Impact of E-Core Service Quality Dimensions on Perceived Value of M-Banking in Case of Three Socio-Economic Variables

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ABSTRACT

This study addresses a research gap in mobile banking (M-banking) related to post service usage consumer behavior and aims to discover the impact of electronic core (e-core) service quality dimensions on the perceived value of service in relation to three socio-economic variables i.e. gender, age and income. The study attempts to identify whether the impact of these dimensions vary as per the difference in socio-economic demographics? Further, E-S-QUAL scale representing dimensions of e-core service quality is utilized and data collection is conducted from a survey of 600 mobile banking users of the Punjab State in India. The collected data is then put to test using Multiple Regression Analysis and Cronbach's alpha. Findings of the study reveal that different customers perceive these dimensions differently depending upon their demographics. This study has important implications for academic research related to e-service quality or to any one doing research in the field of M-banking.

KEYWORDS

Age, Demographics, E-Core Service Quality Dimensions, E-Core Service Quality, E-Service Quality, E-S-QUAL, Gender, Income, M-Banking, Mobile Banking, Perceived Value, Socio-Economic Variables

INTRODUCTION

Many organizations strive to achieve greater operational efficiency by increasing their sales volume and reducing their cost. The introduction of information and communication technology (ICT) in their business processes helps to attain this objective. It is observed that recent developments in ICT are playing a vital role in the success of both manufacturing and service organizations (Safari & Yu, 2014). The rise of m-commerce is attributed to the recent growth in ICT applications. This advancement in the ICT has assisted in extension of electronic commerce to m-commerce and has found new area of implementation. Mobile devices have emerged as a popular medium for accessing the web as these devices provide the ability to retrieve required information from anywhere at any time with the help of better infrastructure and less costly mobile equipment (Shrestha, 2007). As a result, wireless electronic commerce applications provided through mobile networks have transformed into m-commerce applications (Varshney & Vetter, 2001). These applications include entertainment, travel, location-based, hospitality and financial services, and so forth. Among these available applications, mobile banking (also known as M-banking), recognized as being the first commercial development of m-commerce (Barnes & Corbitt, 2003; Laukkanen & Lauronen, 2005) is selected in this study to represent the m-commerce environment.

M-BANKING: AN OVERVIEW

The banking industry in the 21ˢᵗ century operates in a fast changing and complex environment. Prevailing uncertain economic conditions in the environment have compelled banks to think differently about the implementation of ICT applications in day-to-day operations (Alawode, John, & Kaka, 2011). The focus of banks to use ICT applications for improving business operations has contributed towards growing popularity of electronic banking (popularly known as e-banking). This new mode of banking is related to the delivery of bank information and services to its customers through different mediums such as personal computer, mobile phone, telephone, and even digital television (Daniel, 1999). E-banking includes both internet banking and m-banking. The difference between internet banking and m-banking is that with internet banking, computers are connected through the internet. In case of m-banking, the connections are made through mobile networks of the customer's wireless devices (Asfour & Haddad, 2014).

M-banking is considered a subset of e-banking (Safeena, Date, Kammani, & Hundewale, 2012). It is the latest development in ICT implementation among banks. M-banking provides great value to customers' banking transactions through wireless channels of service delivery (Pousttchi & Schurig, 2004). M-banking involves different transactions such as making balance enquiry, doing credit transfer, checking account status, sending SMS and performing payment transactions through a mobile phone (Saleem & Rashid, 2011). This service can be accessed on the mobile phone of the customer by using the particular bank's application (popularly known as app) (Bank Negara, 2012). Several suitable bank specific applications for m-banking access include Symbian, Blackberry OS, Andriod, Windows and Apple iOS, to name a few (Reserve Bank of India [RBI], 2014). M-banking benefits both the customers as well as banks (Ensor, Montez, & Wannemacher, 2012) and provides different advantages over internet banking due to service ubiquity (International Telecommunication Union [ITU], 2012). Banks can considerably reduce costs of providing service to the customers and mobile service providers can generate more profits from their existing subscribers due to wider use of different value added services (Gupta, Bagoria, & Bagoria, 2013).

In a study jointly conducted by Boston Consulting Group, Federation of Indian Chambers of Commerce and Industry and Indian Banks' Association (2012) it is learned that these new channels of banking i.e. m-banking and internet banking, are potential growth prospects for the future. In another study, it was found that m-banking has achieved tremendous growth in many Asian economies such as India (Gupta et al., 2013) and there is great interest among researchers and managers to study the quality of e-banking (Jayawardhena, 2004). The main focus of current study is to ascertain the impact of e-service quality dimensions on the perceived value of m-banking in the case of three socio-economic variables. These variables include gender, age, and income of m-banking customers. These variables were selected based upon its importance in the delivery of technology services (Akman & Mishra, 2010; Frias-Martinez & Virsesa, 2012). A similar study was conducted by Paschaloudis in Greece (Paschaloudis, 2014). The service quality dimensions used in this study were also based on E-S-QUAL scale proposed by Parasuraman, Zeithaml and Malhotra (2005) due to its strong ability to assess the psychological properties of online customers.

LITERATURE REVIEW

The constructs used in this study include the e-core service quality, socio-economic variables and perceived value. It is observed that previous studies attempted to analyze the relationship of gender, age and income variables with the usage of e-services. However, there has been less attention on examining the relationships between these constructs in case of m-banking. Further, the literature on each of these constructs is presented below:

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