris, Bendle, Pfeifer, & Reibstein, 2010). Consumers value judgments based on their perceptions of product performance or experienced services to actual performance.

Kashif et al.(2015) state that customers are happy when service providers meet their expectations as satisfaction. Customer satisfaction lies in how well the service meets and meets their expectations, and thus, the customer assesses the performance of the service (Parasuraman et al., 2005). Customer's attitude toward service will be enhanced and will provide customer satisfaction to the service if the customer is satisfied with the services provided (Andreassen and Lindestad, 1998). In the online context, customer satisfaction is mastered by the judgment of Szymanski and Henard (2001) on their internet experience compared to their experience in a traditional way of dealing with customers.

2.1. Conceptual Framework

The proposed conceptual framework in this study is to illustrate a diagram of the constructs and variables and the interrelationships between variables. The independent variable consists of economy, social and technology factors. The framework below shows the relationship between independent and dependent variables.

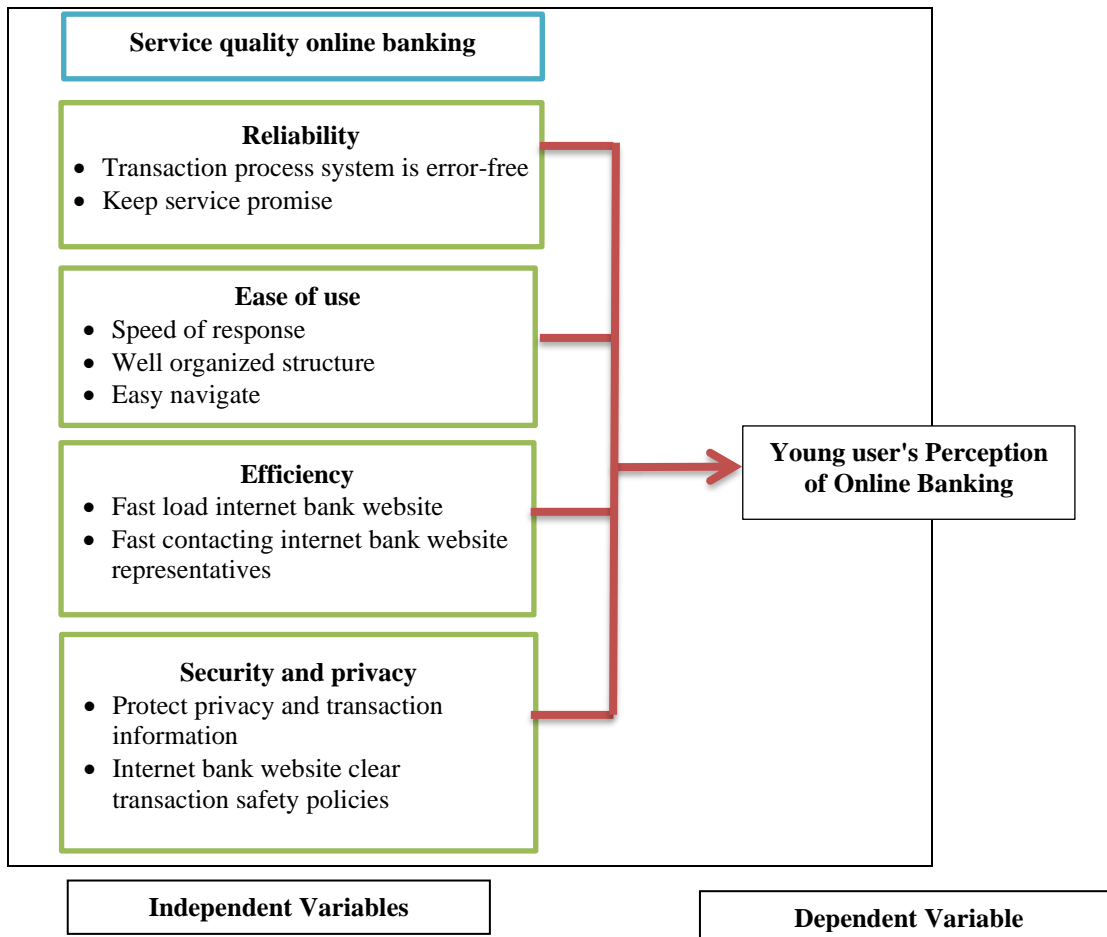


Fig.1: Conceptual Framework

3. Research Methodology

The researcher used quantitative method to conduct this research in order to examine the relationship between variables, numerically measuring them and analysing them using a range of statistical techniques. It often includes checks to ensure data's validity as in an experimental design. The researcher wants to obtain information from the respondents to ensure the data are collected in a standardized manner. It is important to ensure that the questions are expressed clearly so they can understand them. Therefore, the researchers are able to analyze the online service quality toward young users on online banking in Malaysia.

The questionnaire has been distributed to 384 respondents. The 384 questionnaires have been given to the users of online banking. The respondents have to answer each question based on a Likert Scale. Secondary data is used to support theories that are relevant to the researcher's study. The researcher uses secondary data as supportive evidence in this research to figure out the importance of e-SERVQUAL towards young users on online banking in Melaka. The data collected from the questionnaires will be analysed using SPSS in systematic order. Based on the outcomes investigated from the SPSS, it will be used to test the hypothesis to prove the relationship between the variables.

Pearson's coefficient of correlation is used to measure the data relationship's validity. This research was conducted in multiple regression techniques. The aim is to make the model more realistic, control other variables and explain more variations in dependent variables. Variables are listed in the framework of research. In this study, the researcher used multiple regression equations of:

$$\bar{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Equation

Where,

Y= Young user's perception of online banking

α = is the regression constant

$\beta_1, \beta_2, \beta_3,$ and β_4 = the beta coefficients

X_1 = Reliability

X_2 = Ease of use

X_3 = Efficiency

X_4 = Security and Privacy

4. Data Analysis and Results

Questionnaires have been distributed to young users in Melaka and the data is collected from the respondent. A sample of 384 Melaka respondents was selected. In order to analyse the validity and reliability of the questionnaire, the pilot test was conducted. There are 30 respondents selected randomly for took part to be one of the respondents for pilot test. The consistency finding of the survey is measured using Cronbach's coefficient alpha, the result is 0.956 tested on 30 items. The Pearson Correlation analysis used as to test the validity of questionnaires.

Table 1: Descriptive Statistics

	Mean	Std. Deviation	N
Reliability	3.8741	.54816	384
Ease of Use	4.0022	.60669	384
Efficiency	3.9167	.62974	384
Security and Privacy	3.9887	.64038	384
Young Users Perception of Online Banking	4.2208	.67401	384

Multiple linear regression analysis performed to determine the second objective is archived or not, as this analysis performed to determine the most significant relevance of service quality online banking affects the young user's perception in Melaka. There are four independent variables are tested (reliability, ease of use, efficiency and security and privacy) and a dependent variable (young users' perception of online banking).

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.705 ^a	.497	.492	.48052

a. Predictors: (Constant), Reliability, Ease of Use, Efficiency, Security and privacy

Table 2 above shows the model summary from the usage of multiple linear regression analysis. In the table exhibited the value of $R = 0.705$ and the coefficient determination (R square) amount are 0.497 , if the value of correlation greater than 0.6 the relationship between the independent variables and dependent variable is considered strong. (Malhotra,2012) . The R square in Table 2 is the proportion of variation in involvement factor that is explained as 49.7% in percentage which means of variance in young users' perception on online banking by the factors of reliability, ease of use, efficiency and security and privacy. Meanwhile ($100\% - 49.7\% = 50.3\%$) is influenced by other causes.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.850	.177		4.793	.000
Reliability	.090	.068	.082	1.324	.186
1 Ease of use	.275	.072	.248	3.816	.000
Efficiency	.139	.075	.130	1.857	.064
Security and Privacy	.345	.062	.328	5.600	.000

a. Dependent Variable: Young users' perception of online banking

Based on Table 3 the significance value of reliability (V1) is 0.186 which more than 0.05 , ease of use (V2) amount is 0.000 which less than 0.05 ($0.000 < 0.05$), efficiency (V3) amount is 0.064 which more than 0.05 ($0.000 < 0.05$) and security and privacy (V4) amount is 0.000 is less than 0.05 ($0.000 < 0.05$).

The t-test is applied in order to indicate each independent variables significantly prediction of dependent variable compared to constant alone. Reliability, $t(384) = 1.324$, $p < 0.05$, is significant predators of dependent variables. Ease of use, $t(384) = 3.816$, $p < 0.05$, is significant predators of dependent variables. Efficiency, $t(384) = 1.857$, $p < 0.05$, is significant predators of dependent variables Security and privacy, $t(384) = 5.600$, $p < 0.05$ is significant predators of dependent variables.

Based on Table 3, the regression equation is formed in order to predict the value of young users' perception on online banking for a new case, multiply each independent variables score by its b-value and add all these values to the constant.

$$Y = 0.850 + 0.248X_2 + 0.328X_4$$

Y = Young users' perception on online banking

X1 = Reliability

X2 = Ease of use

X3 = Efficiency

X4 = Security and privacy

From the regression equation, there is a positive relationship between all independent variables and dependent variables.

Security and privacy are the strongest predictors, $\beta = 0.328$, $t(384) = 5.600$, $p < 0.05$, showing the security and privacy factors most affecting factors in young users' perception on online banking. Ease of use the moderate predictors as $\beta = 0.248$, $t(384) = 3.816$, $p < 0.05$, showing the ease of use is the second highest factor

affecting the young users' perception on online banking. Followed by efficiency predictors as, $\beta = 0.130$, $t(384) = 1.857$, $p < 0.05$, showing the efficiency is the third highest factors affecting factors in young users' perception on online banking. Meanwhile reliability is the lowest independent young users' perception of online banking as $\beta = 0.082$, $t(384) = 1.324$, $p < 0.05$. Therefore the most significant factor is security and privacy factor.

To indicate the significant influence of each independent variable on the dependent variable simple linear regression analysis was used by the researcher to determine whether or not the first objective was achieved. The results showed that all independent variables (reliability, ease of use, efficiency and security and privacy) lead to significant influence on the dependent variable (young users' perception of online banking). In addition, the researcher are support the results of hypothesis testing with the previous research in determine service quality online banking based on young users perception in Melaka.

The results show, based on this study, that a strong relationship exists between the independent variable and dependent variables in online service quality banking on the perception of young user's in Melaka. Which the independent variables are reliability, ease of use, efficiency and security and privacy. The dependent variable is young users' perception of online banking in Melaka. Lastly, the researcher also has used the multiple linear regression analysis to investigate the second objective (based on the table of coefficients). Four of the independent variables are reliability, ease of use, efficiency and security and privacy while the dependent variable is young users' perception of online banking.

The third output results of multiple linear regression analyses are coefficients. The reliability (V1) is $\beta = 0.082$, $t(384) = 1.324$, $p > 0.05$, ease of use (V2) is $\beta = 0.248$, $t(384) = 3.816$, $p < 0.05$, efficiency (V3) is $\beta = 0.130$, $t(384) = 1.857$, $p > 0.05$ and security and privacy (V4) amount $\beta = 0.328$, $t(384) = 5.600$, $p < 0.05$. Therefore can be concluded that reliability (V1) is the lowest significant to young users' perception of online banking (Y), meanwhile ease of use (V2) and efficiency (V3) are the moderate significant for young users' perception on online banking (Y), while the security and privacy (V4) lead to be the most significant factor that affecting young users' perception on online banking (Y) compared to other three variables.

5. Conclusion and Recommendation

The conclusion of this research is about the determinant service quality online banking towards young users in Melaka. The factors are reliability, ease of use, efficiency and security and privacy where these variables can be declared as variables that affect the young user's perception on online banking in Melaka. From this study can help bank institutions, to use these factors as an idea to gain trusted from the consumer on online banking. Security and privacy factors have been identified as the highest factor that influences the young users' perception on online banking in Melaka. It can be described by the researcher using SSPS 2.0 analysis is used to measure and calculate the statistical results from 384 respondent data collected.

References

- Abdullah, F., Andrew, J.V., & Voon, B.H. (2010). Identifying and validating dimensions of service quality for the banking industry in Malaysia. *Journal of Global Business and Economics* 1(1).
- Abu Amar Fauzi, Tatik Suryani, (2019) "Measuring the effects of service quality by using CARTER model towards customer satisfaction, trust and loyalty in Indonesian Islamic banking.
- Abby Ghobadian, Simon Speller, Matthew Jones, (1994) "Service Quality: Concepts and Models", *International Journal of Quality & Reliability Management*, Vol. 11 Issue: 9, pp.43-66, <https://doi.org/10.1108/02656719410074297>
- Bank Negara Malaysia, September, 2018 .Retrieved from <http://www.bnm.gov.my/index.php?ch=34&pg=163&ac=4&bb=file>
- Fong, V. (2018). *Fintech Malaysia Report 2018 -The State of Play for Fintech Malaysia -Fintech News Malaysia*. Fintech News Malaysia. Retrieved from <https://fintechnews.my/17922/editors-pick/fintech-malaysia-report-2018/>
- Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010). *Multivariate Data Analysis*. Seventh Edition. Prentice Hall, Upper Saddle River, New Jersey.

- Ho, C.B. and Lin, W. (2009) , “Measuring the service quality of internet banking: scale development and validation” , European Business Review, Vol. 22 No. 1, pp. 5-24.
- Hair, J. F. J., Money, A. H., Samouel, P. & Page, M. (2007). Research Methods for Business. The UK: John Wiley & Son Ltd
- Hamed Taherdoost, (2017) "Understanding of e-service security dimensions and its effect on quality and intention to use", Information & Computer Security
- Jayaraman Munusamy, Shankar Chelliah and Hor Wai Mun (2010). Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia. International Journal of Innovation, Management and Technology, Vol. 1, No. 4, October 2010
- Johra Kayeser Fatima, Mohammed Abdur Razzaque, (2014) "Service quality and satisfaction in the banking sector", International Journal of Quality & Reliability Management,
- K. Bahia and J. Nantel. A reliable and valid measurement scale for perceived service quality of banks. International Journal of Bank Marketing. 2000, 18 (2): 84-91.
- Khalil Ahmed (2011). Online Service Quality and Customer Satisfaction: A case study of Bank Islam Malaysia Berhad.
- Lay Hong Tan, Boon Cheong Chew, Syaiful Rizal Hamid, (2017) "Service quality implementation in shaping sustainable banking operating system: A case study of Maybank Group".
- Leung, C. S. & To, C. K. M. (2001). Measuring perceived service quality of fashion stores: A test-retest reliability investigation. Journal of Fashion Marketing and Management, 5 (4), 324-329. <http://dx.doi.org/10.1108/EUM000000007294>
- Lo, L. K., Osman, M., Ramayah, T. & Rahim, M. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. International Journal of Marketing Studies, 2 (2), 57-66. Retrieved from <http://www.ccsenet.org/journal/index.php/ijms/article/view/8110>
- Minjoon Jun, Shaohan Cai, (2001) "The key determinants of Internet banking service quality: a content analysis",
- Manon Arcand, Sandrine PromTep, Isabelle Brun, Lova Rajaobelina, (2017) "Mobile banking service quality and customer relationships", International Journal of Bank Marketing
- Minjoon Jun, Shaohan Cai, (2001) "The key determinants of Internet banking service quality: a content analysis", International Journal of Bank Marketing, Vol. 19 Issue: 7, pp.276-291, <https://doi.org/10.1108/02652320110409825>
- Mahgoub Elradi, Rusli Abdullah, Yusmadi Yah Jusoh and Marzanah A. Jabar (2016). Internet Banking Service Quality in Malaysia: An Empirical Investigation.
- M. Amin, “Internet banking service quality and its implication on e-customer satisfaction and e-customer loyalty”, International Journal of Bank Marketing, vol. 34, no. 3, pp. 280-306, 2016.
- Parasuraman, V. Zeithaml, Malhotra, “ES-QUAL a multiple-item scale for assessing electronic service quality,” Journal of Service Research, vol. 7, no.3, pp. 213-233, 2005.
- Parasuraman, V, Zeithaml, L. Berry, “Servqual: a multiple-item scale for measuring consumer perceptions of service quality,” Journal of Retailing, vol. 64, no. 1, pp. 12-40, 1988.
- Ranjit Kumar (2011). Research Methodology -a step-by-step guide for beginners.
- Smith, S. (1998). How to create a plan to deliver great customer service. In Zemke, R. & Woods, J. A. (Eds.). Best Practices in Customer Service. New York, NY: AMACOM.
- Shirshendu, G. & Sanjitkumar, R. (2011), Generic technology-based service quality dimension in banking. International Journal of Bank Marketing, 29(2), 168-189.
- Tan Lay Hong, Maran Marimuthu (2014). Relationship between Service Quality And Customer Satisfaction: A Study Of Malaysian Banking Industry. Vol. 2 No. 2 July ,December 2014
- Vijay M. Kumbhar (2011). Service Quality Perception and Customers' Satisfaction in Internet Banking Service: A Case Study of Public and Private Sector Banks. Volume 4 Issue 2 (December, 2011)
- Yonggui Wang, Hing-P. Lo, Yer V. Hui, (2003) "The antecedents of service quality and product quality and their influences on bank reputation: evidence from the banking industry in China", Managing Service Quality: An International Journal, Vol. 13 Issue: 1, pp.72-83, <https://doi.org/10.1108/09604520310456726>
- Z. Yang, M. Jun, R. Peterson, “Measuring customer perceived online service quality,” International Journal of Operations & Production Management, vol. 24, no. 11, pp1149-1174, 2004.
- Zeithaml, V. A., Berry, L. L. & Parasuraman, A. (1996). The behavioral consequences of service quality. Journal of Marketing Research, 60(2), 31-46. <http://dx.doi.org/10.2307/1251929>